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DIVIDENDS AND CAPITALISATION

16. Dividends

- 16.1 The Board may, subject to these Articles (including Article 73) and in accordance with the Law, declare a dividend to be paid to the Members, in proportion to the number of shares held by them, and such dividend may be paid in cash or wholly or partly by the distribution of specific assets (which may consist of the shares or securities of any other company).
- 16.2 Where the Board determines that a dividend shall be paid wholly or partly by the distribution of specific assets, the Board may settle all questions concerning such distribution. Without limiting the generality of the foregoing, the Board may fix the value of such specific assets and vest any such specific assets in trustees on such terms as the Board thinks fit.
- 16.3 Dividends may be declared and paid out of profits of the Company, realised or unrealised, or from any reserve set aside from profits which the Board determines is no longer needed, or not in the same amount. Dividends may also be declared and paid out of any other fund or account which can be authorised for this purpose in accordance with the Law.
- 16.4 No unpaid dividend shall bear interest as against the Company.
- 16.5 The Company may pay dividends in proportion to the amount paid up on each share where a larger amount is paid up on some shares than on others.
- 16.6 Subject to Article 73, the Board may declare and make such other distributions (in cash or in specie) to the Members as may be lawfully made out of the assets of the Company. No unpaid distribution shall bear interest as against the Company.
- 16.7 The Board may fix any date as the record date for determining the Members entitled to receive any dividend or other distribution, but, unless so fixed, the record date shall be the date of the Directors' resolution declaring same.

17. Power to Set Aside Profits

- 17.1 The Board may, before declaring a dividend, set aside out of the surplus or profits of the Company, such amount as it thinks proper as a reserve to be used to meet contingencies or for equalising dividends or for any other purpose. Pending application, such sums may be employed in the business of the Company or invested, and need not be kept separate from other assets of the Company. The Board may also, without placing the same to reserve, carry forward any profit which it decides not to distribute.

18. Method of Payment

- 18.1 Any dividend, interest, or other monies payable in cash in respect of the shares may be paid by cheque or draft sent through the post directed to the Member at such Member's address in the Register of Members, or to such person and to such address as the holder may in writing direct.

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- 18.2 In the case of joint holders of shares, any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or draft sent through the post directed to the address of the holder first named in the Register of Members, or to such person and to such address as the joint holders may in writing direct. If two or more persons are registered as joint holders of any shares any one can give an effectual receipt for any dividend paid in respect of such shares.
- 18.3 The Board may deduct from the dividends or distributions payable to any Member all monies due from such Member to the Company on account of calls or otherwise.

19. Capitalisation

- 19.1 The Board may capitalise any amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution by applying such amount in paying up unissued shares to be allotted as fully paid bonus shares *pro rata* to the Members.
- 19.2 The Board may capitalise any amount for the time being standing to the credit of a reserve account or amounts otherwise available for dividend or distribution by applying such amounts in paying up in full, partly or nil paid shares of those Members who would have been entitled to such amounts if they were distributed by way of dividend or distribution.

MEETINGS OF MEMBERS

20. Annual General Meetings

The Company may in each year hold a general meeting as its annual general meeting. The annual general meeting of the Company may be held at such time and place as the Chairman of the Company (if there is one) or any two Directors or any Director and the Secretary or the Board shall appoint.

21. Extraordinary General Meetings

- 21.1 General meetings other than annual general meetings shall be called extraordinary general meetings.
- 21.2 The Chairman or any two Directors or any Director and the Secretary or the Board may convene an extraordinary general meeting whenever in their judgment such a meeting is necessary.

22. Requisitioned General Meetings

- 22.1 The Board shall, on the requisition of Members holding at the date of the deposit of the requisition, individually or collectively, not less than 12 per cent. of the paid-up share capital of the Company as at the date of the deposit that carries the right to vote at general meetings, forthwith proceed to convene an extraordinary general meeting. To be effective the requisition shall state the objects of the meeting, shall be in writing, signed by the requisitionists, and shall be deposited at the registered office. The requisition may consist of several documents in like form each signed by one or more requisitionists.

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- 22.2 If the Board does not, within twenty-one days from the date of the requisition, duly proceed to call an extraordinary general meeting, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene an extraordinary general meeting; but any meeting so called shall not be held more than ninety days after the requisition. An extraordinary general meeting called by requisitionists shall be called in the same manner, as nearly as possible, as that in which general meetings are to be called by the Board.

23. Notice

- 23.1 At least seven days' notice of an annual general meeting shall be given to each Member entitled to attend and vote thereat, stating the date, place and time at which the meeting is to be held and if different, the record date for determining Members entitled to attend and vote at the general meeting, and, as far as practicable, the other business to be conducted at the meeting.
- 23.2 At least seven days' notice of an extraordinary general meeting shall be given to each Member entitled to attend and vote thereat, stating the date, time, place and the general nature of the business to be considered at the meeting.
- 23.3 The Board may fix any date as the record date for determining the Members entitled to receive notice of and to vote at any general meeting of the Company but, unless so fixed, as regards the entitlement to receive notice of a meeting or notice of any other matter, the record date shall be the date of despatch of the notice and, as regards the entitlement to vote at a meeting, and any adjournment thereof, the record date shall be the date of the original meeting.
- 23.4 A general meeting (whether an annual general meeting or an extraordinary general meeting) shall, notwithstanding that it is called on shorter notice than that specified in these Articles, be deemed to have been properly called if it is so agreed by at least 50 per cent. in value of the shares held by the Members entitled to attend and vote thereat and with the prior written consent of the Major Shareholders.
- 23.5 The accidental omission to give notice of a general meeting to, or the non-receipt of a notice of a general meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

24. Giving Notice and Access

- 24.1 A notice may be given by the Company to a Member:
- (a) by delivering it to such Member in person, in which case the notice shall be deemed to have been served upon such delivery; or
 - (b) by sending it by post to such Member's address in the Register of Members, in which case the notice shall be deemed to have been served seven days after the date on which it is deposited, with postage prepaid, in the mail; or
 - (c) by sending it by courier to such Member's address in the Register of Members, in which case the notice shall be deemed to have been served two days after the date on which it is deposited, with courier fees paid, with the courier service; or

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- (d) by transmitting it by electronic means (including facsimile and electronic mail, but not telephone) in accordance with such directions as may be given by such Member to the Company for such purpose, in which case the notice shall be deemed to have been served at the time that it would in the ordinary course be transmitted; or
- (e) by publication of an electronic record of it on a website and notification of such publication (which shall include the address of the website, the place on the website where the document may be found, and how the document may be accessed on the website), such notification being given by any of the methods set out in Articles 24.1(a) through (d) hereof, in which case the notice shall be deemed to have been served at the time when the instructions for access and the posting on the website are complete.

24.2 Any notice required to be given to a Member shall, with respect to any shares held jointly by two or more persons, be given to whichever of such persons is named first in the Register of Members and notice so given shall be sufficient notice to all the holders of such shares.

24.3 In proving service under Articles 24.1(b), 24.1(c) and 24.1(d), it shall be sufficient to prove that the notice was properly addressed and prepaid, if posted or sent by courier, and the time when it was posted, deposited with the courier, or transmitted by electronic means.

25. Postponement of General Meeting

The Board may postpone any general meeting called in accordance with these Articles provided that notice of postponement is given to the Members before the time for such meeting. Fresh notice of the date, time and place for the postponed meeting shall be given to each Member in accordance with these Articles.

26. Electronic Participation in Meetings

Members may participate in any general meeting by such telephonic, electronic or other communication facilities or means as permitting all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting.

27. Quorum at General Meetings

27.1 Save as otherwise contemplated in Article 42.2, at any general meeting, three or more Members (including each Major Shareholder) present in person or by proxy throughout the meeting shall form a quorum for the transaction of business, provided that if the Company shall at any time have only one Member, one Member present in person or by proxy shall form a quorum for the transaction of business at any general meeting held during such time.

27.2 If within half an hour from the time appointed for the meeting a quorum is not present, then, in the case of a meeting convened on a requisition, the meeting shall be deemed cancelled and, in any other case, the meeting shall stand adjourned to the same day one week later, at the same time and place or to such other day, time or place as the Board may determine. Fresh notice of the

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resumption of the meeting shall be given to each Member entitled to attend and vote thereat in accordance with these Articles. The quorum at any such adjourned general meeting shall be three or more Members (including at least two Major Shareholders).

28. Chairman to Preside

Unless otherwise agreed by a majority of those attending and entitled to vote thereat, the Chairman, if there be one, shall act as chairman at all meetings of the Members at which such person is present. In his absence, a chairman of the meeting shall be appointed or elected by those present at the meeting and entitled to vote. The chairman of the meeting shall not have a casting vote.

29. Voting on Resolutions

- 29.1 Subject to the Law and these Articles (including Article 73), any question proposed for the consideration of the Members at any general meeting (save in relation to any of the Reserved Matters and for Special Resolutions) shall be decided by the affirmative votes of a majority of the votes cast in accordance with these Articles and in the case of an equality of votes the resolution shall fail.
- 29.2 No Member shall be entitled to vote at a general meeting unless such Member has paid all the calls on all shares held by such Member.
- 29.3 At any general meeting a resolution put to the vote of the meeting shall be voted upon by poll.
- 29.4 At any general meeting if an amendment is proposed to any resolution under consideration and the chairman of the meeting rules on whether or not the proposed amendment is out of order, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling.

30. Vote on a Poll

- 30.1 Where a resolution is voted upon by poll, subject to any rights or restrictions for the time being lawfully attached to any class of shares, every person present at such meeting shall have one vote for each share of which such person is the holder or for which such person holds a proxy and such vote shall be counted by ballot as described herein, or in the case of a general meeting at which one or more Members are present by telephone, electronic or other communication facilities or means, in such manner as the chairman of the meeting may direct and the result of such poll shall be deemed to be the resolution of the meeting at which the poll was demanded. A person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.
- 30.2 A poll for the purpose of electing a chairman of the meeting or on a question of adjournment shall be taken forthwith. A poll on any other question shall be taken at such time and in such manner during such meeting as the chairman of the meeting may direct.

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- 30.3 Where a vote is taken by poll, each person physically present and entitled to vote shall be furnished with a ballot paper on which such person shall record his vote in such manner as shall be determined at the meeting having regard to the nature of the question on which the vote is taken, and each ballot paper shall be signed or initialled or otherwise marked so as to identify the voter and the registered holder in the case of a proxy. Each person present by telephone, electronic or other communication facilities or means shall cast his vote in such manner as the chairman of the meeting shall direct. At the conclusion of the poll, the ballot papers and votes cast in accordance with such directions shall be examined and counted by a committee of not less than two Members or proxy holders (or in the event there is only one Member, one Member or proxy holder) appointed by the chairman of the meeting for the purpose and the result of the poll shall be declared by the chairman of the meeting.

31. Voting by Joint Holders of Shares

In the case of joint holders, the vote of the senior who tenders a vote (whether in person or by proxy) shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members.

32. Instrument of Proxy

- 32.1 An instrument appointing a proxy shall be in writing or transmitted by electronic mail in substantially the following form or such other form as the chairman of the meeting shall accept:

Proxy

PanAsia Health Limited (the “Company”)

I/We, [insert names here], being a Member of the Company with [number] shares, HEREBY APPOINT [name] of [address] or failing him, [name] of [address] to be my/our proxy to vote for me/us at the meeting of the Members to be held on [date] and at any adjournment thereof. [Any restrictions on voting to be inserted here].

Signed this [date]

Member(s)

- 32.2 The instrument of proxy shall be signed or, in the case of a transmission by electronic mail, electronically signed in a manner acceptable to the chairman of the meeting, by the appointor or by the appointor’s attorney duly authorised in writing, or if the appointor is a corporation, either under its seal or signed or, in the case of a transmission by electronic mail, electronically signed in a manner acceptable to the chairman of the meeting, by a duly authorised officer or attorney.

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- 32.3 A Member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf in respect of different shares.
- 32.4 The decision of the chairman of any general meeting as to the validity of any appointment of a proxy shall be final, other than in the case of fraud, gross negligence or wilful misconduct on the part of the chairman.

33. Representation of Corporate Member

- 33.1 A corporation which is a Member may, by written instrument, authorise such person or persons as it thinks fit to act as its representative at any meeting and any person so authorised shall be entitled to exercise the same powers on behalf of the corporation which such person represents as that corporation could exercise if it were an individual Member, and that Member shall be deemed to be present in person at any such meeting attended by its authorised representative or representatives.
- 33.2 Notwithstanding the foregoing, the chairman of the meeting may accept such assurances as he thinks fit as to the right of any person to attend and vote at general meetings on behalf of a corporation which is a Member.

34. Adjournment of General Meeting

The chairman of a general meeting may, with the consent of the Members at any general meeting at which a quorum is present, and shall if so directed by the meeting, adjourn the meeting. Fresh notice of the date, place and time for the resumption of the adjourned meeting shall be given to each Member entitled to attend and vote thereat, in accordance with these Articles.

35. Written Resolutions

- 35.1 Subject to these Articles, anything which may be done by resolution of the Company in general meeting or by resolution of a meeting of any class of the Members may be done without a meeting by written resolution in accordance with this Article.
- 35.2 Subject to the Law and Article 73, a written resolution is passed when it is signed by (or in the case of a Member that is a corporation, on behalf of) a simple majority of the Members (provided that such majority shall include the affirmative votes of all the Major Shareholders at the relevant time), or a simple majority of the Members of the relevant class thereof (provided that such majority shall include the affirmative votes of all the Major Shareholders at the relevant time), entitled to vote thereon, on the basis that each Share will carry one vote, and may be signed in as many counterparts as may be necessary. The Board may provide notice to the Members of the proposed written resolution. Once passed, the Board shall give notice of such written resolution to the non-signing Members.
- 35.3 A resolution in writing made in accordance with this Article is as valid as if it had been passed by the Company in general meeting or by a meeting of the relevant class of Members, as the case may be, and any reference in any Article to a meeting at which a resolution is passed or to Members voting in favour of a resolution shall be construed accordingly.

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35.4 A resolution in writing made in accordance with this Article shall constitute minutes for the purposes of the Law.

35.5 For the purposes of this Article, the date of the resolution is the date when the resolution is signed by (or in the case of a Member that is a corporation, on behalf of) the last Member to sign whose signature resulted in the resolution being passed and any reference in any Article to the date of passing of a resolution is, in relation to a resolution made in accordance with this Article, a reference to such date.

36. Directors Attendance at General Meetings

The Directors shall be entitled to receive notice of, attend and be heard at any general meeting.

DIRECTORS AND OFFICERS

37. Election of Directors

37.1 There shall be no shareholding qualification for Directors.

37.2 NewCo shall be entitled to appoint one (1) Director for every 10 per cent. in Shareholding Percentage held by NewCo by notice in writing to the Secretary.

37.3 Each Major Shareholder shall be entitled to appoint one (1) Director for every 10 percent in Shareholding Percentage held by such Major Shareholder by notice in writing to the Secretary.

37.4 The right of appointment conferred upon a Shareholder under Articles 37.2 or 37.3 above shall include the right of that Shareholder to remove at any time from office such person appointed by that Shareholder as Director and the right of that Shareholder at any time and from time to time to determine the period during which such person shall hold the office of Director. If a Shareholder ceases to hold the applicable Shareholding Percentage set out in Articles 37.2 or 37.3 above, such Shareholder shall forthwith procure and ensure the resignation of the relevant number of Directors from office, without any claims against the Company for compensation of loss of office or otherwise.

38. Alternate Directors

38.1 Unless the Members otherwise resolve, any Director may appoint a person or persons to act as a Director in the alternative to himself by notice deposited with the Secretary.

38.2 Any person appointed pursuant to this Article shall have all the rights and powers of the Director or Directors for whom such person is elected or appointed in the alternative, provided that such person shall not be counted more than once in determining whether or not a quorum is present.

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- 38.3 An Alternate Director shall be entitled to receive notice of all Board meetings and to attend and vote at any such meeting at which a Director for whom such Alternate Director was appointed in the alternative is not personally present and generally to perform at such meeting all the functions of such Director for whom such Alternate Director was appointed.
- 38.4 An Alternate Director's office shall terminate:
- (a) on the occurrence in relation to the Alternate Director of any event which, if it occurred in relation to his appointor, would result in the termination of the appointor's directorship; or
 - (b) when the Alternate Director's appointor revokes the appointment by notice to the Company in writing specifying when the appointment is to terminate; or
 - (c) if the Alternate Director's appointor ceases for any reason to be a Director.
- 38.5 If an Alternate Director is himself a Director or attends a Board meeting as the Alternate Director of more than one Director, his voting rights shall be cumulative.
- 38.6 Unless the Board determines otherwise, an Alternate Director may also represent his appointor at meetings of any committee of the Board on which his appointor serves; and the provisions of this Article shall apply equally to such committee meetings as to Board meetings.
- 38.7 Save as provided in these Articles an Alternate Director shall not, as such, have any power to act as a Director or to represent his appointor and shall not be deemed to be a Director for the purposes of these Articles.

39. Removal of Directors

Subject to Articles 37.2 to 37.4, the Company may from time to time by ordinary resolution remove any Director from office, whether or not appointing another in his stead.

40. Vacancy in the Office of Director

The office of Director shall be vacated if the Director:

- (a) is removed from office pursuant to these Articles;
- (b) dies or becomes bankrupt, or makes any arrangement or composition with his creditors generally;
- (c) is or becomes of unsound mind or an order for his detention is made under the Mental Health Law of the Cayman Islands or any analogous law of a jurisdiction outside the Cayman Islands, or dies; or
- (d) resigns his office by notice to the Company.

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41. Remuneration of Directors

Subject to Article 73, the remuneration (if any) of the Directors shall, subject to any direction that may be given by the Company in general meeting, be determined by the Board as it may from time to time determine and shall be deemed to accrue from day to day. The Directors may also be paid all travel, hotel and other expenses properly incurred by them in attending and returning from Board meetings, any committee appointed by the Board, general meetings, or in connection with the business of the Company or their duties as Directors generally.

42. Directors to Manage Business

42.1 Subject to Article 73, the business of the Company shall be managed and conducted by the Board. In managing the business of the Company, the Board may exercise all such powers of the Company as are not, by the Law or by these Articles (including Article 73) or required to be exercised by the Company in general meeting subject, nevertheless, to these Articles and the provisions of the Law.

42.2 Referral Obligations

(a) In the event that any Major Shareholder or any of its Affiliates becomes entitled to or is invited to acquire or invest in any undertakings, assets, shares or other equity interests in healthcare businesses within the primary focus of the Target, which is limited to the ownership and/or operation of hospitals, ambulatory care services, primary care clinics and day surgery centres (collectively, the “**Relevant Scope**”) with a primary operation or presence in Singapore, Malaysia, Myanmar, Indonesia and/or Vietnam (collectively, the “**Relevant Territories**” and such opportunities to acquire or invest, the “**Relevant Opportunities**”), such Major Shareholder (the “**Offering Major Shareholder**”) shall first offer the Relevant Opportunity by notice in writing to the Company (through the Board) containing the information set out in Article 42.2(b) (such notice, a “**Referral Notice**”) for consideration as soon as reasonably practicable (subject to execution of appropriate confidentiality agreements), if and only if at least 50 per cent. of the EBITDA of the Relevant Opportunity for the Relevant Opportunity 12M Period (as reflected in or computed from the Relevant Opportunity 12M Accounts) is directly attributable to the businesses in the Relevant Scope carried out in the Relevant Territories.

(b) The Referral Notice shall state:

- (i) reasonable details of the Relevant Opportunity, including but not limited to:
 - (A) the name of each undertaking, asset and/or business which is the subject of the Relevant Opportunity;
 - (B) the parties involved in the Relevant Opportunity (including the seller);

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- (C) the price or price range (the “**Relevant Opportunity Price or Price Range**”), indicative or otherwise, of the Relevant Opportunity (to the extent available); and
 - (D) any other terms and conditions of the Relevant Opportunity (to the extent available); and
- (ii) whether the Offering Major Shareholder or any of its Affiliates is interested in pursuing the Relevant Opportunity.
- (c) The Company (through the Board) shall respond to a Referral Notice with a notice in writing within 14 days of the date of receipt of such Referral Notice, stating whether it intends to proceed with the Relevant Opportunity (such notice, the “**Referral Response Notice**”).
- (d) If at any time and from time to time, the Company or the Offering Major Shareholder (or any of its Affiliates) becomes informed of any revision(s) to the Relevant Opportunity Price or Price Range (the “**Relevant Opportunity Revised Price or Price Range**”), the Company shall inform the Offering Major Shareholder (or the Offering Major Shareholder shall inform the Company (through the Board), as the case may be), as soon as practicable (and in any event, within one Business Day thereof), by notice in writing (the “**Revised Price Notice**”), of the Relevant Opportunity Revised Price or Price Range.
- (e) If the Relevant Opportunity Revised Price or Price Range reflected in the Revised Price Notice is:
 - (i) lower than the Relevant Opportunity Price or Price Range reflected in the Referral Notice, and the Company had previously issued a Referral Response Notice declining to proceed with the Relevant Opportunity or allowed the said 14-day period to lapse without responding on the Relevant Opportunity reflected in the Referral Notice, a Referral Notice shall be deemed to be issued again by the Offering Major Shareholder (reflecting, in such event, the Relevant Opportunity Revised Price and Price Range, instead of the Relevant Opportunity Price or Price Range) to the Company (through the Board) and the Company shall respond to such deemed Referral Notice with a Referral Response Notice within: (A) 14 days of the date of receipt of the initial Referral Notice pursuant to Article 42.2(a); or (B) seven days of the date of receipt of the Revised Price Notice, whichever is the later; or
 - (ii) equal to or higher than the Relevant Opportunity Price or Price Range reflected in the Referral Notice, the Relevant Opportunity Revised Price or Price Range shall be deemed to be substituted for the Relevant Opportunity Price or Price Range in the Referral Notice for the purposes of this Article 42.2. For the avoidance of doubt, where this Article 42.2(e)(ii) applies, the provision of the Revised Price Notice will not affect the said 14-day period within which the Board is obligated to respond to a Referral Notice pursuant to Article 42.2(c).

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- (f) If the Offering Major Shareholder indicates in a Referral Notice that it or any of its Affiliates is interested in pursuing the Relevant Opportunity which is the subject of such Referral Notice:
 - (i) the Offering Major Shareholder and the Director(s) appointed by it (the **“Offering Major Shareholder Director(s)”**) shall abstain from voting on any Members’ or Board resolutions pertaining to the Referral Response Notice to such Referral Notice (the **“Initial Relevant Opportunity Resolutions”**). Notwithstanding any provisions in these Articles to the contrary, (A) the Offering Major Shareholder and the Offering Major Shareholder Director(s) shall not be required to form a quorum at any general meeting or Board meeting (including adjourned meetings thereof) convened to approve such resolutions and (B) (if applicable) the approval in writing of the Offering Major Shareholder shall not be required under Article 73 in relation to the Initial Relevant Opportunity Resolutions;
 - (ii) if the Company fails to provide a Referral Response Notice within the time periods set out in Articles 42.2(c) or 42.2(e)(i) (as the case may be) or indicates in its Referral Response Notice to such Referral Notice that it does not wish to proceed with such Relevant Opportunity, the Offering Major Shareholder (or any of its Affiliates, as the case may be) shall be entitled to proceed with such Relevant Opportunity at a price no more favourable to the Offering Major Shareholder (or any of its Affiliates, as the case may be) than the Relevant Opportunity Price or Price Range or the Relevant Opportunity Revised Price or Price Range (as the case may be) (in either case, the **“Applicable Relevant Opportunity Price or Price Range”**). For the avoidance of doubt, (A) where no Applicable Relevant Opportunity Price or Price Range is available, and where no indicative price or price range was discussed or considered by the Board (as reflected in the Initial Relevant Opportunity Resolutions), the Offering Major Shareholder (or any of its Affiliates, as the case may be) shall be entitled to pursue such Relevant Opportunity on any terms and (B) where no Applicable Relevant Opportunity Price or Price Range is available and where an indicative price or price range was discussed or considered by the Board (as reflected in the Initial Relevant Opportunity Resolutions), the Offering Major Shareholder (or any of its Affiliates, as the case may be) shall be entitled to pursue such Relevant Opportunity at a price no more favourable to the Offering Major Shareholder (or any of its Affiliates, as the case may be) than the said indicative price or price range; and
 - (iii) if the Company indicates in its Referral Response Notice to such Referral Notice that it wishes to proceed with such Relevant Opportunity, the Offering Major Shareholder and the Offering Major Shareholder Director(s) shall be entitled to vote on any and all members’ and Board resolutions in relation to such Relevant Opportunity subsequent to the Initial Relevant Opportunity Resolution(s) (the **“Subsequent Relevant Opportunity Resolution(s)”**) (and be counted in the quorum for any and all general meetings or Board meetings (including adjourned meetings thereof) convened to approve such resolutions). If applicable, the approval in writing of the Offering Major Shareholder shall also be required under Article 73 in relation to the Subsequent Relevant Opportunity Resolution(s).

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If following the date of the Referral Response Notice, the Company decides, at any juncture, not to further proceed with such Relevant Opportunity (or otherwise fails to further proceed with such Relevant Opportunity for any reason):

- (A) in the event that the Offering Major Shareholder Director(s) and/or the Offering Major Shareholder (if Members' approval had also been sought) (I) had voted against or abstained from voting on further proceeding with such Relevant Opportunity at such juncture, (II) had been absent from any general meeting or Board meeting convened to approve any resolution to further proceed with the Relevant Opportunity at such juncture (resulting in such general meeting or Board meeting being inquorate) or (III) (if applicable and in relation to the Offering Major Shareholder only) had not granted its approval in writing under Article 73 in favour of further proceeding with such Relevant Opportunity at such juncture, the Offering Major Shareholder shall not (and shall procure and ensure that its Affiliates shall not) be entitled to pursue such Relevant Opportunity unless the Offering Major Shareholder obtains the prior written approval of all the other Major Shareholders; and
- (B) in the event that (I) the Offering Major Shareholder Director(s) and the Offering Major Shareholder (if Members' approval had also been sought) had voted in favour of further proceeding with such Relevant Opportunity at such juncture and (II) (if applicable and in relation to the Offering Major Shareholder only) had granted its approval in writing under Article 73 in favour of further proceeding with such Relevant Opportunity at such juncture, the Offering Major Shareholder (or any of its Affiliates, as the case may be) shall be entitled to pursue such Relevant Opportunity at a price no more favourable to the Offering Major Shareholder (or any of its Affiliates, as the case may be) than the Applicable Relevant Opportunity Price or Price Range (if any), without obtaining any further approval (written or otherwise) from the other Major Shareholders. For the avoidance of doubt, (1) where no Applicable Relevant Opportunity Price or Price Range is available and where no indicative price or price range was discussed or considered by the Board (as reflected in the Initial Relevant Opportunity Resolutions), the Offering Major Shareholder (or any of its Affiliates, as the case may be) shall be entitled to pursue such Relevant Opportunity on any terms and (2) where no Applicable Relevant Opportunity Price or Price Range is available and where an indicative price or price range was discussed or considered by the Board (as reflected in the Initial Relevant Opportunity Resolutions), the Offering Major Shareholder (or any of its Affiliates, as the case may be) shall be entitled to pursue such Relevant Opportunity at a price no more favourable to the Offering Major Shareholder (or any of its Affiliates, as the case may be) than the said indicative price or price range.

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- (g) If the Offering Major Shareholder indicates in a Referral Notice that it and its Affiliates are not interested in pursuing the Relevant Opportunity which is the subject of such Referral Notice:
 - (i) the Offering Major Shareholder and the Offering Major Shareholder Directors shall be entitled to vote on any and all Members' or Board resolutions in relation to such Relevant Opportunity and shall be counted in the quorum at any general meeting or Board meeting convened to discuss such resolutions; and
 - (ii) in the event that the Company fails to provide a Referral Response Notice within the time periods set out in Articles 42.2(c) or 42.2(e)(i) (as the case may be) or does not proceed with the Relevant Opportunity for any reason whatsoever (whether in its Referral Response Notice to such Referral Notice or at any time thereafter), the Offering Major Shareholder and its Affiliates shall not be entitled to pursue such Relevant Opportunity without the prior written approval of all the other Major Shareholders.
- (h) Notwithstanding any other provision in these Articles, "**Affiliates**", in relation to NewCo (insofar as NewCo is a Major Shareholder), for the purposes of this Article 42.2, shall mean only:
 - (i) EQT Partners Singapore Pte. Ltd., in its capacity as investment adviser to the managing entity of (A) the fund known as EQT Mid Market Asia III, (B) the immediate successor fund of EQT Mid Market Asia III which has an investment mandate substantially similar to that of EQT Mid Market Asia III, (C) the fund known as EQT Greater China II, and/or (D) the fund known as EQT Mid Market; and
 - (ii) persons appointed to the Board by NewCo who are also representatives of EQT Partners Singapore Pte. Ltd..
- (i) The referral obligation in this Article shall not apply to opportunities within the Relevant Scope in the Relevant Territories, if such opportunity in question is being assessed by any investee portfolio company (or its Affiliates, other than NewCo or its Affiliates) of NewCo or its Affiliates, provided that:
 - (i) such opportunity is not solely referred to such investee portfolio company (or its Affiliates, other than NewCo and its Affiliates) by (A) NewCo or its Affiliates or (B) any of NewCo's or its Affiliates' nominees on the boards of such investee portfolio company (or its Affiliates) who are employees of EQT Partners Singapore Pte. Ltd.; or
 - (ii) such investee portfolio company (or its Affiliates, other than NewCo and its Affiliates) is not majority-owned by NewCo or its Affiliates.

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43. Powers of the Board of Directors

Subject to Article 73 and the Law, the Board may:

- 43.1 appoint, suspend, or remove any manager, secretary, clerk, agent or employee of the Company and may fix their remuneration and determine their duties;
- 43.2 exercise all the powers of the Company to borrow money and to mortgage or charge or otherwise grant a security interest in its undertaking, property and uncalled capital, or any part thereof, and may issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or any third party;
- 43.3 appoint one or more Directors to the office of managing director or chief executive officer of the Company, who shall, subject to the control of the Board, supervise and administer all of the general business and affairs of the Company;
- 43.4 appoint a person to act as manager of the Company's day-to-day business and may entrust to and confer upon such manager such powers and duties as it deems appropriate for the transaction or conduct of such business;
- 43.5 by power of attorney, appoint any company, firm, person or body of persons, whether nominated directly or indirectly by the Board, to be an attorney of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board) and for such period and subject to such conditions as it may think fit and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Board may think fit and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions so vested in the attorney;
- 43.6 procure that the Company pays all expenses incurred in promoting and incorporating the Company;
- 43.7 delegate any of its powers (including the power to sub-delegate) to a committee of one or more persons appointed by the Board and every such committee shall conform to such directions as the Board shall impose on them. Subject to any directions or regulations made by the Board for this purpose, the meetings and proceedings of any such committee shall be governed by the provisions of these Articles regulating the meetings and proceedings of the Board, including provisions for written resolutions;
- 43.8 delegate any of its powers (including the power to sub-delegate) to any person on such terms and in such manner as the Board may see fit;
- 43.9 present any petition and make any application in connection with the liquidation or reorganisation of the Company;
- 43.10 in connection with the issue of any share, pay such commission and brokerage as may be permitted by law; and
- 43.11 authorise any company, firm, person or body of persons to act on behalf of the Company for any specific purpose and in connection therewith to execute any deed, agreement, document or instrument on behalf of the Company.

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

44. Register of Directors and Officers

The Board shall keep and maintain a Register of Directors and Officers in accordance with the Law.

45. Officers

The Officers shall consist of a Secretary and such additional Officers as the Board may determine all of whom shall be deemed to be Officers for the purposes of these Articles.

46. Appointment of Officers

The Secretary (and additional Officers, if any) shall be appointed by the Board from time to time.

47. Duties of Officers

Subject to Article 73, the Officers shall have such powers and perform such duties in the management, business and affairs of the Company as may be delegated to them by the Board from time to time.

48. Remuneration of Officers

Subject to Article 73, the Officers shall receive such remuneration as the Board may determine.

49. Conflicts of Interest

49.1 Subject to Article 73, any Director, or any Director's firm, partner or any company with whom any Director is associated, may act in any capacity for, be employed by or render services to the Company on such terms, including with respect to remuneration, as may be agreed between all of the Major Shareholders. Nothing herein contained shall authorise a Director or a Director's firm, partner or company to act as Auditor to the Company.

49.2 A Director who is directly or indirectly interested in a contract or proposed contract with the Company (an "**Interested Director**") shall declare the nature of such interest.

49.3 An Interested Director who has complied with the requirements of the foregoing Article may:

- (a) vote in respect of such contract or proposed contract; and/or
- (b) be counted in the quorum for the meeting at which the contract or proposed contract is to be voted on,

and no such contract or proposed contract shall be void or voidable by reason only that the Interested Director voted on it or was counted in the quorum of the relevant meeting and the Interested Director shall not be liable to account to the Company for any profit realised thereby.

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50. Indemnification and Exculpation of Directors and Officers

- 50.1 The Directors, Secretary and other Officers (such term to include any person appointed to any committee by the Board) acting in relation to any of the affairs of the Company or any subsidiary thereof, and the liquidator or trustees (if any) acting in relation to any of the affairs of the Company or any subsidiary thereof and every one of them (whether for the time being or formerly) and their heirs, executors, administrators and personal representatives (each an “**Indemnified Party**”) shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, or in their respective offices or trusts, and no Indemnified Party shall be answerable for the acts, receipts, neglects or defaults of the others of them or for joining in any receipts for the sake of conformity, or for any bankers or other persons with whom any monies or effects belonging to the Company shall or may be lodged or deposited for safe custody, or for insufficiency or deficiency of any security upon which any monies of or belonging to the Company shall be placed out on or invested, or for any other loss, misfortune or damage which may happen in the execution of their respective offices or trusts, or in relation thereto, PROVIDED THAT this indemnity shall not extend to any matter in respect of any fraud or dishonesty in relation to the Company which may attach to any of the Indemnified Parties. Each Member agrees to waive any claim or right of action such Member might have, whether individually or by or in the right of the Company, against any Director or Officer on account of any action taken by such Director or Officer, or the failure of such Director or Officer to take any action in the performance of his duties with or for the Company or any subsidiary thereof, PROVIDED THAT such waiver shall not extend to any matter in respect of any fraud or dishonesty in relation to the Company which may attach to such Director or Officer.
- 50.2 The Company shall purchase and maintain insurance (with a reasonable amount of coverage as the Board (by a simple majority vote) shall determine in its discretion) for the benefit of any Director or Officer against any liability incurred by him in his capacity as a Director or Officer or indemnifying such Director or Officer in respect of any loss arising or liability attaching to him by virtue of any rule of law in respect of any negligence, default, breach of duty or breach of trust of which the Director or Officer may be guilty in relation to the Company or any subsidiary thereof.

MEETINGS OF THE BOARD OF DIRECTORS

51. Board Meetings

The Board may meet for the transaction of business, adjourn and otherwise regulate its meetings as it sees fit. Subject to Article 73, a resolution put to the vote at a Board meeting shall be carried by the affirmative votes of a majority of the votes cast and in the case of an equality of votes the resolution shall fail.

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52. Notice of Board Meetings

A Director may, and the Secretary on the requisition of a Director shall, at any time summon a Board meeting. Notice of a Board meeting shall be deemed to be duly given to a Director if it is given to such Director verbally (including in person or by telephone) or otherwise communicated or sent to such Director by post, electronic means or other mode of representing words in a visible form at such Director's last known address or in accordance with any other instructions given by such Director to the Company for this purpose. Each of the Directors shall be entitled to receive not less than seven days' written notice of all Board meetings (or such shorter period of notice in respect of any particular meeting as may be agreed jointly by all the Directors) specifying the date, time and place of the meeting and the business to be transacted thereat.

53. Electronic Participation in Meetings

Directors may participate in any meeting by such telephonic, electronic or other communication facilities or means as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting.

54. Representation of Director

54.1 A Director which is a corporation may, by written instrument, authorise such person or persons as it thinks fit to act as its representative at any meeting and any person so authorised shall be entitled to exercise the same powers on behalf of the corporation which such person represents as that corporation could exercise if it were an individual Director, and that Director shall be deemed to be present in person at any such meeting attended by its authorised representative or representatives.

54.2 Notwithstanding the foregoing, the chairman of the meeting may accept such assurances as he thinks fit as to the right of any person to attend and vote at Board meetings on behalf of a corporation which is a Director.

54.3 A Director who is not present at a Board meeting, and whose Alternate Director (if any) is not present at the meeting, may be represented at the meeting by a proxy duly appointed, in which event the presence and vote of the proxy shall be deemed to be that of the Director. All the provisions of these Articles regulating the appointment of proxies by Members shall apply equally to the appointment of proxies by Directors.

55. Quorum at Board Meetings

55.1 Save as otherwise contemplated in Article 42.2, the quorum necessary for the transaction of business at a Board meeting shall be three (3) Directors including one (1) Director appointed by each Major Shareholder, provided that if there is only one Director for the time being in office the quorum shall be one.

55.2 If within half an hour from the time appointed for the Board meeting a quorum is not present, then, the meeting shall stand adjourned to the same day one week later, at the same time and place. The quorum at any such adjourned Board meeting shall be any two Directors.

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56. Board to Continue in the Event of Vacancy

The Board may act notwithstanding any vacancy in its number.

57. Chairman to Preside

For so long as (a) no single Shareholder's Shareholding Percentage is more than 50 per cent., and (b) the largest Member (in terms of Shareholding Percentage) from time to time, has a Shareholding Percentage of 30 per cent. or more, such Member shall be entitled to elect the Chairman. In any other case, the Chairman shall be elected by the Board by a simple majority vote. In his absence a chairman of the meeting shall be appointed or elected by the Directors present at the meeting by a simple majority vote. The chairman of the meeting shall not have a casting vote.

58. Written Resolutions

- 58.1 Anything which may be done by resolution of the Directors may, without a meeting and without any previous notice being required, be done by written resolution of a simple majority of the Directors, subject to Article 73, in accordance with this Article. In the case of an equality of votes, the resolution shall fail. For the purposes of this Article only, "the Directors" shall not include an Alternate Director.
- 58.2 A written resolution may be signed by (or in the case of a Director that is a corporation, on behalf of) the Directors in as many counterparts as may be necessary.
- 58.3 A written resolution made in accordance with this Article is as valid as if it had been passed by the Directors in a directors' meeting, and any reference in any Article to a meeting at which a resolution is passed or to Directors voting in favour of a resolution shall be construed accordingly.
- 58.4 A resolution in writing made in accordance with this Article shall constitute minutes for the purposes of the Law.
- 58.5 For the purposes of this Article, the date of the resolution is the date when the resolution is signed by (or in the case of a Director that is a corporation, on behalf of) the last Director to sign whose signature resulted in the resolution being passed and any reference in any Article to the date of passing of a resolution is, in relation to a resolution made in accordance with this Article, a reference to such date.

59. Validity of Prior Acts of the Board

No regulation or alteration to these Articles made by the Company in general meeting shall invalidate any prior act of the Board which would have been valid if that regulation or alteration had not been made.

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CORPORATE RECORDS

60. Minutes

The Board shall cause minutes to be duly entered in books provided for the purpose:

- (a) of all elections and appointments of Officers;
- (b) of the names of the Directors present at each Board meeting and of any committee appointed by the Board; and
- (c) of all resolutions and proceedings of general meetings of the Members, Board meetings, meetings of managers and meetings of committees appointed by the Board.

61. Register of Mortgages and Charges

- 61.1 The Board shall cause to be kept the Register of Mortgages and Charges required by the Law.
- 61.2 The Register of Mortgages and Charges shall be open to inspection in accordance with the Law, at the registered office of the Company on every business day in the Cayman Islands, subject to such reasonable restrictions as the Board may impose, so that not less than two hours in each such business day be allowed for inspection.

62. Form and Use of Seal

- 62.1 The Company may adopt a seal, which shall bear the name of the Company in legible characters, and which may, at the discretion of the Board, be followed with or preceded by its dual foreign name or translated name (if any), in such form as the Board may determine. The Board may adopt one or more duplicate seals for use in or outside the Cayman Islands and, if the Board thinks fit, a duplicate Seal may bear on its face the name of the country, territory, district or place where it is to be issued.
- 62.2 The Seal (if any) shall only be used by the authority of the Board or of a committee of the Board authorised by the Board in that behalf and, until otherwise determined by the Board, the Seal shall be affixed in the presence of a Director or the Secretary or an assistant secretary or some other person authorised for this purpose by the Board or the committee of the Board.
- 62.3 Notwithstanding the foregoing, the Seal (if any) may without further authority be affixed by way of authentication to any document required to be filed with the Registrar of Companies in the Cayman Islands, and may be so affixed by any Director, Secretary or assistant secretary of the Company or any other person or institution having authority to file the document as aforesaid.

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ACCOUNTS

63. Books of Account

- 63.1 The Board shall cause to be kept proper books of account including, where applicable, material underlying documentation including contracts and invoices, and with respect to:–
- (a) all sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure takes place;
 - (b) all sales and purchases of goods by the Company; and
 - (c) all assets and liabilities of the Company.
- 63.2 Such books of account shall be kept and proper books of account shall not be deemed to be kept with respect to the matters aforesaid if there are not kept, at such place as the Board thinks fit, such books as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions.
- 63.3 Such books of account shall be retained for a minimum period of five years from the date on which they are prepared.
- 63.4 Unless otherwise provided in these Articles, no Member (not being a Director) shall have any right of inspecting any account or book or document of the Company.

64. Financial Year End

The financial year end of the Company shall be 30 June in each year but, subject to any direction of the Company in general meeting, the Board may from time to time prescribe some other period to be the financial year, provided that the Board may not without the sanction of an ordinary resolution prescribe or allow any financial year longer than eighteen months.

AUDITS

65. Appointment of Auditors

- 65.1 Subject to Article 73, the Company may in general meeting appoint Auditors to hold office for such period as the Members may determine.
- 65.2 Whenever there are no Auditors appointed as aforesaid the Board may appoint Auditors to hold office for such period as the Board may determine or earlier removal from office by the Company in general meeting.
- 65.3 The Auditor may be a Member but no Director, Officer or employee of the Company shall, during his continuance in office, be eligible to act as an Auditor of the Company.

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66. Remuneration of Auditors

- 66.1 The remuneration of an Auditor appointed by the Members shall be fixed by the Company in general meeting.
- 66.2 The remuneration of an Auditor appointed by the Board in accordance with these Articles shall be fixed by the Board.

67. Duties of Auditor

The Auditor shall make a report to the Members on the accounts examined by him and on every set of financial statements laid before the Company in general meeting, or circulated to Members, pursuant to this Article during the Auditor's tenure of office.

68. Access to Records

- 68.1 The Auditor shall at all reasonable times have access to the Company's books, accounts and vouchers and shall be entitled to require from the Company's Directors and Officers such information and explanations as the Auditor thinks necessary for the performance of the Auditor's duties and, if the Auditor fails to obtain all the information and explanations which, to the best of his knowledge and belief, are necessary for the purposes of their audit, he shall state that fact in his report to the Members.
- 68.2 The Auditor shall be entitled to attend any general meeting at which any financial statements which have been examined or reported on by him are to be laid before the Company and to make any statement or explanation he may desire with respect to the financial statements.

VOLUNTARY WINDING-UP AND DISSOLUTION

69. Winding-Up

- 69.1 Subject to Article 73, the Company may be voluntarily wound-up by a Special Resolution.
- 69.2 If the Company shall be wound up the liquidator may, with the sanction of a Special Resolution, divide amongst the Members in specie or in kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like sanction, vest the whole or any part of such assets in the trustees upon such trusts for the benefit of the Members as the liquidator shall think fit, but so that no Member shall be compelled to accept any shares or other securities or assets whereon there is any liability.

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CHANGES TO CONSTITUTION

70. Changes to the Memorandum and Articles of Association

Subject to the Law and Article 73, the Memorandum of Association and/or Articles of Association of the Company shall only be amended or altered by Special Resolution.

71. Discontinuance

The Board may exercise all the powers of the Company to transfer by way of continuation the Company to a named country or jurisdiction outside the Cayman Islands pursuant to the Law.

MEMBER INFORMATION RIGHTS

72. Member Information Rights

The Company shall:

- 72.1 keep full and proper accounting records for each Group Company in accordance with generally accepted accounting principles relating to its business, undertakings and affairs, which records shall be made available at all reasonable times for inspection by the Directors and/or the Major Shareholders by prior appointment during office hours;
- 72.2 prepare and provide to each of the Major Shareholders:
 - (a) annual financial statements for each Group Company, in each case in accordance with generally accepted accounting principles and in compliance with all applicable legislation and accounting standards in the relevant Group Company's jurisdiction of incorporation in respect of each accounting reference period, and shall procure that such financial statements are audited as soon as practicable and supply copies of the same, both in draft and final form, to each of the Major Shareholders immediately upon their issue; and
 - (b) monthly management accounts in respect of each Group Company within 30 days after the end of each month and operating statistics and such other trading and financial information to keep each of the Major Shareholders properly informed about the business, financials, performance and operating statistics and such other trading and financial information in such form as the Major Shareholders shall reasonably request to keep properly informed about the business, operations and services of such Group Company and the Group and generally to protect their interests, provided that any of the foregoing information reasonably requested by and provided to any Major Shareholder shall be equally provided to all Major Shareholders at the same time;

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- 72.3 permit each Director and any representative(s) of the Major Shareholders to visit and inspect and examine the Group's properties and records, and to discuss the affairs of the Group with its management; and
- 72.4 provide each Qualifying Shareholder with the audited consolidated financial statements of the Group (to the extent available), if requested by such Qualifying Shareholder in writing and subject to: (a) such Qualifying Shareholder executing appropriate confidentiality agreements with the Company and (b) the prior approval of the Board.

RESERVED MATTERS

73. Reserved Matters

Each Shareholder shall exercise all its voting rights and powers available to it to procure that each Group Company shall not take any action in respect of any of the following matters (the "**Reserved Matters**"), without the prior approval in writing of each of the Major Shareholders, provided that the prior approval in writing of an Offering Major Shareholder shall not be required in the events or circumstances contemplated in Article 42.2:

- 73.1 any disposal or acquisition of, or investment in, any undertaking, assets or shares or other equity interests by any Group Company which (a) when aggregated with such transactions by all Group Companies in the same financial year, exceeds S\$5 million or (b) exceeds S\$2.5 million in a single transaction (in each case, other than any acquisition which may be funded by the Equity Line in whole or in part), or any acquisition which may be funded by the Equity Line in whole or in part;
- 73.2 the entry into or amendment of joint ventures, partnerships or similar arrangements;
- 73.3 approval of budget and business plans, and material deviations therefrom;
- 73.4 appointments, terminations, dismissals or amendments to employment terms (including remuneration and other emoluments) of the Senior Management of any Group Company;
- 73.5 the exercise of the borrowing powers, granting of any loans or provision of any guarantee or indemnity by any Group Company other than as approved in any annual budget or which exceeds an agreed amount in a single transaction;
- 73.6 the declaration or payment of any dividends or other distributions by the Company;
- 73.7 any change in the nature and/or scope of the business of any Group Company;
- 73.8 the dissolution, liquidation or winding-up of any Group Company;
- 73.9 any amendment to the memorandum or articles of association or constitutional documents of any Group Company;

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- 73.10 any increase or variation in the share capital of any Group Company or the issue or grant of any option over the unissued share capital of any Group Company or the issue of any new class of share capital of any Group Company or the variation of rights of any class of shares of any Group Company or any securities issued by any Group Company or the issue of any convertible securities by any Group Company (including approval and variation of the Management Incentive Plan), including but not limited to the determination of the issue price of any new shares or securities (including convertible securities) to be allotted and issued by any Group Company, other than in relation to new Shares to be issued (a) to NewCo and the shareholders of the Target on the Settlement Date in connection with the Scheme or (b) pursuant to the capitalisation of amounts drawn down on the Equity Line;
- 73.11 any repurchase, cancellation or redemption of the shares of any Group Company or any reduction, consolidation, subdivision or reclassification or other alteration of the share capital of any Group Company;
- 73.12 any amalgamation or reconstruction of any Group Company pursuant to a scheme of arrangement, or any amalgamation, merger or consolidation of any Group Company;
- 73.13 a transaction between a Group Company (on the one hand) and any Shareholder (or the Affiliate of such Shareholder) or any Director (or the Affiliate of such Director) (on the other hand) (other than any allotment and issuance of new Shares to NewCo and the shareholders of the Target on the Settlement Date in connection with the Scheme);
- 73.14 save in relation to the Acquisition Debt, the creation of any mortgage, charge or other encumbrance over the assets or undertaking of any Group Company;
- 73.15 the adoption of, or any change in, the accounting policies of any Group Company, other than as required by law;
- 73.16 the appointment or removal of, or change in, the auditors of any Group Company;
- 73.17 the entry into, termination, amendment or variation of any contract or other arrangements by any Group Company which causes such Group Company to assume any material liability which exceeds S\$5 million in aggregate, other than in the ordinary course of business; and/or requires such Group Company to incur expenditure (other than capital expenditure), which (a) when aggregated with such transactions by all Group Companies in the same financial year, exceeds S\$5 million or (b) exceeds S\$2.5 million in a single transaction, unless provision for the same is made in the annual budget of such Group Company or the Group; and

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- 73.18 the incurring or entry into a commitment to incur by any Group Company of any capital expenditure (including the acquisition of any undertaking or asset whether under lease or hire purchase or otherwise), which (a) when aggregated with such capital expenditure by all Group Companies in the same financial year, causes the aggregate capital expenditure by all Group Companies in such financial year to exceed the planned aggregate capital expenditure set out in the annual group budget of the Group by at least S\$5 million or (b) which exceeds S\$2.5 million in a single transaction.

Dated this [●] day of [●] 20[●]

[●]

[*insert address*]

[●]

[●]

Witness to the above signature

Address: *insert address*

Occupation: [●]

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

SCHEDULE D VOTING AND/OR ELECTION UNDERTAKINGS

Name of Undertaking Shareholder	Description	Total Number of HMI Shares Owned Legally and/or Beneficially that are Subject to the Voting and/or Election Undertakings as at the Latest Practicable Date	Number of HMI Shares Owned Legally and/or Beneficially that are Subject to the Voting and/or Election Undertakings as at the Latest Practicable Date as a Percentage of the Total Number of HMI Shares ⁽¹⁾
Dr. Gan See Khem ⁽²⁾	Executive Chairman, Managing Director and a substantial shareholder of HMI	10,765,853	1.29 per cent.
Dr. Chin Koy Nam ⁽²⁾	Substantial shareholder of HMI	4,266,420	0.51 per cent.
Ms. Chin Wei Jia ⁽²⁾	Executive Director and Group Chief Executive Officer of the HMI Group	10,320,432	1.23 per cent.
Mr. Chin Wei Yao ⁽²⁾	Executive Director and Group Chief Investment Officer of the HMI Group	2,265,718	0.27 per cent.
Ms Chin Wei Shan ⁽²⁾	Shareholder of HMI	1,514,475	0.18 per cent.
NSI ⁽³⁾	Substantial shareholder of HMI	297,755,183	35.56 per cent.
MMSB ⁽³⁾	Substantial shareholder of HMI	139,203,259	16.62 per cent.
Dr. Cheah Way Mun ⁽³⁾	Independent Non-Executive Director of HMI	28,207,688	3.37 per cent.
Professor Tan Chin Tiong ⁽³⁾	Independent Non-Executive Director of HMI	2,411,336	0.29 per cent.
Dr. Chua Ee Chek ⁽³⁾⁽⁴⁾	Shareholder of HMI	7,545,527	0.90 per cent.
Dr. Ching Kwok Choy ⁽³⁾	Shareholder of HMI	5,982,028	0.71 per cent.
Dr. Kwa Kie Tjiong ⁽³⁾	Shareholder of HMI	7,317,135	0.87 per cent.
Total:		517,555,054	61.80 per cent.

Notes:

- (1) Rounded to the nearest two decimal places and based on there being 837,337,946 HMI Shares (excluding 1,642,934 treasury shares) in issue as at the Latest Practicable Date.
- (2) Each of Dr. Gan See Khem, Dr. Chin Koy Nam, Ms. Chin Wei Jia, Mr. Chin Wei Yao and Ms. Chin Wei Shan has given an irrevocable undertaking to the Offeror to elect to receive the Cash Consideration (see **paragraph 3.1.4(i)** of this Letter).
- (3) Each of NSI, MMSB, Dr. Cheah Way Mun, Professor Tan Chin Tiong, Dr. Chua Ee Chek, Dr. Ching Kwok Choy and Dr. Kwa Kie Tjiong has given an irrevocable undertaking to the Offeror to elect to receive the Securities Consideration (see **paragraph 3.1.4(ii)** of this Letter).
- (4) Updated to include an additional 50,000 HMI Shares in which Dr. Chua Ee Chek has an interest, and are subject to the Voting and/or Election Undertaking provided by him.

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

SCHEDULE E RISK FACTORS

Shareholders should carefully consider and evaluate the following considerations, together with all of the other information contained in the Scheme Document (including this Letter) before deciding to elect for the Securities Consideration. Some of the following risk factors relate principally to the business of the Offeror in general and to ownership of the Offeror Shares, including possible future sales of the Offeror Shares.

If any of the following considerations and uncertainties develops into actual events, the Offeror's business, financial condition and/or the value of the Offeror Shares could be materially and adversely affected. In such circumstances, Shareholders who elect to receive the Securities Consideration may face a deterioration in the value of their investment in the Offeror Shares.

The risk factors below may contain statements relating to or interpretations of Cayman Islands laws and regulations. Such statements are not to be regarded as advice on Cayman Islands laws and regulations and/or the differences between it and the laws of any jurisdiction, including without limitation, Singapore. The risk factors do not purport to be a comprehensive analysis of all consequences, whether legal, tax or otherwise, relating to the ownership of the Offeror Shares. In addition, Shareholders should note that the laws and regulations applicable to a Cayman Islands-incorporated entity may change and any change may be retroactive to the date of issuance of the Offeror Shares. The laws and regulations are also subject to various interpretations and the relevant authorities or the courts may disagree with the interpretations, explanations or conclusions set out below, if any. **Shareholders are advised to seek independent legal, financial, tax and business advice.**

RISKS RELATING TO THE BUSINESS OF THE OFFEROR

1. The Offeror has no track record and may not perform in the same manner as HMI

As the Offeror is a special purpose vehicle incorporated for the purposes of the Acquisition, it has no business track record, financial or otherwise, prior to the Acquisition. As such, Shareholders who elect to receive the Offeror Shares will not be able to evaluate the prospects for the Offeror's future business and performance. The Offeror estimates that a maximum sum of S\$4 million in the aggregate will be 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 pursuant to the terms and conditions of the Acquisition Debt Financing, which shall be net off against the principal amount being drawn down therefrom).

The Offeror will be subject to the inherent business and investment risks to which the HMI Group is currently exposed. However, Shareholders should not assume that as an investment holding company holding 100 per cent. of the shares in HMI, the Offeror would perform in the same manner as HMI.

As an investment holding company, other than its investment in HMI, the Offeror may invest in other companies and businesses and the risks associated with investing in such companies or businesses are uncertain. Furthermore, Shareholders should note that there are no restrictions or control as to the investments that the Offeror may take part in. It is therefore possible for the Offeror to invest in companies and businesses that potentially carry more inherent risks than HMI and in regions where uncertainties with the legal system or

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adverse changes in political and economic policies could have a material adverse effect on such companies or businesses. Future acquisitions and any difficulties encountered in the acquisition and integration process may have an adverse effect on the ability of the Offeror to manage the businesses.

Therefore, Shareholders who elect to hold the Offeror Shares will have to bear all risks associated with holding shares in an investment holding company that has potentially unrestricted investment capabilities, where approved in accordance with the Offeror Articles.

2. The Offeror is subject to risks relating to the economic, political, legal or social environments of the Cayman Islands

There may be risks associated with investing in the Offeror, a company incorporated in the Cayman Islands. The Offeror's business, profitability, asset values, prospects and the value of the Offeror Shares may be materially and adversely affected by factors such as:

- (i) unexpected changes in governmental laws and regulations in the Cayman Islands;
- (ii) the inability of the Offeror's management to deal with multiple and diverse regulatory regimes;
- (iii) regulation risks including the imposition or tightening of foreign exchange controls or restrictions on repatriation of dividends or profits; and
- (iv) adverse economic, political and other conditions in the Cayman Islands.

In particular, the legal, taxation and regulatory regimes in the Cayman Islands may be uncertain and subject to unforeseen changes. The interpretation or application of laws and regulations in the Cayman Islands may be unclear. The Offeror may not have any control over such conditions and developments and cannot provide any assurance that such conditions and developments will not have a material adverse effect on the Offeror's operations, financial condition, results of operations or the value of the Offeror Shares.

3. The Offeror is subject to risks associated with debt financing

The Acquisition Debt Financing includes (i) the Bridge Financing under which the Offeror is the borrower and (ii) the Committed Term Loan under which the Offeror is a guarantor. As a result, Shareholders who wish to hold the Offeror Shares should note that the Offeror will be subject to the risks associated with the Acquisition Debt Financing, which include (but are not limited to) fluctuating interest rates and a risk of insufficient cash flow generated by the operations of the Offeror Group (including the HMI Group, upon the Scheme becoming effective in accordance with its terms) to meet the payments of principal and interest under such financing.

In addition, as set out in **paragraph 5.1 of Schedule B** of this Letter, there are change in control events relating to the NSI Group, which, in the event of their occurrence, will trigger the mandatory prepayment of the Bridge Facility and the Committed Term Loan by the Offeror and the Company respectively.

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RISKS RELATING TO THE OFFEROR SHARES

4. The Offeror Shares have never been publicly traded and will not be publicly traded when allotted and issued on the Settlement Date

There has never been a public market for the Offeror Shares. Further, the Offeror Shares will not be listed on any securities exchange when allotted and issued on the Settlement Date and as such, there will not be an easily determinable market value, if any, for the Offeror Shares. No assurance can be given to Shareholders that there will be a market for the Offeror Shares.

As such, taking into account also the transfer restrictions on the Offeror Shares (please see below under “The Offeror Shares are not freely transferable”), holders of the Offeror Shares may face difficulties liquidating their investments in the Offeror Shares. This may result in Offeror Shareholders not being able to realise their investments in the Offeror Shares.

5. The Offeror Shares are not freely transferable

As set out in the Offeror Articles (as reproduced in full in **Schedule C** to this Letter), there are restrictions in the Offeror Articles on the right to transfer the Offeror Shares. No Offeror Shareholder may transfer its Offeror Shares during the period of 24 months commencing from the Effective Date (“**Moratorium Period**”) without the prior written approval of each Offeror Shareholder holding at least 12 per cent. of all the Offeror Shares at the relevant time (“**Major Shareholder**”).

After the Moratorium Period, Offeror Shares may not be transferred to any third party without first offering such Offeror Shares to all of the Major Shareholders.

In addition, in the event that all the Major Shareholders at the relevant time desire to transfer all (and not some only) of their Offeror Shares to a third party purchaser, the Major Shareholders shall be entitled to drag-along rights (i.e. the right to require each of the other Offeror Shareholders to transfer to such third party purchaser all (and not some only) of its Offeror Shares), on terms no less favourable than the terms agreed to by the Major Shareholders.

6. There is no assurance that the Offeror will declare dividends on Offeror Shares

The Offeror’s ability to declare dividends is dependent on many factors, including the Offeror’s financial condition, results of its investments, capital needs, investment plans and the Acquisition Debt Financing. Further, as the Offeror is an investment holding company, the Offeror’s ability to declare dividends is dependent on the dividends that the Offeror receives from its investments. The ability of the Offeror’s investee companies to declare dividends and other distributions to the Offeror would, in turn, depend on, amongst other things, their respective earnings and cashflows and be subject to the applicable laws and regulations of the relevant jurisdiction.

Any dividend that the Offeror’s directors may recommend or declare in respect of any particular financial year or period will be subject to the factors set out above. There is therefore no assurance that the Offeror will declare dividends nor is there any indication of the levels of dividends that Offeror Shareholders can expect from the Offeror Shares.

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7. **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 Offeror Shareholders, which may limit the ability of such other Offeror Shareholders to influence the outcome of decisions requiring the approval of Offeror Shareholders**

As set out in **paragraph 3.2 of Schedule B** to this Letter, it is envisaged that immediately following settlement of the Scheme Consideration, NSI and NewCo will collectively hold between 48.6 and 72.9 per cent. of the Offeror Shares, and their respective interests may differ from that of the other Offeror Shareholders. Taken collectively, they could potentially exercise significant influence over any shareholders' action or approval requiring a majority vote of the Offeror Shareholders.

In addition, under Article 73 of the Offeror Articles (as reproduced in full in **Schedule C** to this Letter), certain matters may only be carried out provided that the prior approval in writing of each of the Major Shareholders has been obtained, which confers upon each of the Major Shareholders veto power in respect of such matters.

8. **The Offeror is not subject to the same corporate disclosure requirements that HMI has been subjected to as a listed company**

As the Offeror is not listed on the SGX-ST or any other securities exchange, it is not subject to the disclosure requirements of the SGX-ST or any other securities exchange. Furthermore, as the Offeror is not a Singapore-incorporated company, the Offeror is not governed or regulated by any Singapore law requirements on corporate disclosure. In addition, the Offeror, being an unlisted company, will not be obliged or required to have independent directors, to make quarterly or half-yearly financial reporting or disclosures of any material information (financial or otherwise) or to seek shareholders' approval for certain corporate actions and other continuing listing obligations prescribed by the Listing Manual. Under the Offeror Articles, only Major Shareholders are entitled to receive annual financial statements and monthly management accounts for each member of the Offeror Group. Each Offeror Shareholder holding at least one per cent. of all the Offeror Shares ("**Qualifying Shareholder**") at the relevant time shall only be entitled to the audited consolidated financial statements of the Offeror Group (to the extent available), if requested by such Qualifying Shareholder in writing and subject to (i) such Qualifying Shareholder executing confidentiality agreements with the Offeror and (ii) the prior approval of the board of directors of the Offeror.

As such, the Offeror will not have any obligation to keep all Offeror Shareholders fully informed of material information concerning the Offeror in the manner and to the extent that HMI has. Offeror Shareholders may also not receive information on the Offeror that they may consider relevant to their investment in Offeror Shares in the manner and to the extent that they are accustomed to expect from HMI. In accordance with the Offeror Articles, the annual general meetings of the Offeror may be held at a place as may be determined by the chairman of the board of directors of the Offeror, any two directors of the Offeror or any director and the secretary of the Offeror. There is no requirement under Cayman law for the general meetings to be held in the Cayman Islands. However, it is uncertain whether the Offeror will be holding its general meetings in Singapore. As Offeror Shareholders may have limited access, if any, to information concerning the Offeror, Shareholders who elect to receive Offeror Shares should know that they are electing to hold or own securities in a company in respect of which they may have very limited information.

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9. Offeror Shareholders may face difficulty in enforcing their rights as shareholders

As the Offeror is incorporated in the Cayman Islands, it is subject to the laws concerning companies incorporated in the Cayman Islands and not Singapore corporate law, as in the case of HMI.

The extent of shareholders' protection rights under Cayman Islands laws and the extent to which Cayman Islands laws will give and enforce protection to shareholders, may not be as certain as in the case of a Singapore-incorporated company listed on the SGX-ST. As such, Shareholders who elect to receive Offeror Shares may subsequently face difficulties in enforcing shareholders' rights against the Offeror and/or its directors.

A brief summary of certain differences between Singapore law (subject to the provisions of the Constitution, where applicable) and Cayman Islands law (subject to the provisions of the Offeror Articles, where applicable) in relation to companies and shareholders is set out in **Schedule F** to this Letter. The summary is not intended to be and does not constitute legal advice and Shareholders who wish to have advice on the differences between Cayman Islands corporate law and Singapore corporate law should seek independent legal advice.

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SCHEDULE F SUMMARY OF CERTAIN DIFFERENCES BETWEEN SINGAPORE LAW AND CAYMAN ISLANDS LAW IN RELATION TO COMPANIES AND SHAREHOLDERS

This summary is not to be regarded as advice on Cayman Islands laws and regulations, Singapore laws and regulations, and/or the differences between Cayman Islands laws and regulations and Singapore laws and regulations. This summary does not purport to be a comprehensive analysis of all differences between Cayman Islands laws and regulations and Singapore laws and regulations. Shareholders are advised to seek independent legal advice.

All references to the Constitution and the Offeror Articles herein are subject to the full provisions of the Constitution and the Offeror Articles (as reproduced in full in **Schedule C** to this Letter) respectively. Shareholders are advised to read this **Schedule F** together with **Schedule C** to this Letter in its entirety.

	Singapore Law ⁴	Cayman Islands Law ⁵
Variation of class rights	If the constitution of a company provides for the variation or abrogation of the rights attached to any class of shares in the company and pursuant to such provision, such rights are varied or abrogated, the holders of not less than five per cent. of the total number of issued shares of that class may apply to the Singapore courts to have the variation or abrogation cancelled.	There are no specific provisions in the Cayman Islands Companies Law (2018 Revision) (the “CICL”) providing for an application to court for the cancellation of any variation or abrogation of class rights.

4 Subject to the provisions of the Constitution, where applicable.

5 Subject to the provisions of the Offeror Articles, where applicable.

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	Singapore Law ⁴	Cayman Islands Law ⁵
Disclosure of directors' conflicts of interests	<p>Where a director or chief executive officer of a company is directly or indirectly interested in a transaction or proposed transaction with that company, such a director or chief executive officer must, as soon as practicable after the relevant facts have come to his knowledge, declare the nature of his interest at a meeting of directors of the company or send a written notice to the company containing details on the nature, character and extent of his interest in the transaction or proposed transaction with the company.</p> <p>In addition, a director or chief executive officer of a company who holds any office or possesses any property which, directly or indirectly, might create interests in conflict with their duties or interests as director or chief executive officer (as the case may be) is required to declare the fact, and the nature, character and extent of the conflict or send a written notice to the company setting out the fact and the nature, character and extent of the conflict.</p> <p>Article 90 of the Constitution also provides that no director of HMI shall vote in respect of any contract or arrangement in which he is interested, although he shall be counted in the quorum present at the meeting.</p>	<p>There are no specific provisions in the CICA.</p> <p>However, Articles 49.2 and 49.3 of the Offeror Articles provides, <i>inter alia</i>, that any director of the Offeror who is directly or indirectly interested in a contract or proposed contract with the Offeror shall declare the nature of such interest and having declared such interest, shall be entitled to vote in respect of such contract or proposed contract and/or be counted in the quorum for the meeting at which the contract or proposed contract is to be voted on.</p> <p>In addition, Article 73.13 of the Offeror Articles provides, <i>inter alia</i>, that any transaction between any member of the Offeror Group ("Offeror Group Company") and any director of the Offeror is a Reserved Matter⁶.</p>

⁶ The term "**Reserved Matter**" as defined in the Offeror Articles is reproduced in full in **Schedule C** to this Letter.

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	Singapore Law ⁴	Cayman Islands Law ⁵
Limitation on personal liability of directors	Any provision (within a company's constitution or in any contract with the company or otherwise), which purports to exempt a director of a company (to any extent) from, or by which a company directly or indirectly provides an indemnity for a director of the company against, any liability that would otherwise attach to him in connection with any negligence, default, breach of duty or breach of trust in relation to the company is void, save as permitted under the Companies Act. The foregoing shall not prevent a company from purchasing and maintaining for a director of the company insurance against any such liability.	<p>There are no specific provisions in the CICL.</p> <p>However, Article 50 of the Offeror Articles provides, <i>inter alia</i>, that the directors, secretary and officers of the Offeror shall be indemnified from and against all actions, costs, charges, losses, damages and expenses, other than in cases of fraud or dishonesty and the Offeror shall purchase and maintain insurance (with a reasonable amount of coverage) for such persons.</p>
Dividends	No dividends shall be payable to shareholders except out of profits.	<p>At common law, dividends may be paid only out of profits. In addition, section 34 of the CICL permits, subject to a solvency test and the provisions of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account.</p> <p>Article 16 of the Offeror Articles provides that dividends may be declared and paid out of profits of the Offeror, realised or unrealised, or from any reserve set aside from profits which the board of directors of the Offeror determines is no longer needed, or not in the same amount. Dividends may also be declared and paid out of any other fund or account which can be authorised for this purpose in accordance with the CICL.</p> <p>However, Article 73.6 of the Offeror Articles provides that the declaration or payment of any dividends or other distributions by the Offeror is a Reserved Matter.</p>

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	Singapore Law ⁴	Cayman Islands Law ⁵
Disposal of a company's assets	Notwithstanding anything in a company's constitution, the directors of a company shall not carry into effect any proposals for disposing of the whole or substantially the whole of the company's undertaking or property unless those proposals have been approved by the company in general meeting.	<p>The CICL contains no specific restriction on the power of the directors to resolve to dispose of assets of a company. As a matter of general law, a director in exercising such power and in discharging his duties must do so in the best interests of the company and exercise the care, diligence and skill which a reasonably prudent person would exercise in comparable circumstances.</p> <p>However, Article 73.1 of the Offeror Articles provides, <i>inter alia</i>, that any disposal of any undertaking, assets or shares or other equity interests by any Offeror Group Company which (a) when aggregated with such transactions by all Offeror Group Companies in the same financial year, exceeds S\$5 million or (b) exceeds S\$2.5 million in a single transaction, is a Reserved Matter.</p>
Issuance of shares	Notwithstanding anything in a company's constitution, the directors of a company shall not, without the prior approval of the company in general meeting, exercise any power of the company to issue shares.	<p>The CICL provides that the authorised capital may be increased by resolution of the shareholders in general meeting and will take effect as of that date. Following the increase, a notice of increase of share capital must be filed within thirty days with the Registrar of Companies of the Cayman Islands.</p> <p>Article 73.10 of the Offeror Articles provides, <i>inter alia</i>, that any increase or variation in the share capital of any Offeror Group Company (save in connection with the Scheme or pursuant to the capitalisation of amounts drawn down on the Equity Line) is a Reserved Matter.</p>

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	Singapore Law ⁴	Cayman Islands Law ⁵
Transactions with directors	<p>A company is prohibited from:</p> <ul style="list-style-type: none"> (a) making a loan or quasi-loan to a director of the company or a director of a related company (such person, a “relevant director”); (b) entering into a guarantee or providing any security in connection with a loan or quasi-loan made to a relevant director by any other person; (c) entering into a credit transaction as creditor for the benefit of a relevant director; (d) entering into any guarantee or providing any security in connection with a credit transaction entered into by any person for the benefit of a relevant director; (e) taking part in an arrangement under which another person enters into a transaction which would be prohibited under paragraphs (a) to (d) above and (f) below and that person, in pursuance of the arrangement, obtains a benefit from the company or a related company; or (f) arranging the assignment to the company, or assumption by the company, of any rights, obligations or liabilities under a transaction that, if it had been entered into by the company, would have been prohibited under paragraphs (a) to (e) above, <p>except with, <i>inter alia</i>, the approval of the company in general meeting.</p>	<p>There are no specific provisions in the CICL.</p> <p>However, Article 73.13 of the Offeror Articles provides, <i>inter alia</i>, that any transaction between an Offeror Group Company and any director of the Offeror is a Reserved Matter.</p>

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	Singapore Law ⁴	Cayman Islands Law ⁵
Directors' emoluments	<p>A company shall not at any meeting or otherwise provide emoluments or improve emoluments for a director in respect of his office unless the provision is approved by a resolution that is not related to other matters.</p> <p>For these purposes, "emoluments" in relation to a director includes fees and percentages, any sums paid by way of expenses allowance in so far as those sums are charged to income tax in Singapore, any contribution paid in respect of a director under any pension scheme and any benefits received by him otherwise than in cash in respect of his services as director.</p>	<p>There are no specific provisions in the CIGL.</p>
Scheme of arrangement	<p>The Singapore courts have the authority, in connection with a scheme for the reconstruction of any company or companies or the amalgamation of any two or more companies whereby the whole or any part of the undertaking or the property of any company concerned in the scheme is to be transferred to another company, to, <i>inter alia</i>, order such a transfer.</p> <p>The scheme would require, <i>inter alia</i>, the vote of a majority in number representing $\frac{3}{4}$ in value of the members present and voting.</p>	<p>There are similar provisions in the CIGL to facilitate reconstruction and amalgamation of companies by way of a scheme of arrangement.</p> <p>However, Article 73.12 of the Offeror Articles provides that any amalgamation or reconstruction of any Offeror Group Company pursuant to a scheme of arrangement, or any amalgamation, merger or consolidation of any Offeror Group Company is a Reserved Matter.</p>

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	Singapore Law ⁴	Cayman Islands Law ⁵
Statutory remedies for minority oppression	<p>A member or a holder of a debenture of a company may apply to the Singapore courts for an order on the grounds that:</p> <p>(a) the company's affairs are being conducted or the powers of the company's directors are being exercised in a manner oppressive to, or in disregard of the interests of, one or more of the members, shareholders or holders of debentures of the company, including the applicant; or</p> <p>(b) the company has done an act, or threatens to do an act, or the members or holders of debentures have passed some resolution, or propose to pass some resolution, which unfairly discriminates against, or is otherwise prejudicial to, one or more of the company's members or holders of debentures, including the applicant.</p> <p>If on such an application the court is of the opinion that either of such grounds is established, the court may with a view to bringing to an end or remedying the matters complained of, make such order as it thinks fit and, without prejudice to the generality of the foregoing, <i>inter alia</i>, direct or prohibit any act or cancel or vary any transaction or resolution, authorise civil proceedings to be brought in the name of or on behalf of the company by such person or persons and on such terms as the court may direct or provide that the company be wound up.</p>	<p>Any shareholder of a company may petition the court to make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order:</p> <p>(a) an order regulating the conduct of the company's affairs in the future;</p> <p>(b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder or to do an act which the shareholder has complained it has omitted to do;</p> <p>(c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder on such terms as the court may direct; or</p> <p>(d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself.</p>

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	Singapore Law ⁴	Cayman Islands Law ⁵
Derivative actions	<p>A member of a company who is seeking relief for damage done to the company may bring a common law derivative action in certain circumstances against persons who have done wrong to the company.</p> <p>Further, the Companies Act prescribes a procedure to bring a statutory derivative action whereby a member may apply to court for leave to bring an action or arbitration in the name of and on behalf of the company. The court must be satisfied that the member has given prior notice of this intention to apply to court to the directors of the company, the member is acting in good faith and it appears to be <i>prima facie</i> in the interests of the company to allow the action or arbitration.</p>	<p>Class actions and derivative actions are generally not available to members of a company under the laws of the Cayman Islands. However a personal right of a shareholder may be enforced by a personal action in his individual capacity or where the same personal right of a number of shareholders has been infringed, a representative action may be brought on behalf of a group of shareholders.</p> <p>A shareholder may seek to bring a derivative action on behalf of the company against the wrongdoers (in control of the company) where the wrongful act is alleged to be beyond the corporate power of the company or illegal or would result in the violation of the company's memorandum or articles of association or which constitutes a fraud (in the sense of inequitable conduct) against the minority shareholders or where an act requires the approval of a greater percentage of shareholders than that which actually approved it.</p>
Pre-emptive rights in respect of issuance of shares	<p>The Companies Act prescribes that the directors of a company shall not exercise any power of the company to issue shares without prior approval of the shareholders.</p> <p>Article 12(1) of the Constitution provides, <i>inter alia</i>, that subject to any direction to the contrary that may be given by HMI in general meeting, all new shares shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notice from the Company of general meetings in proportion to the amount of the existing shares to which they are entitled.</p>	<p>There are no specific provisions in the CICL.</p> <p>However, Article 11.13 of the Offeror Articles grants each Qualifying Shareholder, <i>inter alia</i>, the right to participate in any issuance of securities of the Offeror, <i>pro-rata</i> to its shareholding percentage in the Offeror at the relevant time.</p>

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SCHEDULE G DISCLOSURES

1. HOLDINGS

1.1 HMI Securities

Save as disclosed in the Scheme Document (including this Letter, in particular, this **paragraph 1.1** of this **Schedule G**), as at the Latest Practicable Date, 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 HMI Securities.

Name	Direct Interest		Deemed Interest	
	No. of HMI Shares	Per cent. ⁽¹⁾	No. of HMI Shares	Per cent. ⁽¹⁾
Dr. Gan See Khem	10,765,853 ⁽²⁾	1.29	316,122,228 ⁽³⁾⁽⁴⁾⁽⁵⁾	37.75
Dr. Chin Koy Nam	4,266,420	0.51	322,621,661 ⁽⁴⁾⁽⁵⁾⁽⁶⁾	38.53
Ms. Chin Wei Jia	10,320,432 ⁽⁴⁾	1.23	—	—
Mr. Chin Wei Yao	2,265,718 ⁽⁵⁾	0.27	—	—
Ms. Chin Wei Shan	1,514,475	0.18	—	—
NSI	297,755,183	35.56	—	—
MMSB	154,203,259	18.42	—	—
Dr. Cheah Way Mun	28,207,688	3.37	648,628 ⁽⁷⁾	0.08
Professor Tan Chin Tiong	2,411,336	0.29	—	—
Dr. Chua Ee Chek	7,545,527	0.90	—	—
Dr. Ching Kwok Choy	5,982,028	0.71	—	—
Dr. Kwa Kie Tjong	7,317,135	0.87	227,400 ⁽⁸⁾	0.03
David Lee Choon Hui ⁽⁹⁾	10,000	n.m. ⁽¹⁰⁾	—	—

Notes:

- (1) Calculated based on there being 837,337,946 HMI Shares (excluding 1,642,934 treasury shares) in issue as at the Latest Practicable Date, and rounded to two decimal places.
- (2) In addition to Dr. Gan See Khem's direct interest in 10,765,853 HMI Shares, she has an interest in an award comprising 1,320,000 HMI Shares granted to her under the Company's performance share plan, which was approved for adoption on 30 October 2017 ("HMI PSP 2017").
- (3) Dr. Gan See Khem is deemed interested in the HMI Shares held by NSI, her spouse, Dr. Chin Koy Nam, and her children, Ms. Chin Wei Jia, Mr. Chin Wei Yao and Ms. Chin Wei Shan. She is also deemed to have an interest in an award comprising 1,440,000 HMI Shares granted to her daughter, Ms. Chin Wei Jia, under the HMI PSP 2017, and an award comprising 840,000 HMI Shares granted to her son, Mr. Chin Wei Yao, under the HMI PSP 2017.
- (4) In addition to Ms. Chin Wei Jia's direct interest in 10,320,432 HMI Shares, she has an interest in an award comprising 1,440,000 HMI Shares granted to her under the HMI PSP 2017.
- (5) In addition to Mr. Chin Wei Yao's direct interest in 2,265,718 HMI Shares, he has an interest in an award comprising 840,000 HMI Shares granted to him under the HMI PSP 2017.

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- (6) Dr. Chin Koy Nam is deemed interested in the HMI Shares held by NSI, his spouse, Dr. Gan See Khem, and his children, Ms. Chin Wei Jia, Mr. Chin Wei Yao and Ms. Chin Wei Shan. He is also deemed to have an interest in an award comprising 1,440,000 HMI Shares granted to his daughter, Ms. Chin Wei Jia, under the HMI PSP 2017, and an award comprising 840,000 HMI Shares granted to his son, Mr. Chin Wei Yao, under the HMI PSP 2017.
- (7) Dr. Cheah Way Mun is deemed interested in 648,628 HMI Shares held by his spouse.
- (8) Dr. Kwa Kie Tjong is deemed interested in 106,000 HMI Shares held by his spouse and 121,400 HMI Shares held by his daughter.
- (9) David Lee Choon Hui is a director of various subsidiaries indirectly controlled by EQT Mid Market GP B.V., a related corporation of EQT GP.
- (10) Not meaningful.
- (11) As at the Latest Practicable Date, none of the aforementioned share awards under the HMI PSP 2017 has been vested. The share awards will only be vested upon the achievement of certain market and/or non-market conditions.

1.2 Offeror Securities. Save as disclosed in the Scheme Document (including this Letter, in particular, **Schedule D** and this **paragraph 1.2** of this **Schedule G**), as at the Latest Practicable Date, 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 Offeror Securities.

Name	Direct Interest		Deemed Interest	
	No. of Offeror Shares	Per cent.	No. of Offeror Shares	Per cent.
NewCo	1	100	–	–

2. DEALINGS

2.1 HMI Securities

Save as disclosed in the Scheme Document (including this Letter, in particular, this **paragraph 2.1** of this **Schedule G**), as at the Latest Practicable Date, 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.

Name of Party	No. of HMI Shares Bought/ (Sold)	Price per HMI Share (\$\$)	Dealing Date
Dr. Chua Ee Chek	50,000	0.63137	14 June 2019
Dr. Chua Ee Chek	50,000	0.63500	17 June 2019
Dr. Chua Ee Chek	50,000	0.63500	18 June 2019
Dr. Ching Kwok Choy	46,000	0.63000	21 June 2019

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

2.2 Offeror Securities. Save as disclosed in the Scheme Document (including this Letter), 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.

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

SCHEDULE H GENERAL INFORMATION

1. SPECIAL ARRANGEMENTS

1.1 No Agreement having any Connection with or Dependence upon the Scheme. As at the Latest Practicable Date, save as disclosed in the Scheme Document (including this Letter), there is no agreement, arrangement or understanding between (i) any member of the Offeror Concert Party Group and (ii) any of the current or recent directors of the Company or any of the current or recent Shareholders or any other person that has any connection with, or is dependent on or is conditional upon, the Scheme or its outcome.

1.2 Transfer of HMI Shares. As at the Latest Practicable Date, save as disclosed in the Scheme Document (including this Letter), there is no agreement, arrangement or understanding whereby any of the HMI Shares acquired by the Offeror pursuant to the Scheme will be transferred to any other person. However, the Offeror reserves the right to direct or transfer any of the HMI Shares to any of its related corporations.

As set out in **paragraph 5.1 of Schedule B** to this Letter, 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.

1.3 No Payment or Benefit to Directors of the Company. As at the Latest Practicable Date, save as disclosed in the Scheme Document (including this Letter), there is no agreement, arrangement or understanding between the Offeror and any director of the Company or of any of its related corporations (within the meaning of Section 6 of the Companies Act) for any payment or other benefit to be made or given to such director as compensation for loss of office or otherwise in connection with the Scheme.

1.4 No Agreement Conditional upon Outcome of the Scheme. As at the Latest Practicable Date, save as disclosed in the Scheme Document (including this Letter and in particular **paragraph 6.4** of this Letter in relation to the Management Incentive Arrangements), there is no agreement, arrangement or understanding between the Offeror, on the one hand, and any director of the Company or any other person, on the other hand, in connection with or conditional upon the outcome of the Scheme or otherwise connected with the Scheme.

1.5 Directors' and Managers' Service Contracts. The emoluments of the respective directors of the Offeror will not be varied or affected by the implementation of the Scheme or any other associated relevant transaction.

2. DISCLOSURES IN RELATION TO THE COMPANY

2.1 Material Changes in the Financial Position of the Company. Save as disclosed in the Scheme Document (including this Letter), the unaudited consolidated financial statements of the HMI Group for FY2019 and any other information on the HMI Group which is publicly available (including without limitation, the announcements released by the Company on SGXNET), there have not been, to the knowledge of the Offeror, any material changes in the financial position of the Company since 30 June 2018, being the date of the last published audited consolidated financial statements of the HMI Group.

2.2 Transfer Restrictions. The Constitution does not contain any restrictions on the right to transfer the HMI Shares in connection with the Acquisition or the Scheme.

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

3. MARKET QUOTATIONS

3.1 Closing Prices. The following table sets out the closing prices of the HMI Shares on the SGX-ST (as reported by Bloomberg, L.P.) on the last Market Day of each of the six calendar months preceding the Joint Announcement Date, on the Last Undisturbed Trading Day, on the last Market Day on which the HMI Shares were traded on the SGX-ST prior to the Joint Announcement Date and on the Latest Practicable Date, and the corresponding premium based on the Cash Consideration of S\$0.730:

Date	Closing Price (S\$)	Premium based on the Cash Consideration of S\$0.730 ⁽¹⁾
31 January 2019	0.545	33.9 per cent.
28 February 2019	0.545	33.9 per cent.
29 March 2019	0.545	33.9 per cent.
30 April 2019	0.535	36.4 per cent.
31 May 2019	0.575	27.0 per cent.
14 June 2019	0.640	14.1 per cent.
28 June 2019	0.655	11.5 per cent.
4 July 2019	0.660	10.6 per cent.
24 September 2019	0.730	N.A.

Note:

(1) Rounded to the nearest one decimal place.

3.2 Highest and Lowest Prices. The highest and lowest closing prices of the HMI Shares on the SGX-ST (as reported by Bloomberg, L.P.) during (i) the period commencing on the six months prior to the Joint Announcement Date and ending on the Latest Practicable Date (the “**Reference Period**”) and (ii) the six-month period up to and including the Last Undisturbed Trading Day (the “**Undisturbed Reference Period**”), and the corresponding premium based on the Cash Consideration of S\$0.730 are as follows:

	Price (S\$)	Date	Premium based on the Cash Consideration of S\$0.730 ⁽¹⁾
Highest Closing Price during the Reference Period	0.730	24 September 2019	N.A.
Highest Closing Price during the Undisturbed Reference Period	0.640	12 June 2019, 13 June 2019, 14 June 2019	14.1 per cent.
Lowest Closing Price during the Reference Period	0.525	6 May 2019	39.0 per cent.

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

	Price (S\$)	Date	Premium based on the Cash Consideration of S\$0.730 ⁽¹⁾
Lowest Closing Price during the Undisturbed Reference Period	0.525	6 May 2019	39.0 per cent.

Note:

(1) Rounded to the nearest one decimal place.

4. CONSENT

The Offeror Financial Adviser has given and has not withdrawn its written consent to the issue of this Letter with the inclusion herein of its name and all references to its name in the form and context in which it appears in this Letter.

5. DOCUMENTS FOR INSPECTION

Copies of the following documents will be made available for inspection during normal business hours at the registered office of the Company at 7 Temasek Boulevard, #12-10, Suntec Tower One, Singapore 038987 for three (3) months from the date of the Scheme Document or up until the Effective Date, whichever is the later:

- 5.1 the Implementation Agreement;
- 5.2 the Voting and/or Election Undertakings;
- 5.3 the letter of consent referred to in **paragraph 4** of this **Schedule H** to this Letter; and
- 5.4 a draft of the proposed Offeror Articles.

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APPENDIX D – GENERAL INFORMATION RELATING TO COMPANY

1. DIRECTORS

The names, addresses and designations of the directors of Company as at the Latest Practicable Date are as follows:

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

2. PRINCIPAL ACTIVITIES

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.

3. HMI SHARES

3.1. HMI Shares

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. The Company has not issued any HMI Shares since the end of FY2019.

APPENDIX D – GENERAL INFORMATION RELATING TO COMPANY

3.2. Rights of the HMI Shareholders in respect of Capital, Dividends and Voting

Selected texts of the Company's Constitution relating to the rights of the HMI Shareholders in respect of capital, dividends and voting have been extracted and reproduced in Appendix E to this Scheme Document.

3.3. Convertible Instruments and Share Plans

Save as disclosed below, as at the Latest Practicable Date, there are no outstanding instruments convertible into, rights to subscribe for, and options in respect of, HMI Shares or securities which carry voting rights affecting HMI Shares.

As at the Latest Practicable Date, there are Awards outstanding under the HMI PSP 2017 pursuant to which a maximum total of 4,800,000 new HMI Shares may be released, the details of which are as follows:

Date of Award	Performance Award/Time-Based Award	Number of Shares Comprised in Awards Granted	Number of Shares Vested	Number of Shares Comprised in Outstanding Awards as at the Latest Practicable Date
24 November 2017	Performance Award ⁽¹⁾	3,600,000	0	3,600,000
1 December 2017	Performance Award ⁽¹⁾	1,200,000	0	1,200,000
1 December 2017	Time-Based Award	100,000	66,666 ⁽²⁾	33,334 ⁽³⁾
15 April 2019	Performance Award ⁽¹⁾	432,000	0	432,000

Notes:

- (1) The release of HMI Shares as performance awards under the HMI PSP 2017 could be zero or a maximum of 4,800,000, depending on the achievement of pre-determined performance targets in FY2020. The performance awards will only be vested upon the achievement of the Group earnings before interest and taxes ("**EBIT**") threshold level and/or total shareholder return threshold level, and subject to other terms and conditions set out in the award letter, anytime within four weeks from the HMI Group's FY2020 Annual General Meeting.
- (2) A time-based award of 100,000 HMI Shares was granted on 1 December 2017 to an employee. Partial vesting of this time-based award comprising of 66,666 shares under the HMI PSP 2017 was satisfied by way of treasury shares. Subject to fulfilment of service conditions at vesting, the remaining one-third of the award will vest on 30 September 2019.
- (3) Pursuant to the Implementation Agreement, the Company shall take all necessary steps to pay the eligible persons entitled to receive new HMI Shares pursuant to the vesting on 30 September 2019 an equivalent value in cash in accordance with the terms of the HMI PSP 2017, in lieu of allotment and issuance of 33,334 HMI Shares.

APPENDIX D – GENERAL INFORMATION RELATING TO COMPANY

Under the rules of the HMI PSP 2017, if the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies, subject to any legal or regulatory requirements, each participant who has fulfilled his performance target shall be entitled, notwithstanding the rules of the HMI PSP 2017 and the fact that the vesting period for such Award has not expired, to any HMI Shares under the Awards so determined by the Remuneration Committee to be vested to him during the period commencing on the date upon which the compromise or arrangement is sanctioned by the court and ending either on the expiry of sixty (60) days thereafter or the date upon which the compromise or arrangement becomes effective, whichever is later. If the Remuneration Committee decides to vest to the participant the HMI Shares to which the Award relates, the Company may, subject to the prior approval of the Remuneration Committee and at the Remuneration Committee's absolute discretion, pay to the participant the equivalent in cash in lieu of the HMI Shares to be issued or delivered upon the vesting of an Award calculated in accordance with the rules of the HMI PSP 2017.

Having taken into consideration the pre-determined service conditions, the Remuneration Committee has resolved that, subject to the Scheme becoming effective and binding in accordance with its terms, all outstanding time-based Awards vesting on 30 September 2019 shall be satisfied in cash at the equivalent value in cash calculated in accordance with the rules of the HMI PSP 2017 upon its vesting.

4. FINANCIAL INFORMATION

4.1. Financial Information of the HMI Group

Set out below is certain financial information extracted from the audited consolidated financial statements of the HMI Group for FY2016, FY2017, and FY2018, and the unaudited consolidated financial statements of the HMI Group for FY2019.

The financial information for FY2016, FY2017 and FY2018 should be read in conjunction with the audited consolidated financial statements of the HMI Group and the accompanying notes as set out in the annual reports of the HMI Group for FY2016, FY2017 and FY2018 respectively and the financial information for FY2019 should be read in conjunction with the unaudited consolidated financial statements of the HMI Group and the accompanying notes as set out in the unaudited consolidated financial statements of the HMI Group for FY2019.

	HMI Group			
	Unaudited FY2019 RM'000	Audited FY2018 RM'000	Audited FY2017 RM'000	Audited FY2016 RM'000
Revenue	509,403	467,597	435,765	397,810
Net profit before tax	68,623	83,850	62,054	63,382
Net profit after tax	41,004	60,042	42,213	45,451
(Loss)/Profit attributable to minority interests	(7,831)	(554)	21,623	25,552
Net earnings per share				
– Basic (cents)	5.83	7.29	3.18	3.45
– Diluted (cents)	5.80	7.27	3.17	3.38
Net dividend per share (cents)	2.00	2.00	0.75	–

APPENDIX D – GENERAL INFORMATION RELATING TO COMPANY

4.2. Consolidated Statement of Financial Position

The audited consolidated statement of financial position of the HMI Group as at 30 June 2018, being the latest published audited consolidated statement of financial position of the HMI Group prior to the Latest Practicable Date, is set out below.

The audited consolidated statement of financial position of the HMI Group as at 30 June 2018 should be read in conjunction with the audited consolidated financial statements of the HMI Group and the accompanying notes as set out in the annual report of Company for FY2018 and the accompanying notes as set out in the unaudited consolidated financial statements of the HMI Group for FY2019.

	Unaudited FY2019 RM'000	Audited FY2018 RM'000
Non-current assets		
Trade and other receivables	–	–
Other non-current assets	1,397	484
Investments in associated corporations	12,604	15
Investment in subsidiaries	–	–
Property, plant and equipment	593,197	459,595
Intangible assets	1,233	–
Total non-current assets	608,431	460,094
Current assets		
Cash at bank and on hand	81,907	58,891
Trade and other receivables	45,205	45,401
Tax recoverable	180	1
Inventories	14,616	14,029
Other current assets	5,677	10,820
Total current assets	147,585	129,142
Total assets	756,016	589,236
Non-current liabilities		
Trade and other payables	22,244	20,984
Borrowings	307,044	107,149
Deferred income tax liabilities	8,411	8,688
Deferred capital grants	1,016	–
Total non-current liabilities	338,715	136,821
Current liabilities		
Trade and other payables	102,028	109,111
Derivative financial instruments	2,410	–
Current income tax liabilities	6,688	5,351
Borrowings	33,657	89,229
Deferred income	–	2,698
Total current liabilities	144,783	206,389
Total liabilities	483,498	343,210
Net assets	272,518	246,026

APPENDIX D – GENERAL INFORMATION RELATING TO COMPANY

	Unaudited FY2019 RM'000	Audited FY2018 RM'000
Capital and reserves attributable to equity holders of the Company		
Share capital	590,885	590,885
Treasury shares	(1,837)	(1,290)
Currency translation reserve	24,968	22,771
Other reserves	(483,506)	(481,830)
Retained earnings	153,600	121,581
Non-controlling interests	(11,592)	(6,091)
Total Equity	272,518	246,026

4.3. Material Changes in Financial Position

Save as disclosed in the unaudited consolidated financial statements of the HMI Group for FY2019 and any other information on the HMI Group which is publicly available (including without limitation, the announcements released by the Company on SGXNET), there have been no material changes in the financial position of Company since 30 June 2018, being the date of the last published audited consolidated financial statements of the HMI Group.

4.4. Significant Accounting Policies

Except for the adoption of the new financial reporting framework as disclosed in this paragraph 4.4, the HMI Group has applied the same accounting policies and methods of computation in the preparation of its financial statements for FY2019 compared to the audited consolidated financial statements of the HMI Group for FY2018, which is set out in Appendix F to this Scheme Document.

As announced in the unaudited consolidated financial statements of the HMI Group for FY2019 on 1 July 2018, the HMI Group has adopted a new financial reporting framework, Singapore Financial Reporting Standards (International) (SFRS(I)s) and has prepared its financial information under SFRS(I)s for the twelve months ended 30 June 2019. In adopting SFRS(I)s, the HMI Group is required to apply all the specific transition requirements in SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International). The Group has also concurrently applied new major accounting standards (1) SFRS(I) 9 Financial Instruments and (2) SFRS(I) 15 Revenue from Contracts with Customers. The adoption of the new financial reporting framework has no material impact to the Group's accounting policies and financial statements.

Save as disclosed above, in the notes to the audited consolidated financial statements of the HMI Group for FY2018 and in the unaudited consolidated financial statements of the HMI Group for FY2019, there are no significant accounting policies or any matter from the notes of the financial statements of the HMI Group which are of any major relevance for the interpretation of the financial statements of the HMI Group.

4.5. Changes in Accounting Policies

As at the Latest Practicable Date, there are no changes in the accounting policies of the HMI Group which will cause the figures disclosed in paragraph 4.2 of Appendix D to this Scheme Document not to be comparable to a material extent.

APPENDIX D – GENERAL INFORMATION RELATING TO COMPANY

5. DISCLOSURE OF INTERESTS

5.1. Holdings of Offeror Shares and Offeror Convertible Securities by Company

As at the Latest Practicable Date, and save as disclosed in this Scheme Document, none of the HMI Group Companies owns, controls or has agreed to acquire any Offeror Shares or any Offeror Convertible Securities.

5.2. Interests of Directors in Offeror Shares and Offeror Convertible Securities

As at the Latest Practicable Date, and save in this Scheme Document, none of the Directors has any direct or indirect interests in Offeror Shares or Offeror Convertible Securities.

5.3. Interests of Directors in HMI Shares and HMI Convertible Securities

As at the Latest Practicable Date, based on the Register of Directors' Shareholdings maintained by the Company, the interests in HMI Shares held by the directors of the Company are set out below.

Directors	Direct Interest		Deemed Interest	
	No. of HMI Shares	% ⁽¹⁾	No. of HMI Shares	% ⁽¹⁾
Dr. Gan See Khem	10,765,853 ⁽²⁾	1.29	316,122,228 ⁽³⁾⁽⁴⁾⁽⁵⁾	37.75
Ms. Chin Wei Jia	10,320,432 ⁽⁴⁾	1.23	—	—
Mr. Chin Wei Yao	2,265,718 ⁽⁵⁾	0.27	—	—
Professor Annie Koh	—	—	—	—
Dr. Cheah Way Mun	28,207,688	3.37	648,628 ⁽⁶⁾	0.08
Professor Tan Chin Tiong	2,411,336	0.29	—	—
Mr. Chong Ton Nen @ Peter Chong	—	—	—	—

Notes:

- (1) All references to percentage shareholding of the issued HMI Shares of Company in this paragraph 5.3 are rounded to the nearest two decimal places and based on the total issued HMI Shares as at the Latest Practicable Date, being 837,337,946 HMI Shares in issue (excluding 1,642,934 treasury shares).
- (2) In addition to Dr. Gan See Khem's direct interest in 10,765,853 HMI Shares, she has an interest in an award comprising 1,320,000 HMI Shares granted to her under HMI PSP 2017.
- (3) Dr. Gan See Khem is deemed interested in the HMI Shares held by NSI, her spouse, Dr. Chin Koy Nam, and her children, Ms. Chin Wei Jia, Mr. Chin Wei Yao and Ms. Chin Wei Shan. She is also deemed to have an interest in an award comprising 1,440,000 HMI Shares granted to her daughter, Ms. Chin Wei Jia, under the HMI PSP 2017, and an award comprising 840,000 HMI Shares granted to her son, Mr. Chin Wei Yao, under the HMI PSP 2017.
- (4) In addition to Ms. Chin Wei Jia's direct interest in 10,320,432 HMI Shares, she has an interest in an award comprising 1,440,000 HMI Shares granted to her under the HMI PSP 2017.
- (5) In addition to Mr. Chin Wei Yao's direct interest in 2,265,718 HMI Shares, he has an interest in an award comprising 840,000 HMI Shares granted to him under the HMI PSP 2017.
- (6) Dr. Cheah Way Mun is deemed interested in the 648,628 HMI Shares held by his spouse.
- (7) As at the Latest Practicable Date, none of the awards granted to Directors of the Company have been vested. The share awards will only be vested upon the achievement of certain market and/or non-market conditions.

APPENDIX D – GENERAL INFORMATION RELATING TO COMPANY

5.4 Interests of Substantial Shareholders in the HMI Shares and HMI Convertible Securities

As at the Latest Practicable Date, based on the Register of Substantial Shareholders maintained by the Company, the interests in the HMI Shares held by the substantial shareholders of the Company are set out below.

Substantial Shareholder	Direct Interest		Deemed Interest	
	No. of HMI Shares	% ⁽¹⁾	No. of HMI Shares	% ⁽¹⁾
Nam See Investment (Pte) Ltd	297,755,183	–	–	–
Dr. Gan See Khem	10,765,853 ⁽²⁾	1.29	316,122,228 ⁽³⁾⁽⁴⁾⁽⁵⁾	37.75
Dr. Chin Koy Nam	4,266,420	0.51	322,621,661 ⁽⁴⁾⁽⁵⁾⁽⁶⁾	38.53
Maju Medik (Malaysia) Sdn Bhd	154,203,259	18.42	–	–

Notes:

- (1) All references to percentage shareholding of the issued HMI Shares of Company in this paragraph 5.4 are rounded to the nearest two decimal places and based on the total issued HMI Shares as at the Latest Practicable Date, being 837,337,946 HMI Shares in issue (excluding 1,642,934 treasury shares).
- (2) In addition to Dr. Gan See Khem's direct interest in 10,765,853 HMI Shares, she has an interest in an award comprising 1,320,000 HMI Shares granted to her under HMI PSP 2017.
- (3) Dr. Gan See Khem is deemed interested in the HMI Shares held by NSI, her spouse, Dr. Chin Koy Nam, and her children, Ms. Chin Wei Jia, Mr. Chin Wei Yao and Ms. Chin Wei Shan. She is also deemed to have an interest in an award comprising 1,440,000 HMI Shares granted to her daughter, Ms. Chin Wei Jia, under the HMI PSP 2017, and an award comprising 840,000 HMI Shares granted to her son, Mr. Chin Wei Yao, under the HMI PSP 2017.
- (4) In addition to Ms. Chin Wei Jia's direct interest in 10,320,432 HMI Shares, she has an interest in an award comprising 1,440,000 HMI Shares granted to her under the HMI PSP 2017.
- (5) In addition to Mr. Chin Wei Yao's direct interest in 2,265,718 HMI Shares, he has an interest in an award comprising 840,000 HMI Shares granted to him under the HMI PSP 2017.
- (6) Dr. Chin Koy Nam is deemed interested in the HMI Shares held by NSI, his spouse, Dr. Gan See Khem, and his children, Ms. Chin Wei Jia, Mr. Chin Wei Yao and Ms. Chin Wei Shan. He is also deemed to have an interest to an award comprising 1,440,000 HMI Shares granted to his daughter, Ms. Chin Wei Jia, under the HMI PSP 2017, and an award comprising 840,000 HMI Shares granted to his son, Mr. Chin Wei Yao, under the HMI PSP 2017.

6. DEALINGS DISCLOSURE

6.1. Dealings in Offeror Shares and Offeror Convertible Securities by the Company

None of the HMI Group Companies has dealt for value in the Offeror Shares or the Offeror Convertible Securities during the period commencing three (3) months prior to the Joint Announcement Date and ending on the Latest Practicable Date.

6.2. Dealings in Offeror Shares and Offeror Convertible Securities by the Directors

None of the Directors of the Company has dealt for value in the Offeror Shares or the Offeror Convertible Securities during the period commencing three (3) months prior to the Joint Announcement Date and ending on the Latest Practicable Date.

APPENDIX D – GENERAL INFORMATION RELATING TO COMPANY

6.3. Dealings in HMI Shares by the Directors

None of the Directors of the Company has dealt for value in any HMI Shares during the period commencing three (3) months prior to the Joint Announcement Date and ending on the Latest Practicable Date.

6.4. Dealings in HMI Convertible Securities by the Directors

None of the Directors of the Company has dealt for value in any HMI Convertible Securities during the period commencing three (3) months prior to the Joint Announcement Date and ending on the Latest Practicable Date.

7. INTERESTS OF THE INDEPENDENT FINANCIAL ADVISER

7.1. Interests of the IFA in HMI Shares and HMI Convertible Securities

As at the Latest Practicable Date, none of the IFA, its related corporations or funds whose investments are managed by the IFA or its related corporations on a discretionary basis, owns or controls any HMI or HMI Convertible Securities.

7.2. Dealings in HMI Shares and HMI Convertible Securities by the IFA

None of the IFA, its related corporations or funds whose investments are managed by the IFA or its related corporations on a discretionary basis has dealt for value in HMI Shares or HMI Convertible Securities during the period commencing three (3) months prior to the Joint Announcement Date and ending on the Latest Practicable Date.

7.3. Interests of the IFA in Offeror Shares and Offeror Convertible Securities

As at the Latest Practicable Date, none of the IFA, its related corporations or funds whose investments are managed by the IFA or its related corporations on a discretionary basis, owns or controls any Offeror or Offeror Convertible Securities.

7.4. Dealings in Offeror Shares and Offeror Convertible Securities by the IFA

None of the IFA, its related corporations or funds whose investments are managed by the IFA or its related corporations on a discretionary basis has dealt for value in Offeror Shares or Offeror Convertible Securities during the period commencing three (3) months prior to the Joint Announcement Date and ending on the Latest Practicable Date.

8. ARRANGEMENTS AFFECTING DIRECTORS

8.1. No Payment or Benefit to Directors

As at the Latest Practicable Date, there is no agreement, arrangement or understanding for any payment or other benefit to be made or given to any Director of the Company or to any director of any other corporation which, by virtue of Section 6 of the Companies Act, is deemed to be related to the Company as compensation for loss of office or otherwise in connection with the Scheme.

APPENDIX D – GENERAL INFORMATION RELATING TO COMPANY

8.2. No Agreement Conditional upon Outcome of the Scheme

As at the Latest Practicable Date, save as disclosed in this Scheme Document (including the Offeror's Letter at Appendix C to this Scheme Document), there is no agreement, arrangement or understanding made between any of the Directors of the Company and any other person in connection with or conditional upon the outcome of the Scheme.

8.3. No Material Interest in Material Contracts

As at the Latest Practicable Date, save as disclosed in this Scheme Document (including the Offeror's Letter at Appendix C to this Scheme Document), there is no material contract entered into by the Offeror in which any Director of the Company has a material personal interest, whether direct or indirect.

9. MATERIAL LITIGATION

As at the Latest Practicable Date:

- (a) none of the HMI Group Companies is engaged in any material litigation or arbitration proceedings, as plaintiff or defendant, which might materially or adversely affect the financial position of the HMI Group taken as a whole; and
- (b) the Directors of the Company are not aware of any proceedings pending or threatened against any of the HMI Group Companies or of any facts likely to give rise to any proceedings which might materially or adversely affect the financial position of the HMI Group taken as a whole.

10. GENERAL DISCLOSURE

10.1. Financial Statements for FY2018 and FY2019

The audited consolidated financial statements of the HMI Group for FY2018 and the unaudited consolidated financial statements of the HMI Group for FY2019 are set out in Appendix F and Appendix G to this Scheme Document respectively.

10.2. Directors' Service Contracts

As at the Latest Practicable Date:

- (a) there are no service contracts between any of the Directors of the Company or proposed directors with any HMI Group Company which have more than 12 months to run and which are not terminable by the employing company within the next 12 months without paying any compensation; and
- (b) there are no such contracts entered into or amended during the period commencing six (6) months prior to the Joint Announcement Date and ending on the Latest Practicable Date.

APPENDIX D – GENERAL INFORMATION RELATING TO COMPANY

10.3. Material Contracts with Interested Persons

As at the Latest Practicable Date, save as disclosed in the audited consolidated financial statements of the HMI Group for FY2016, FY2017 and FY2018, the unaudited consolidated financial statements of the HMI Group for FY2019, the annual reports of Company for FY2016, FY2017 and FY2018, and any other information on the HMI Group which is publicly available (including without limitation, the announcements released by the Company on SGXNET) as to material contracts with interested persons (within the meaning of Note 1 on Rule 23.12 of the Code) which are not in the ordinary course of business, none of the HMI Group Companies has entered into any material contracts with interested persons (other than those entered into in the ordinary course of business) during the period beginning three (3) years before the Joint Announcement Date and ending on the Latest Practicable Date.

10.4. Costs and Expenses

In the event that the Scheme does not become effective and binding for any reason, the expenses and costs incurred by the Company in connection with the Scheme will be borne by the Company. In the event of a breach of 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.

10.5. Directors' Intentions with respect to their HMI Shares

In the absence of a Competing Offer, all the Directors who own legally and/or beneficially HMI Shares (amounting to approximately 3.7% of the total number of HMI Shares), as set out in paragraph 5.3 of this 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.

11. VALUATION ON SUBJECT PROPERTIES

11.1. Valuation

The Company has commissioned the HMI Valuers to conduct independent valuations of the Subject Properties. Please refer to Appendix H to this Scheme Document for the certificates or relevant extracts of the Valuation Reports for the purposes of inclusion in the Scheme Document by the HMI Valuers.

APPENDIX D – GENERAL INFORMATION RELATING TO COMPANY

11.2. Potential Tax Liability

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 RM5,657,324. The Company expects the aforesaid tax liabilities to crystallise (if any) as and when the Company disposes of its interests in the Subject Properties.

12. CONSENTS

12.1. General

Rajah & Tann Singapore LLP and the Share Registrar have each given and have not withdrawn their respective written consents to the issue of this Scheme Document with the inclusion herein of their names and all the references to their names in the form and context in which they respectively appear in this Scheme Document.

12.2. IFA

The IFA has given and has not withdrawn its written consent to the issue of this Scheme Document with the inclusion herein of its name, the IFA Letter as set out in Appendix B to this Scheme Document, and all references to its name in the form and context in which it appears in this Scheme Document.

12.3. Auditors

PricewaterhouseCoopers LLP has given and has not withdrawn its written consent to the issue of this Scheme Document with the inclusion herein of its name and the auditors’ report relating to the audited consolidated financial statements of the HMI Group for FY2018 as set out in Appendix F to this Scheme Document, and all references to its name in the form and context in which it appears in this Scheme Document.

12.4. HMI Valuers

The HMI Valuers have given and has not withdrawn its written consent to the issue of this Scheme Document with the inclusion herein of its name and the Valuation Reports, Certificates or relevant extracts of which are set out in Appendix H to this Scheme Document, and all references to its name in the form and context in which it appears in this Scheme Document.

APPENDIX D – GENERAL INFORMATION RELATING TO COMPANY

13. DOCUMENTS AVAILABLE FOR INSPECTION

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

- (a) the Constitution;
- (b) the annual reports of the HMI Group for FY2016, FY2017 and FY2018;
- (c) the unaudited consolidated financial statements of the HMI Group for FY2019;
- (d) the Valuation Reports;
- (e) the Implementation Agreement;
- (f) the IFA Letter;
- (g) the Voting and/or Election Undertakings;
- (h) the agreed form of the Offeror's Articles; and
- (i) the letters of consents referred to in paragraph 12 of this Appendix D to this Scheme Document.

APPENDIX E – EXTRACTS FROM THE COMPANY’S CONSTITUTION

All capitalised terms used in the following extracts shall have the same meanings given to them in the Constitution, a copy of which is available for inspection at the registered office of the Company during normal business hours from the date of this Scheme Document up to the Effective Date.

The rights of HMI Shareholders in respect of capital, dividends and voting as extracted and reproduced from the Constitution are set out below:

1. THE RIGHTS OF HMI SHAREHOLDERS IN RESPECT OF CAPITAL

SHARES

- 3.(1) **ISSUE OF SHARES.** The shares taken by the subscribers to the Memorandum of Association shall be issued by the Directors. Subject as aforesaid and to these Articles, the shares shall be under the control of the Directors, who may allot and issue the same to such persons on such terms and conditions and at such times as the Directors think fit but so that no shares shall be issued at a discount except in accordance with Section 68 of the Act.
- (2) **REPURCHASE OF COMPANY’S SHARES.** The Company may purchase or otherwise acquire its issued shares subject to and in accordance with the provisions of the Act and any other relevant rule, law or regulation enacted or promulgated by any relevant competent authority from time to time (hereafter, the “Relevant Laws”), on such terms and subject to such conditions as the Company may in general meeting prescribe in accordance with the Relevant Laws. Any shares purchased or acquired by the Company as aforesaid shall be dealt with in accordance with the Relevant Laws.
4. **RESTRICTION ON ISSUE OF SHARE TO TRANSFER A CONTROLLING INTEREST.** No shares shall be issued so as to transfer a controlling interest (as defined in the listing rules of the Stock Exchange of Singapore Limited, as the same may be amended from time to time) in the Company without the prior approval of the shareholders in a general meeting.
5. **SPECIAL RIGHTS.** Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, any share in the Company 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 as the Company may from time to time by ordinary resolution determine; PROVIDED ALWAYS THAT the total nominal value of issued preference shares shall not at any time exceed the total nominal value of issued ordinary shares of the Company.
6. **REDEEMABLE PREFERENCE SHARES.** Subject to Section 70 of the Act, any preference shares may be issued on the terms that they are, or at the option of the Company are liable, to be redeemed. The Company shall also have the power to issue further preference shares ranking equally with or in priority to any preference shares already issued.
7. **RIGHTS OF PREFERENCE SHAREHOLDERS.** Holders of preference shares shall have the same rights as ordinary shareholders as regards receiving notices, reports and balance sheets, and attending general meetings of the Company. They shall have the right to vote at any meeting convened for the purpose of reducing the capital or winding up or sanctioning a sale of the undertaking, or where the proposition to be submitted to the meeting directly affects their rights and privileges, or when the dividends on the preference shares are in arrears more than six months.

APPENDIX E – EXTRACTS FROM THE COMPANY'S CONSTITUTION

8. **MODIFICATION OF RIGHTS OF PREFERENCE SHAREHOLDERS.** The repayment of preference capital other than redeemable preference capital, or any other alteration of preference shareholders' rights, may only be made pursuant to a special resolution of the preference shareholders concerned; PROVIDED ALWAYS THAT where the necessary majority for such a special resolution is not obtained at the meeting, consent in writing, if obtained from the holders of three-fourths of the preference shares concerned within two months of the meeting, shall be as valid and effectual as a special resolution carried at the meeting.
9. **RIGHTS NOT VARIED BY ISSUE OF ADDITIONAL SHARES.** The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not unless otherwise expressly provided by the terms of issue of the shares of that class be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.
10. **COMMISSION ON SUBSCRIPTION.** The Company may pay a commission to any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, or procuring or agreeing to procure subscriptions, whether absolute or conditional, for any shares in the Company; PROVIDED ALWAYS THAT such commission shall not exceed ten per cent of the price at which such shares are issued, or an amount equivalent to such percentage, and that the requirements of Section 67 of the Act shall be observed. Subject to the provisions of Section 63 of the Act, such commission may be satisfied by the payment of cash or the allotment of fully paid shares or partly in one way and partly in the other.
11. **NO TRUSTS RECOGNISED.** No person, other than the Depository, shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or be required in any way to recognise (even when having notice thereof) any equitable, contingent future or partial interest in any share or any other rights in respect of any share other than an absolute right to the entirety thereof in the registered holder, except only as by these Articles otherwise provided for or as required by the Statutes or pursuant to any order of Court.
12. **OFFER OF NEW SHARES.**
 - (1) Subject to any direction to the contrary that may be given by the Company in general meeting or except as permitted by the listing rules of the Stock Exchange of Singapore Limited (as the same may be amended from time to time), all new shares of whatever kind shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined and, after the expiration of that time or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Article.

APPENDIX E – EXTRACTS FROM THE COMPANY’S CONSTITUTION

- (2) Notwithstanding Article 12(1), the Company may by ordinary resolution in general meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the ordinary resolution, to issue shares (whether by way of rights, bonus or otherwise) where the aggregate number of shares to be issued pursuant to such authority does not exceed any applicable limit as may be prescribed by the listing rules of the Stock Exchange of Singapore Limited (as the same may be amended from time to time).

CONVERSION OF SHARES INTO STOCK

45. **POWER TO CONVERT INTO STOCK.** The Company may by ordinary resolution passed at a general meeting convert any paid up shares into stock and reconvert any stock into paid up shares of any denomination.
46. **TRANSFER OF STOCK.** The holders of stock may transfer the same or any part thereof in the same manner and subject to the same regulations as and subject to which the shares from which the stock arose might previously to conversion have been transferred or as near thereto as circumstances admit; but the Directors may from time to time fix the minimum amount of stock transferable and restrict or forbid the transfer of fractions of that minimum, but the minimum shall not exceed the nominal amount of the shares from which the stock arose.
47. **RIGHTS OF STOCKHOLDERS.** The holders of stock shall according to the amount of the stock held by them have the same rights privileges and advantages as regards dividends, voting at meetings of the Company and other matters as if they held the shares from which the stock arose, but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by any such aliquot part of stock which would not if existing in shares have conferred that privilege or advantage.
48. **INTERPRETATION.** Such of the regulations of the Company as are applicable to paid up shares shall apply to stock, and the words “share” and “shareholder” therein shall include “stock” and “stockholder”.

ALTERATION OF CAPITAL

49. **COMPANY MAY INCREASE ITS CAPITAL.** The Company may from time to time by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as the resolution shall prescribe.
50. **COMPANY MAY ALTER ITS CAPITAL.** The Company may by ordinary resolution:–
- (1) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares; or
- (2) sub-divide its existing shares, or any of them, into shares of smaller amount than is fixed by the Memorandum of Association subject, nevertheless, to the provisions of the Statutes and so that as between the resulting shares, one or more of such shares may by the resolution by which such subdivision is effected be given any preference or advantage as regards dividend, capital, voting or otherwise over the others or any other of such shares; or
- (3) cancel any shares not taken or agreed to be taken by any person.

APPENDIX E – EXTRACTS FROM THE COMPANY'S CONSTITUTION

51. **COMPANY MAY REDUCE ITS CAPITAL.** The Company may by special resolution reduce its share capital and any capital redemption reserve fund in any manner authorised and subject to any conditions prescribed by the Statutes.

MODIFICATION OF CLASS RIGHTS

52. **RIGHTS OF SHAREHOLDERS MAY BE ALTERED.** Subject to the provisions of Section 74 of the Act, all or any of the rights, privileges or conditions for the time being attached or belonging to any class of shares for the time being forming part of the share capital of the Company may from time to time be modified, affected, varied, extended or surrendered in any manner with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the Members of that class. To any such separate meeting all the provisions of these Articles as to general meetings of the Company shall mutatis mutandis apply, but so that the necessary quorum shall be Members of the class holding or representing by proxy one-third of the share capital paid or credited as paid on the issued shares of the class, and every holder of shares of the class in question shall be entitled on a poll to one vote for every such share held by him.

CAPITALISATION OF PROFITS

116. **COMPANY MAY CAPITALISE RESERVES AND UNDIVIDED PROFITS.** The Company in general meeting may at any time and from time to time pass a resolution (including any resolution passed pursuant to Article 12(2)) that any sum not required for the payment or provision of any fixed preferential dividend, and (1) for the time being standing to the credit of any reserve of the Company, including premiums received on the issue of any shares or debentures of the Company, or (2) being undivided net profits in the hands of the Company, be capitalised, and that such sum be appropriated as capital to and amongst the ordinary shareholders in the proportions in which they would have been entitled thereto if the same had been distributed by way of dividend on the ordinary shares, and in such manner as the resolution may direct, and such resolution shall be effective; and the Directors shall in accordance with such resolution apply such sum in paying up in full any unissued shares or debentures of the Company on behalf of the ordinary shareholders aforesaid, and appropriate such shares or debentures and distribute the same credited as fully paid up to and amongst such shareholders in the proportions aforesaid in satisfaction of the shares and interests of such shareholders in the said capitalised sum or shall apply such sum or any part thereof on behalf of the shareholders aforesaid in paying up the whole or part of any uncalled balance which shall for the time being be unpaid in respect of any issued ordinary shares held by such shareholders or otherwise deal with such sum as directed by such resolution. Where any difficulty arises in respect of any such distribution, the Directors may settle the same as they think expedient, and in particular they may issue fractional certificates, fix the value for distribution of any fully paid-up shares or debentures, make cash payments to any shareholders on the footing of the value so fixed in order to adjust rights, and vest any such shares or debentures in trustees upon such trust for the persons entitled to share in the appropriation and distribution as may seem just and expedient to the Directors. When deemed requisite a proper contract for the allotment and acceptance of any shares to be distributed as aforesaid shall be delivered to the Registrar of Companies for registration in accordance with Section 63 of the Act and the Directors may appoint any person to sign such contract on behalf of the persons entitled to share in the appropriation and distribution and such appointment shall be effective.

APPENDIX E – EXTRACTS FROM THE COMPANY'S CONSTITUTION

2. THE RIGHTS OF HMI SHAREHOLDERS IN RESPECT OF DIVIDENDS

DIVIDENDS AND RESERVE

110. **DISTRIBUTION OF PROFITS.** Subject to any preferential or other special rights for the time being attached to any special class of shares, the profits of the Company which it shall from time to time determine to distribute by way of dividend shall be applied in payment of dividends upon the shares of the Company in proportion to the amounts paid up or credited as paid up thereon respectively otherwise than in advance of calls.
111. **DECLARATION OF DIVIDENDS.** The Directors may, with the sanction of a general meeting, from time to time declare dividends, but no such dividend shall be payable except out of the profits of the Company. The Directors may, if they think fit, from time to time declare and pay to the Members such interim dividends as appear to them to be justified by the position of the Company, and may also from time to time if in their opinion such payment is so justified, pay any preferential dividends which by the terms of issue of any shares are made payable on fixed dates. No higher dividend shall be paid than is recommended by the Directors, and the declaration of the Directors as to the amount of the net profits shall be conclusive.
112. **DEDUCTION FROM DIVIDEND.** The Directors may deduct from any dividend payable to any Member all sums of money (if any) presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.
113. **PAYMENT OTHERWISE THAN IN CASH.** Any general meeting declaring a dividend or bonus may direct payment of such dividend or bonus wholly or partly by the distribution of specific assets and in particular of paid up shares, debentures or debenture stock of any other company or in any one or more of such ways, and the Directors shall give effect to such resolution, and where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient, and in particular may issue fractional certificates and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Directors.
- 113A (1) Whenever the Directors or the Company in general meeting have resolved or proposed that a dividend (including an interim, final, special or other dividend) be paid or declared on shares of a particular class in the capital of the Company, the Directors may further resolve that members entitled to such dividend be entitled to elect to receive an allotment of shares of that class credited as fully paid in lieu of cash in respect of the whole or such part of the dividend as the Directors may think fit. In such case, the following provisions shall apply:
- (a) the basis of any such allotment shall be determined by the Directors;
 - (b) the Directors shall determine the manner in which members shall be entitled to elect to receive an allotment of shares of the relevant class credited as fully paid in lieu of cash in respect of the whole or such part of any dividend in respect of which the Directors shall have passed such a resolution as aforesaid, and the Directors may make such arrangements as to the giving of notice to members, providing for forms of election for completion by members (whether in respect of a particular dividend or dividends or generally), determining the procedure for making such elections or revoking the same and the place at which and the latest

APPENDIX E – EXTRACTS FROM THE COMPANY’S CONSTITUTION

date and time by which any forms of election or other documents by which elections are made or revoked must be lodged, and otherwise make all such arrangements and do all such things, as the Directors consider necessary or expedient in connection with the provisions of this Article 113A;

- (c) the right of election may be exercised in respect of the whole of that portion of the dividend in respect of which the right of election has been accorded provided that the Directors may determine, either generally or in any specific case, that such right shall be exercisable in respect of the whole or any part of that portion; and
 - (d) the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable in cash on the shares of the relevant class in respect whereof the share election has been duly exercised (the “elected shares”) and, in lieu and in satisfaction thereof, shares of the relevant class shall be allotted and credited as fully paid to the holders of the elected shares on the basis of allotment determined as aforesaid. For such purpose and notwithstanding the provisions of Article 116, the Directors shall (i) capitalise and apply the sum standing to the credit of any of the Company’s reserve accounts or the sum standing to the credit of the profit and loss account or otherwise available for distribution as the Directors may determine, such sum as may be required to pay up in full the appropriate number of shares of the relevant class for allotment and distribution to and among the holders of the elected shares of the relevant class on such basis, or (ii) apply the sum which would otherwise have been payable in cash to the holders of the elected shares of the relevant class towards payment of the appropriate number of shares of the relevant class for allotment and distribution to and among the holders of the elected shares on such basis.
- (2) The shares of the relevant class allotted pursuant to the provisions of Article 113A(1) shall rank *pari passu* in all respects with the shares of the same class then in issue save only as regards participation in the dividend which is the subject of the election referred to above (including the right to make the election referred to above) or any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneous with the payment or declaration of the dividend which is the subject of the election referred to above unless the Directors shall otherwise specify.
- (3) The Directors may, on any occasion when they resolve as provided in Article 113A(1), determine that rights of election under that paragraph shall not be made available to the persons who are registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register, or in respect of shares, the transfer of which is registered, after such date as the Directors may fix subject to such exceptions as the Directors think fit, and in such event the provisions of Article 113A shall be read and construed subject to such determination.
- (4) The Directors may, on any occasion when they resolve as provided in Article 113A(1), further determine that no allotment of shares or rights of election for shares under Article 113A(1) shall be made available or made to members whose registered addresses entered in the Register of Members or (as the case may be) the Depository Register is outside Singapore or to such other members or class of members as the Directors may in their sole discretion decide and in such event the only entitlement of the members aforesaid shall be to receive in cash the relevant dividend resolved or proposed to be paid or declared.

APPENDIX E – EXTRACTS FROM THE COMPANY’S CONSTITUTION

- (5) Notwithstanding the foregoing provisions of this Article, if at any time after the Directors’ resolution to apply the provisions of Article 113A(1) in relation to any dividend but prior to the allotment of shares of the relevant class pursuant thereto, the Directors shall consider that by reason of any event or circumstance (whether arising before or after such resolution) or by reason of any matter whatsoever it is no longer expedient or appropriate to implement that proposal, the Directors may at their absolute discretion and as they deem fit in the interest of the Company, cancel the proposed application of Article 113A(1).
- (6) The Directors may do all acts and things considered necessary or expedient to give effect to any capitalisation pursuant to the provisions of Article 113A(1), with full power to make such provisions as they think fit in the case of fractional entitlements to shares of the relevant class (including, notwithstanding any provision to the contrary in these Articles, provisions whereby, in whole or in part, fractional entitlements are disregarded or rounded up or down, or whereby the benefit of fractional entitlements accrues to the Company rather than the members).
114. **DIRECTORS MAY FORM RESERVE FUND AND INVEST.** The Directors may, before recommending any dividend, set aside out of the profits of the Company such sums as they think proper as a reserve or reserves, which shall at the discretion of the Directors be applicable for meeting contingencies, or for repairing or maintaining any works connected with the business of the Company, or for equalising dividends, or for distribution by way of special dividend or bonus, or may be applied for such other purposes for which the profits of the Company may lawfully be applied as the Directors may think expedient in the interests of the Company, and pending such application the Directors may employ the sums from time to time so set apart as aforesaid in the business of the Company or invest the same in such securities, other than the shares of the Company, as they may select. The Directors may also from time to time carry forward such sums as they may deem expedient in the interests of the Company.
115. **DIVIDEND WARRANTS TO BE POSTED TO MEMBERS.** Every dividend warrant may, unless otherwise directed, be sent by post to the last registered address of the Member entitled thereto, and the receipt of the person, whose name at the date of the declaration of the dividend appears on the Register of Members as the owner of any share or, in the case of joint holders, of any one of such joint holders, shall be a good discharge to the Company for all payments made in respect of such share. No unpaid dividend or interest shall bear interest as against the Company.

APPENDIX E – EXTRACTS FROM THE COMPANY’S CONSTITUTION

3. THE RIGHTS OF HMI SHAREHOLDERS IN RESPECT OF VOTING

GENERAL MEETINGS

53. **GENERAL MEETINGS.** A general meeting shall be held once in every calendar year, at such time and place as may be determined by the Directors, but so that not more than fifteen months shall be allowed to elapse between any two such general meetings.
54. **GENERAL AND EXTRAORDINARY MEETINGS.** The abovementioned general meetings shall be called general meetings. All other general meetings shall be called extraordinary meetings.
55. **EXTRAORDINARY MEETINGS.** The Directors may call an extraordinary meeting whenever they think fit, and extraordinary meetings shall also be convened on such requisition, or in default may be convened by such requisitionists, as provided by Section 176 of the Act.
56. **NOTICE OF MEETING.** Any general meeting at which it is proposed to pass a special resolution or a resolution of which special notice has been given to the Company, shall be called by twenty-one days’ notice at least and any other general meeting by fourteen days’ notice at least, provided that a general meeting notwithstanding that it has been called by a shorter notice than that specified above, shall be deemed to have been duly called if it is so agreed by all the Members entitled to attend and to vote thereat. Every notice calling a general meeting shall specify the place and the day and the hour of meeting and be given in manner hereinafter mentioned to such persons as are under the provisions of these Articles entitled to receive notices of general meetings from the Company. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. In the event of the Company being listed on the Stock Exchange of Singapore Limited at least fourteen days’ notice of every such meeting shall be given by advertisement in the daily press and in writing to the Stock Exchange of Singapore Limited. The accidental omission to give such notice to, or the non-receipt of such notice by, any such person shall not invalidate the proceedings or any resolution passed at any such meeting.
57. **RESOLUTION SIGNED BY ALL MEMBERS AS EFFECTIVE AS IF PASSED AT GENERAL MEETING.** Subject to the Statutes, a resolution in writing signed by all the Members for the time being entitled to receive notice of and attend and vote at general meetings (or being corporations by their duly authorised representatives) shall be valid and effective as if the same had been passed at a general meeting of the Company duly convened and held, and may consist of several documents in the like form each signed by one or more Members.

PROCEEDINGS AT GENERAL MEETINGS

58. **SPECIAL BUSINESS.** All business shall be deemed special that is transacted at an extraordinary meeting, and also all that is transacted at a general meeting, with the exception of declaring a dividend, the consideration of the accounts, balance sheets, and the reports of the Directors and Auditors, and any other documents annexed to the balance sheets, the election of Directors in the place of those retiring and the fixing of the remuneration of the Directors and the appointment and fixing of the remuneration of the Auditors.

APPENDIX E – EXTRACTS FROM THE COMPANY’S CONSTITUTION

59. **NO BUSINESS TO BE TRANSACTED UNLESS QUORUM PRESENT.** No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business. For all purposes the quorum shall be two Members personally present or represented by proxy.
60. **IF NO QUORUM MEETING ADJOURNED OR DISSOLVED.** If within half an hour from the time appointed for the holding of a general meeting a quorum is not present, the meeting, if convened on the requisition of Members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week at the same time and place, and if at such adjourned meeting a quorum is not present within half an hour from the time appointed for holding the meeting, the Members present shall be a quorum.
61. **CHAIRMAN OF BOARD TO PRESIDE AT ALL MEETINGS.** The Chairman of the Directors shall preside as Chairman at every general meeting, in his absence, the Deputy Chairman, and in the absence of both the Chairman and the Deputy Chairman, the Vice-Chairman shall preside as Chairman at every general meeting. If at any meeting the Chairman, the Deputy Chairman or the Vice-Chairman be not present within fifteen minutes after the time appointed for holding the meeting or be unwilling to act, the Members present shall choose one of the Directors to be Chairman of the meeting, or if no Director be present or if all the Directors present decline to take the chair, one of their number present shall be Chairman.
62. **NOTICE OF ADJOURNED MEETINGS.** The Chairman may, with the consent of any meeting at which a quorum is present and shall, if so directed by the meeting, adjourn any meeting from time to time and from place to place as the meeting shall determine. Whenever a meeting is adjourned for ten days or more, notice of the adjourned meeting shall be given in the same manner as in the case of an original meeting. Save as aforesaid, no Member shall be entitled to any notice of any adjournment or of the business to be transacted at an adjourned meeting. No business shall be transacted at any adjourned meeting other than the business which might have been transacted at the meeting from which the adjournment took place.
63. **HOW RESOLUTION DECIDED.** At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless before or on the declaration of the result of the show of hands a poll is demanded by the Chairman or by any person for the time being entitled to vote at the meeting, and unless a poll is so demanded a declaration by the Chairman that a resolution has on a show of hands been carried or carried unanimously, or carried by a particular majority, or lost, shall be conclusive, and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence thereof without proof of the number or proportion of the votes recorded in favour of or against such resolution.
64. **HOW POLL TO BE TAKEN.** A poll demanded on the election of a Chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time and place, and in such manner as the Chairman directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. Any business other than that upon which a poll has been demanded may be proceeded with at a meeting pending the taking of the poll.
65. **CHAIRMAN TO HAVE CASTING VOTE.** In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman shall be entitled to a second or casting vote.

APPENDIX E – EXTRACTS FROM THE COMPANY’S CONSTITUTION

VOTES OF MEMBERS

66. **NUMBER OF VOTES.** Subject to any rights or restrictions for the time being attached to any class or classes of shares, every Member present in person and each proxy and each attorney shall have one vote on a show of hands and on a poll, every Member present in person or by proxy shall have one vote for each share which he holds or represents. Where the shares of the Company are of different monetary denominations, a unit of capital in each such class of shares shall, when reduced to a common denominator, carry the same voting power when such right is exercisable.
67. **SPLIT VOTES.** On a poll a Member entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.
68. **VOTES OF JOINT HOLDERS OF SHARES.** In the case of joint holders any one of such persons may vote, but if more than one of such persons be present at a meeting, the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holder; and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members.
69. **VOTES OF LUNATIC MEMBER.** A person of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee, receiver, curator bonis, or other legal curator and such last-mentioned persons may give their votes either personally or by proxy.
70. **MEMBERS INDEBTED TO COMPANY IN RESPECT OF SHARES NOT ENTITLED TO VOTE.** No Member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares held by him in the Company, whether in his own name or in a Securities Account, and whether alone or jointly with any other person, have been paid.
71. (1) **APPOINTMENT OF PROXIES.** A Member may appoint not more than two proxies to attend and vote at the same general meeting.
- (2) Where the Member appoints more than one proxy to attend and vote at the same general meeting he shall specify on each instrument of proxy the number of shares in respect of which the appointment is made, failing which, the appointment shall be deemed to be in the alternative.
- (3) No instrument appointing a proxy of a Depositor shall be rendered invalid merely by reason of any discrepancy between the Depositor’s shareholding specified in the instrument of proxy, or where the same has been apportioned between two proxies the aggregate of the proportions of the Depositor’s shareholding they are specified to represent, and the true balance standing to the Securities Account of the Depositor as appears on the Depository Register forty-eight hours before the general meeting.
- (4) A proxy or representative need not be a Member.
- (5) The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

APPENDIX E – EXTRACTS FROM THE COMPANY'S CONSTITUTION

72. **INSTRUMENT APPOINTING A PROXY TO BE LEFT AT THE OFFICE.** The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of that power or authority shall be deposited at the Office not less-than forty-eight hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid.
73. **FORM OF PROXY.** An instrument appointing a proxy or representative shall be in writing in the common form or any other form approved by the Directors and:–
- (a) in the case of an individual, shall be signed by the appointor or by his attorney; and
 - (b) in the case of a corporation, shall be either under its common seal or signed by its attorney or by an officer on behalf of the corporation.
74. **OMISSION TO INCLUDE PROXY FORM.** In the event that forms of proxy are sent to Members of the Company together with any notice of meeting, the accidental omission to include the form of proxy to, or the non-receipt of such form of proxy by any person entitled to receive a notice of meeting shall not invalidate any resolution passed or any proceeding at any such meeting.
75. **CORPORATION ACTING BY REPRESENTATIVES AT MEETING.** Any corporation which is a Member of the Company may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of Members of the Company, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual Member of the Company.

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**APPENDIX F – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF
THE HMI GROUP FOR FY2018**

HEALTH MANAGEMENT INTERNATIONAL LTD
(Incorporated in Singapore. Registration Number: 199805241E)
AND ITS SUBSIDIARIES

ANNUAL REPORT
For the financial year ended 30 June 2018

**APPENDIX F – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF
THE HMI GROUP FOR FY2018**

HEALTH MANAGEMENT INTERNATIONAL LTD
(Incorporated in Singapore)
AND ITS SUBSIDIARIES

ANNUAL REPORT
For the financial year ended 30 June 2018

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APPENDIX F – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE HMI GROUP FOR FY2018

HEALTH MANAGEMENT INTERNATIONAL LTD AND ITS SUBSIDIARIES

DIRECTORS' STATEMENT

For the financial year ended 30 June 2018

The directors present their statement to the shareholders together with the audited financial statements of the Group for the financial year ended 30 June 2018 and the balance sheet of the Company as at 30 June 2018.

In the opinion of the directors,

- (a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 11 to 86 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 30 June 2018 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

Dr Gan See Khem
Professor Annie Koh
Dr Cheah Way Mun
Professor Tan Chin Tiong
Mr Chong Ton Nen @ Peter Chong (Appointed on 1 December 2017)
Ms Chin Wei Jia
Mr Chin Wei Yao

Arrangements to enable directors to acquire shares and debentures

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

APPENDIX F – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE HMI GROUP FOR FY2018

HEALTH MANAGEMENT INTERNATIONAL LTD AND ITS SUBSIDIARIES

DIRECTORS' STATEMENT

For the financial year ended 30 June 2018

Directors' interests in shares or debentures

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

	Holdings registered in name of director or nominee		Holdings in which a director is deemed to have an interest	
	At 30.6.2018	At 1.7.2017 or date of appointment, if later	At 30.6.2018	At 1.7.2017 or date of appointment, if later
Health Management International Ltd				
- Ordinary Shares				
Dr Gan See Khem	10,765,853	10,765,853	316,122,228	314,787,728
Dr Cheah Way Mun	28,207,688	28,207,688	648,628	648,628
Professor Tan Chin Tiong	2,411,336	2,411,336	-	-
Ms Chin Wei Jia	10,320,432	10,320,432	-	-
Mr Chin Wei Yao	2,265,718	2,265,718	-	-
- Share Awards				
Dr Gan See Khem	1,320,000	-	2,280,000	-
Ms Chin Wei Jia	1,440,000	-	-	-
Mr Chin Wei Yao	840,000	-	-	-

The directors' interests in the ordinary shares and convertible securities of the Company as at 21 July 2018 were the same as those as at 30 June 2018.

Share awards

HMI Preference Share Plan 2017

On 30 October 2017, the shareholders of the Company approved the adoption of HMI Performance Share Plan 2017 ("HMI PSP 2017") to award fully-paid shares to eligible employees after they had achieved certain pre-determined performance targets over set performance periods or completed certain time-based service conditions. The maximum aggregate number of shares which may be awarded under the HMI PSP 2017 is 15% of the total issued equity shares excluding treasury shares of the Company, and with a limit whereby not more than 1% of the number of issued shares may be granted or vested each year.

HMI PSP 2017 is administered by Remuneration Committee of the Company. The members of the Remuneration Committee at the end of the financial year were as follows:

Professor Tan Chin Tiong (Chairman)
Professor Annie Koh
Dr Cheah Way Mun

APPENDIX F – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE HMI GROUP FOR FY2018

HEALTH MANAGEMENT INTERNATIONAL LTD AND ITS SUBSIDIARIES

DIRECTORS' STATEMENT

For the financial year ended 30 June 2018

Share awards (continued)

HMI Performance Share Plan 2017 (continued)

On 24 November 2017 and 1 December 2017, the Company granted certain directors and employees of the Company three awards comprising up to 3,600,000 shares and five awards comprising up to 1,200,000 shares respectively under the HMI PSP 2017. The actual number of shares to be released could be zero or a maximum of 4,800,000, at nil exercise price, depending on the achievement of pre-determined performance targets in FY2020.

The above three awards and five awards will only be vested upon the achievement of certain market and/or non market conditions, and subject to other terms and conditions set out in the award letter, anytime within 4 weeks from the Group's FY2020 Annual General Meeting.

As at 30 June 2018, none of the three and five awards mentioned above were vested.

In addition, a time-based award of 100,000 shares were granted on 1 December 2017 to an employee. 33,333 shares under the time-based award were partially vested on 1 December 2017 and fulfilled through the use of treasury shares. Subject to the fulfilment of service conditions at vesting, the remaining two-third of the award will vest equally on 30 September 2018 and 30 September 2019.

The fair value of the awards granted was estimated to be S\$2,010,000 (approximately RM6,086,000) by taking into the consideration of the performance and market conditions of the share awards. The valuation of the performance condition is based on the share price as at grant date, adjusted by the outcome of simulating the future share price and comparing it against the threshold share price whilst the market condition is valued via Monte Carlo Simulation of future share prices by considering the market condition.

The details of the awards granted are as follows:

Name	Number of unissued ordinary shares of the Company under HMI PSP			
	Granted in financial year ended 30 June 2018	Aggregate granted since commencement of scheme to 30 June 2018	Aggregate released since commencement of scheme	Aggregate not released as at 30 June 2018
Directors				
Dr Gan See Khem	1,320,000	1,320,000	-	1,320,000
Ms Chin Wei Jia	1,440,000	1,440,000	-	1,440,000
Mr Chin Wei Yao	840,000	840,000	-	840,000
Employees of the Company	1,300,000	1,300,000	33,333	1,266,667
	<u>4,900,000</u>	<u>4,900,000</u>	<u>33,333</u>	<u>4,866,667</u>

APPENDIX F – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE HMI GROUP FOR FY2018

HEALTH MANAGEMENT INTERNATIONAL LTD AND ITS SUBSIDIARIES

DIRECTORS' STATEMENT

For the financial year ended 30 June 2018

Audit and Risk Management Committee

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

Professor Annie Koh (Chairman)
Professor Tan Chin Tiong
Dr Cheah Way Mun (Resigned on 1 April 2018)
Mr Chong Ton Nen @ Peter Chong (Appointed on 1 April 2018)

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

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

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan and the reports of the Company's independent auditor, and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 30 June 2018 before their submission to the Board of Directors, as well as the Independent Auditor's Report on the balance sheet of the Company and the consolidated financial statements of the Group.

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

APPENDIX F – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE HMI GROUP FOR FY2018

HEALTH MANAGEMENT INTERNATIONAL LTD
AND ITS SUBSIDIARIES


DIRECTORS' STATEMENT

For the financial year ended 30 June 2018

Independent auditor

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

On behalf of the directors



CHIN WEI JIA
Director

1 October 2018



PROFESSOR ANNIE KOH
Director

APPENDIX F – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE HMI GROUP FOR FY2018

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HEALTH MANAGEMENT INTERNATIONAL LTD

Report on the Audit of the Financial Statements

Our opinion

In our opinion, the accompanying consolidated financial statements of Health Management International Ltd ("the Company") and its subsidiaries ("the Group") and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

What we have audited

The financial statements of the Company and the Group comprise:

- the consolidated statement of comprehensive income of the Group for the financial year ended 30 June 2018;
- the balance sheets of the Group and of the Company as at 30 June 2018;
- the consolidated statement of changes in equity of the Group for the financial year then ended;
- the consolidated statement of cash flows of the Group for the financial year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

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

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

APPENDIX F – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE HMI GROUP FOR FY2018

INDEPENDENT AUDITOR’S REPORT TO THE SHAREHOLDERS OF HEALTH MANAGEMENT INTERNATIONAL LTD (continued)

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 30 June 2018. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Assessment of allowance for impairment of trade receivables</p> <p>At 30 June 2018, the net carrying value of trade receivables of the Group amounted to RM41,161,000 (net of allowance), comprising a gross amount of RM54,371,000 and allowance for impairment of RM13,210,000.</p> <p>We focused on the assessment of the recoverability of trade receivables because of the significant management estimation involved in the determination of the impairment allowance due to the specific risks associated with each debtor, as disclosed in Note 3(a) to the financial statements.</p>	<p>We held discussions with management to understand their assessment and decisions.</p> <p>Our procedures to evaluate the appropriateness of the impairment allowance recorded by management included the following:</p> <ul style="list-style-type: none"> • Tracing settlements received from debtors subsequent to the year-end. • Analysing the past payment histories of the customers. • Considering ongoing business relationships and any known disputes or financial difficulties relating to the debtors. • Corroborating the rationale provided by management over the adequacy of the level of impairment made as at 30 June 2018 to underlying supporting documentation. <p>Based on the work performed, we found the basis for the impairment allowance to be reasonable.</p>

APPENDIX F – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE HMI GROUP FOR FY2018

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HEALTH MANAGEMENT INTERNATIONAL LTD (continued)

Other Information

Management is responsible for the other information. The other information comprises all the sections of the Annual Report but does not include the financial statements and our auditor's report thereon. We have obtained all of the other information prior to the date of this auditor's report, except for the Sustainability Report which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Sustainability Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibilities of Management and Directors for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

APPENDIX F – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE HMI GROUP FOR FY2018

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HEALTH MANAGEMENT INTERNATIONAL LTD (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

APPENDIX F – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE HMI GROUP FOR FY2018

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HEALTH MANAGEMENT INTERNATIONAL LTD (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Daniel Khoo.


PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 1 October 2018

APPENDIX F – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE HMI GROUP FOR FY2018

AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 30 June 2018

	Note	Group 2018 RM'000	2017 RM'000
Revenue	4	467,597	435,765
Cost of services	7	(301,789)	(292,011)
Gross profit		165,808	143,754
Other income	4	5,501	7,474
Other losses	5	(1,755)	(3,522)
Expenses			
- Distribution and marketing	7	(4,960)	(3,011)
- Administrative	7	(71,876)	(78,348)
- Finance	6	(8,867)	(5,641)
Share of results of associated corporations	14	(1)	1,348
Profit before income tax		83,850	62,054
Income tax expense	8	(23,808)	(19,841)
Profit after tax		60,042	42,213
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
- Gains		3,200	5,434
- Reclassification		1,764	-
Total comprehensive income		65,006	47,647
Profit/(loss) attributable to:			
Equity holders of the Company		60,596	20,590
Non-controlling interests		(554)	21,623
		60,042	42,213
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		65,522	26,018
Non-controlling interests		(516)	21,629
		65,006	47,647
Earnings per share for profit attributable to equity holders of the Company (expressed in RM cents per share)			
- Basic	9	7.29	3.18
- Diluted		7.27	3.17

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

APPENDIX F – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE HMI GROUP FOR FY2018

HEALTH MANAGEMENT INTERNATIONAL LTD AND ITS SUBSIDIARIES

BALANCE SHEETS

As at 30 June 2018

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
ASSETS					
Current assets					
Cash at bank and on hand	10	58,891	76,754	4,962	12,075
Trade and other receivables	11	45,401	39,776	51,698	41,695
Tax recoverable	8	1	1	-	-
Inventories	12	14,029	13,551	-	-
Other current assets	13	10,820	8,375	120	100
		129,142	138,457	56,780	53,870
Non-current assets					
Trade and other receivables	11	-	-	-	137
Other non-current assets	13	484	460	161	121
Investments in associated corporations	14	15	32	33	35
Investments in subsidiaries	15	-	-	637,126	677,829
Property, plant and equipment	16	459,595	278,551	779	874
		460,094	279,043	638,099	678,996
Total assets		589,236	417,500	694,879	732,866
LIABILITIES					
Current liabilities					
Trade and other payables	17	109,111	67,746	4,441	3,868
Derivative financial instruments	18	-	582	-	582
Current income tax liabilities	8	5,351	4,937	-	-
Borrowings	19	89,229	74,074	75,825	63,707
Deferred income	21	2,698	2,508	-	-
		206,389	149,847	80,266	68,157
Non-current liabilities					
Trade and other payables	17	20,984	-	-	-
Borrowings	19	107,149	89,674	-	73,557
Deferred income tax liabilities	22	8,688	9,332	-	-
		136,821	99,006	-	73,557
Total liabilities		343,210	248,853	80,266	141,714
NET ASSETS		246,026	168,647	614,613	591,152
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	23	590,885	557,270	590,885	557,270
Treasury shares	23	(1,290)	(1,022)	(1,290)	(1,022)
Currency translation reserve	24(a)	22,771	17,845	(8,618)	22,002
Other reserves	24(b)	(481,830)	(483,118)	1,304	16
Retained earnings	24(c)	121,581	77,661	32,332	12,886
		252,117	168,636	614,613	591,152
Non-controlling interests		(6,091)	11	-	-
TOTAL EQUITY		246,026	168,647	614,613	591,152

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

**APPENDIX F – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF
THE HMI GROUP FOR FY2018**

**HEALTH MANAGEMENT INTERNATIONAL LTD
AND ITS SUBSIDIARIES**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial year ended 30 June 2018

	Note	Attributable to equity holders of the Company						
		Share capital RM'000	Treasury shares RM'000	Currency translation reserve RM'000	Other reserves RM'000	Retained earnings RM'000	Total RM'000	Total equity RM'000
2018								
Beginning of financial year		557,270	(1,022)	17,845	(483,118)	77,661	168,636	168,647
Profit/(loss) after tax		-	-	-	-	60,596	60,596	60,042
Other comprehensive income		-	-	4,926	-	-	4,926	4,984
Total comprehensive income/(loss)		-	-	4,926	-	60,596	65,522	65,006
Dividend relating to 2017 and 2018 paid		-	-	-	-	-	-	-
Issue of new shares	25	33,615	-	-	-	(16,676)	(16,676)	(16,676)
Purchase of treasury shares	23	-	(296)	-	-	-	33,615	33,615
Treasury shares issued		-	28	-	(28)	-	(296)	(296)
Share-based payment	24(b)	-	-	-	1,316	-	1,316	1,316
Acquisition of subsidiaries	32	-	-	-	-	-	-	(5,586)
End of financial year		590,885	(1,290)	22,771	(481,830)	121,581	252,117	246,026

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

**APPENDIX F – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF
THE HMI GROUP FOR FY2018**

**HEALTH MANAGEMENT INTERNATIONAL LTD
AND ITS SUBSIDIARIES**
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial year ended 30 June 2018

	Note	Attributable to equity holders of the Company						Total equity RM'000
		Share capital RM'000	Treasury shares RM'000	Currency translation reserve RM'000	Other reserves RM'000	Retained earnings RM'000	Total RM'000	
2017								
Beginning of financial year		90,564	(1,022)	12,417	7,130	61,553	170,642	232,264
Profit after tax		-	-	-	-	20,590	20,590	42,213
Other comprehensive income		-	-	5,428	-	-	5,428	5,434
Total comprehensive income		-	-	5,428	-	20,590	26,018	47,647
Dividend declared to non-controlling interests by subsidiaries		-	-	-	-	-	-	(990)
Acquisition of non-controlling interests and remaining interests in associated corporations	24(b)	-	-	-	(483,186)	-	(483,186)	(565,436)
Issue of new shares	23 & 24(b)	468,428	-	-	(8,300)	-	460,128	460,128
Share issue expenses	23	(1,722)	-	-	-	-	(1,722)	(1,722)
Dividend relating to 2016 paid	25	-	-	-	-	(4,482)	(4,482)	(4,482)
Share-based payment	24(b)	-	-	-	1,238	-	1,238	1,238
End of financial year		557,270	(1,022)	17,845	(483,118)	77,661	168,636	168,647

An analysis of the movements in each category within "Currency translation reserve" and "Other reserves" are presented in Note 24(a) and 24(b) respectively.

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

APPENDIX F – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE HMI GROUP FOR FY2018

HEALTH MANAGEMENT INTERNATIONAL LTD AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 June 2018

	Note	2018 RM'000	2017 RM'000
Cash flows from operating activities			
Profit after tax		60,042	42,213
Adjustments for:			
- Income tax		23,808	19,841
- Share-based payment expenses		1,316	1,238
- Reversal of allowance for impairment of trade receivables		(53)	(18)
- Allowance for impairment of trade and other receivables		677	1,961
- Trade and other receivables written off		-	127
- Depreciation of property, plant and equipment		21,999	20,104
- Loss on disposal and write-off of property, plant and equipment		46	244
- Interest income		(1,199)	(1,816)
- Interest expense		8,867	5,641
- Share of results of associated corporations		1	(1,348)
- Currency translation differences		856	7,494
Operating cash flow before working capital changes		116,360	95,681
Change in operating assets and liabilities			
- Inventories		(443)	499
- Trade and other receivables		(8,355)	16,852
- Other current and non-current assets		938	(4,183)
- Trade and other payables		1,105	(15,497)
- Derivative financial instruments		(582)	598
- Deferred income		(543)	331
Cash provided by operations		108,480	94,281
Interest paid		(7,302)	(4,239)
Income tax paid		(24,038)	(15,527)
Net cash provided by operating activities		77,140	74,515
Cash flows from investing activities			
Additions to property, plant and equipment		(30,334)	(10,620)
Proceeds from disposal of property, plant and equipment		534	53
Acquisition of non-controlling interests and remaining interests in associated corporations	31	-	(217,037)
Capital injection in an associated corporation	14	-	(986)
Acquisition of subsidiaries, net of cash held by subsidiaries	32	(12,782)	-
Interest received		1,199	1,816
Net cash used in investing activities		(41,383)	(226,774)

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

APPENDIX F – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE HMI GROUP FOR FY2018

HEALTH MANAGEMENT INTERNATIONAL LTD AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 June 2018

	Note	2018 RM'000	2017 RM'000
Cash flows from financing activities			
Drawdown of borrowings		5,930	171,409
Repayment of borrowings		(73,023)	(51,040)
Payment of borrowing related costs		-	(5,603)
Repayment of lease liabilities		(6,323)	(6,475)
Dividends paid to non-controlling interests by a subsidiary		-	(11,200)
Increase in restricted cash		(765)	(713)
Proceeds from issuance of ordinary shares	23	33,615	61,414
Dividends paid to equity holders of the Company	25	(16,676)	(4,482)
Shareholders loan from non-controlling interest of a subsidiary		3,406	-
Purchase of treasury shares		(296)	-
Net cash (used in)/provided by financing activities		(54,132)	153,310
Net (decrease)/increase in cash and cash equivalents		(18,375)	1,051
Cash and cash equivalents at beginning of financial year		76,041	74,326
Effects of currency translation on cash and cash equivalents		(819)	664
Cash and cash equivalents at end of financial year	10	56,847	76,041

Reconciliation of liabilities arising from financing activities

	1 July 2017 RM'000	Principal and interest payments net of proceeds RM'000	Additions to property, plant and equipment under finance lease RM'000	Acquisition of subsidiaries (Note 32) RM'000	Interest expense RM'000	Foreign exchange movement RM'000	30 June 2018 RM'000
Short-term bank loans	17,783	(11,327)	-	-	150	(676)	5,930
Long-term bank loans	133,290	(62,426)	-	104,016	8,075	(5,681)	177,274
Finance lease liabilities	12,675	(6,947)	6,226	-	624	-	12,578
Amount due to non-controlling interests of a subsidiary	-	3,406	-	17,875	-	(297)	20,984
	163,748	(77,294)	6,226	121,891	8,849	(6,654)	216,766

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

APPENDIX F – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE HMI GROUP FOR FY2018

HEALTH MANAGEMENT INTERNATIONAL LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

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

1. General information

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

The principal activities of the Company are those of investment holding and provision of management services. The principal activities of its subsidiaries are stated in Note 35 to the financial statements.

2. Significant accounting policies

2.1 Basis of preparation

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

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

As at 30 June 2018, the Group's and Company's net current liabilities exceeded its current assets by RM77,247,000 and RM23,486,000 respectively. The financial statements have been prepared on a going concern basis as the Group and Company expect the future operating profits, cash flow and available credit lines to allow the Group and Company to meet its contractual commitments as they arise as disclosed in Note 28(c).

Interpretations and amendments to published standards effective in 2018

On 1 July 2017, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

APPENDIX F – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE HMI GROUP FOR FY2018

HEALTH MANAGEMENT INTERNATIONAL LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2018 (continued)

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

FRS 7 Statement of cash flows

The amendments to FRS 7 *Statement of cash flows (Disclosure initiative)* sets out required disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The Group has included the additional required disclosures in the Consolidated Statement of Cash Flows to the Financial Statements.

2.2 Revenue recognition

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

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

(a) *Rendering of services*

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

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

(b) *Interest income*

Interest income is recognised using the effective interest method.

APPENDIX F – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE HMI GROUP FOR FY2018

HEALTH MANAGEMENT INTERNATIONAL LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

2. Significant accounting policies (continued)

2.2 Revenue recognition (continued)

(c) *Car park income*

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

(d) *Rental income*

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

2.3 Group accounting

(a) *Subsidiaries*

(i) *Consolidation*

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

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

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

APPENDIX F – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE HMI GROUP FOR FY2018

HEALTH MANAGEMENT INTERNATIONAL LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

2. Significant accounting policies (continued)

2.3 Group accounting (continued)

(a) *Subsidiaries* (continued)

(ii) *Acquisition*

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

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

Acquisition-related costs are expensed as incurred.

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

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

The excess of (a) the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (b) the fair values of the identifiable assets acquired net of the fair values of the liabilities and any contingent liabilities assumed, is recorded as goodwill. If those amounts are less than the fair value of the identifiable net assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a gain from bargain purchase.

(iii) *Disposals*

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

APPENDIX F – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE HMI GROUP FOR FY2018

HEALTH MANAGEMENT INTERNATIONAL LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

2. Significant accounting policies (continued)

2.3 Group accounting (continued)

(a) *Subsidiaries* (continued)

(iii) *Disposals* (continued)

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

Refer to the paragraph “Investments in subsidiaries and associated corporations” for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(b) *Transactions with non-controlling interests*

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

(c) *Associated corporations*

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

(i) *Acquisitions*

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

APPENDIX F – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE HMI GROUP FOR FY2018

HEALTH MANAGEMENT INTERNATIONAL LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

2. Significant accounting policies (continued)

2.3 Group accounting (continued)

(c) *Associated corporations* (continued)

(ii) *Equity method of accounting*

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

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

(iii) *Disposals*

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

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

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

APPENDIX F – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE HMI GROUP FOR FY2018

HEALTH MANAGEMENT INTERNATIONAL LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

2. Significant accounting policies (continued)

2.4 Property, plant and equipment

(a) *Measurement*

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

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

(b) *Depreciation*

Freehold land is not depreciated. Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	<u>Useful lives</u>
Leasehold land	Over the lease term of 99 years commencing from 2002
Hospital buildings and medical suites	43 - 50 years
Renovation and improvements	6 - 25 years
Medical equipment	8 - 10 years
Electrical equipment	10 years
Motor vehicles	5 - 10 years
Furniture, office equipment and housekeeping equipment	3 - 10 years

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

(c) *Subsequent expenditure*

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

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HEALTH MANAGEMENT INTERNATIONAL LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

2. Significant accounting policies (continued)

2.4 Property, plant and equipment (continued)

(d) *Disposal*

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

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

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

2.6 Impairment of non-financial assets

Property, plant and equipment

Investments in subsidiaries and associated corporations

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

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

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

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

APPENDIX F – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE HMI GROUP FOR FY2018

HEALTH MANAGEMENT INTERNATIONAL LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

2. Significant accounting policies (continued)

2.6 Impairment of non-financial assets (continued)

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

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

2.7 Financial assets

Loans and receivables

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

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

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

Receivables that form part of the net investment in subsidiaries or associated corporations are accounted for in accordance to Note 2.5.

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

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

APPENDIX F – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE HMI GROUP FOR FY2018

HEALTH MANAGEMENT INTERNATIONAL LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

2. Significant accounting policies (continued)

2.7 Financial assets (continued)

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

2.8 Offsetting of financial instruments

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

2.9 Borrowings

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

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

2.10 Trade and other payables

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

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

2.11 Derivative financial instruments

A derivative financial instruments for which no hedge accounting is applied is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. Changes in its fair value are recognised in profit or loss. The Company does not apply hedge accounting for its derivative financial instruments.

APPENDIX F – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE HMI GROUP FOR FY2018

HEALTH MANAGEMENT INTERNATIONAL LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

2. Significant accounting policies (continued)

2.12 Fair value estimation of financial assets and liabilities

The carrying amounts of current financial assets and liabilities carried at amortised cost approximate their fair values. The fair values of non-current financial assets and liabilities are computed based on cash flows discounted at market borrowing rates.

2.13 Leases

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

(a) *Lessee – Finance leases*

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

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

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

(b) *Lessee - Operating leases*

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

2.14 Inventories

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

APPENDIX F – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE HMI GROUP FOR FY2018

HEALTH MANAGEMENT INTERNATIONAL LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

2. Significant accounting policies (continued)

2.15 Income taxes

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

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

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

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

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date; and
- (ii) based on the tax consequence that would follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

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

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HEALTH MANAGEMENT INTERNATIONAL LTD AND ITS SUBSIDIARIES

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For the financial year ended 30 June 2018

2. Significant accounting policies (continued)

2.16 Employee compensation

(a) *Defined contribution plans*

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

(b) *Employee leave entitlement*

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

(c) *Share-based compensation*

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

2.17 Currency translation

(a) *Functional and presentation currency*

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

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2. Significant accounting policies (continued)

2.17 Currency translation (continued)

(b) *Transactions and balances*

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

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

(c) *Translation of Group entities' financial statements*

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

- (i) assets and liabilities are translated at the closing exchange rates at the reporting date;
- (ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

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For the financial year ended 30 June 2018

2. Significant accounting policies (continued)

2.18 Provisions

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

2.19 Segment reporting

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

2.20 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand which are subject to an insignificant risk of change in value and bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.21 Grants

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

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

Grants are presented separately in the balance sheet within deferred income as deferred grants.

2.22 Share capital and treasury shares

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

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

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For the financial year ended 30 June 2018

2. Significant accounting policies (continued)

2.22 Share capital and treasury shares (continued)

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

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

2.23 Dividends to Company's shareholders

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

3. Critical accounting estimates, assumptions and judgements

(a) *Allowance for impairment of trade receivables*

As at 30 June 2018, as disclosed in Note 11 to the financial statements, the net carrying amount of trade receivables of the Group was RM41,161,000 (net of allowance), comprising a gross amount of RM54,371,000 and allowance for impairment of RM13,210,000.

Management reviews its trade receivables for objective evidence of impairment on a regular basis and by each debtor due to the specific risks associated with each debtor. The impairment loss is determined based on a review of the current status of the existing trade receivables which includes a review of payments received after the balance sheet date, the aging of trade receivables, customer disputes, litigation and any known deterioration in the credit worthiness of the debtors. The total allowance for impairment of trade receivables amounted to RM13,210,000 as at 30 June 2018. The allowance for impairment is adjusted periodically to reflect the actual and anticipated recovery based on the information available.

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For the financial year ended 30 June 2018

3. Critical accounting estimates, assumptions and judgements (continued)

(a) Allowance for impairment of trade receivables (continued)

If the estimated cash flows had been higher/lower by 5% from management's estimates, the Group's allowance for impairment would have been lower/higher by RM2,058,000.

(b) Current and deferred income taxes

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

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

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

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For the financial year ended 30 June 2018

4. Revenue and other income

	2018 RM'000	Group 2017 RM'000
<u>Revenue</u>		
Revenue from hospital and other healthcare services	451,734	420,559
Healthcare education and training	15,863	15,206
Total revenue	467,597	435,765
<u>Other income</u>		
Car park income	744	809
Rental income	786	666
Grant income	521	868
Income from clinical trials	676	788
Gain on sales of medical suites	-	831
Interest income		
- bank deposits	1,199	1,794
- loans to associated corporations	-	22
	1,199	1,816
Sponsorship income	394	516
Others	1,181	1,180
Total other income	5,501	7,474

5. Other losses

	2018 RM'000	Group 2017 RM'000
Currency exchange losses	1,709	3,278
Loss on disposal and write-off of property, plant and equipment	46	244
	1,755	3,522

6. Finance expenses

	2018 RM'000	Group 2017 RM'000
Interest expense:		
- bank borrowings	8,240	4,898
- finance lease liabilities	624	635
- loan from holding company	-	77
- amounts due to associated corporations	3	31
	8,867	5,641

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

7. Expenses by nature

	2018 RM'000	Group 2017 RM'000
Depreciation of property, plant and equipment (Note 16)	21,999	20,104
Fees for audit services paid/payable to:		
- Auditor of the Company	546	468
- Other auditors*	235	226
Fees for non-audit services paid/payable to:		
- Other auditors*	62	71
Directors' fee:		
- Directors of the Company	1,261	1,030
- Directors of subsidiaries	174	262
Staff costs:		
(i) Directors' remuneration other than fees		
(a) Directors of the Company		
- Salaries and other related expenses	8,059	7,375
- Contribution to defined contribution plans	290	226
- Share-based payment expenses	807	992
(b) Directors of subsidiaries		
- Salaries and other related expenses	243	269
- Contribution to defined contribution plans	29	28
(ii) Other than directors:		
- Salaries and other related expenses	78,610	73,420
- Contribution to defined contribution plans	8,759	7,975
- Share-based payment expenses	509	246
Included in cost of services:		
- Medical materials costs	84,767	78,575
- Medical consultants' fees	126,988	126,243
- Educators' fees	2,158	2,024
Rental and other operating leases	4,888	8,417
Advertising expenses	3,551	2,423
Levies payable	932	839
Utilities	6,891	6,958
Repairs and maintenance	9,499	8,368
Allowance for impairment of trade and other receivables	677	1,961
Reversal of allowance for impairment of trade receivables	(53)	(18)
Trade and other receivables written off	-	127
Professional fees	3,686	11,674
Others	13,058	13,087
Total cost of services, distribution and marketing expenses and administrative expenses	378,625	373,370

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

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HEALTH MANAGEMENT INTERNATIONAL LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

8. Income taxes

(a) Income tax expense

	2018 RM'000	Group 2017 RM'000
Tax expense attributable to profit is made up of:		
Current income tax		
- Singapore	497	238
- Foreign	23,258	16,547
Deferred income tax (Note 22)	(644)	3,045
	<u>23,111</u>	<u>19,830</u>
Under accrual in preceding financial years		
- current income tax (b)	697	11
	<u>23,808</u>	<u>19,841</u>

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

	2018 RM'000	Group 2017 RM'000
Profit before tax	83,850	62,054
Share of results of associated corporations	1	(1,348)
	<u>83,851</u>	<u>60,706</u>
Tax calculated at a tax rate of 17% (2017: 17%)	14,255	10,320
Effects of:		
- Different tax rates in other countries	7,743	5,163
- Expenses not deductible for tax purposes	879	2,628
- Income not subject to tax	(677)	(15)
- Utilisation of deferred tax assets previously unrecognised	(394)	(463)
- Deferred tax assets not recognised	2,385	2,701
- Tax incentives	(1,080)	(504)
- Under accrual of tax in preceding financial years	697	11
Tax charge	<u>23,808</u>	<u>19,841</u>

Prior year comparative has been reclassified to reflect the latest estimated tax computation following clarity over the deductible expenditures of the Company. There is no additional tax charge or credit arising from these revisions.

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For the financial year ended 30 June 2018

8. Income taxes (continued)

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

	<u>Group</u>		<u>Company</u>	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Beginning of financial year	4,936	3,667	-	-
Income tax paid	(24,038)	(15,527)	(497)	(238)
Tax payable on profit for the current financial year	23,755	16,785	497	238
Under accrual in preceding financial years	697	11	-	-
End of financial year	<u>5,350</u>	<u>4,936</u>	<u>-</u>	<u>-</u>
<u>Composition:</u>				
Tax recoverable	(1)	(1)	-	-
Current income tax liabilities	<u>5,351</u>	<u>4,937</u>	<u>-</u>	<u>-</u>
End of financial year	<u>5,350</u>	<u>4,936</u>	<u>-</u>	<u>-</u>

9. Earnings per share

(a) Basic earnings per share

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

	2018	<u>Group</u>	2017
Net profit attributable to equity holders of the Company (RM'000)		<u>60,596</u>	<u>20,590</u>
Weighted average number of ordinary shares outstanding for basic earnings per share		<u>831,019,337</u>	<u>647,105,358</u>
Basic earnings per share (RM cents per share)		<u>7.29</u>	<u>3.18</u>

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For the financial year ended 30 June 2018

9. Earnings per share (continued)

(b) Diluted earnings per share

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

	2018	<u>Group</u>	2017
Net profit attributable to equity holders of the Company (RM'000)	<u>60,596</u>		20,590
Weighted average number of ordinary shares adjusted for the effects of dilutive potential ordinary shares	<u>833,915,045</u>		650,331,512
Basic earnings per share (RM cents per share)	<u>7.27</u>		3.17

10. Cash and cash equivalents

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

	2018	<u>Group</u>	2017	2018	<u>Company</u>	2017
	RM'000		RM'000	RM'000		RM'000
Cash at bank and on hand	58,891		76,754	4,962		12,075
Less: Restricted cash (a)	(1,448)		(713)	(1,448)		(713)
Less: Bank overdrafts (Note 19)	<u>(596)</u>		<u>-</u>	<u>-</u>		<u>-</u>
Cash and cash equivalents per consolidated statement of cash flows	<u>56,847</u>		76,041	<u>3,514</u>		11,362

- (a) Included in cash at bank and cash on hand is cash held in an interest reserve account amounting to RM1,448,000 (2017: RM713,000) which is pledged by way of a charge over the account in favour of a financial institution as security granted for a long term borrowing drawn down for the purpose of the acquisition from non-controlling interests in Mahkota Medical Centre Sdn. Bhd. ("MMCSB") and Regency Specialist Hospital Sdn. Bhd. ("RSHSB") (the "Acquisition from NCI") in the previous financial year. The cash held in the account is restricted for use by the Group.

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For the financial year ended 30 June 2018

11. Trade and other receivables

	<u>Group</u>		<u>Company</u>	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<u>Current</u>				
Trade receivables – third parties	53,177	48,621	89	1,093
Less: Allowance for impairment of receivables	(12,016)	(11,426)	-	-
Trade receivables – net	41,161	37,195	89	1,093
Other receivables	4,534	3,351	230	509
Less: Allowance for impairment of receivables	(915)	(915)	-	-
Other receivables – net	3,619	2,436	230	509
Amount due from subsidiaries – trade	-	-	6,028	12,013
Amount due from subsidiaries – non-trade (a)	-	-	44,730	27,957
Amount due from related parties	655	145	621	123
Less: Allowance for impairment of receivables	(34)	-	-	-
Amount due from related parties – net	621	145	621	123
	45,401	39,776	51,698	41,695
<u>Non-current</u>				
Trade receivables – third parties	1,194	1,194	-	-
Less: Allowance for impairment of receivables	(1,194)	(1,194)	-	-
Trade receivables – third parties – net	-	-	-	-
Amount due from associated corporations - non-trade (b)	3,364	3,540	3,364	3,540
Less: Allowance for impairment of receivables	(3,364)	(3,540)	(3,364)	(3,540)
Amount due from associated corporations – non-trade – net (b)	-	-	-	-
Amount due from subsidiaries – non-trade (a)	-	-	-	137
	-	-	-	137

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HEALTH MANAGEMENT INTERNATIONAL LTD AND ITS SUBSIDIARIES

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For the financial year ended 30 June 2018

11. Trade and other receivables (continued)

- (a) The non-trade amount due from subsidiaries includes a net amount of RM526,000 (2017: RM137,000) which has been loaned to a subsidiary as its working capital. The balance is unsecured, bears interest at 6.95% (2017: 6.95%) per annum and recoverable on demand as at 30 June 2018. The remaining amounts represent advances which are unsecured, interest-free and are recoverable on demand.
- (b) The non-trade amounts due from associated corporations are unsecured and recoverable on demand. The amounts are not expected to be recovered within the next twelve months.

12. Inventories

	2018 RM'000	<u>Group</u> 2017 RM'000
Pharmaceutical and surgical medicine	4,329	4,438
Medical supplies	4,303	3,716
Medical suites held for sale	5,397	5,397
	<u>14,029</u>	<u>13,551</u>

The cost of inventories recognised as an expense and included in cost of services amounted to RM84,767,000 (2017: RM78,575,000).

13. Other assets

	2018 RM'000	<u>Group</u> 2017 RM'000	2018 RM'000	<u>Company</u> 2017 RM'000
<u>Current</u>				
Deposits	6,675	3,315	-	-
Prepayments	4,145	4,634	120	100
Down payment for purchase of plant and equipment	-	426	-	-
	<u>10,820</u>	<u>8,375</u>	<u>120</u>	<u>100</u>
<u>Non-Current</u>				
Deposits	484	460	161	121

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For the financial year ended 30 June 2018

14. Investments in associated corporations

	<u>Group</u>		<u>Company</u>	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<i>Cost</i>				
Beginning of financial year			3,215	24,141
Capital injection in an associated corporation (c)			-	986
Transfer from associated corporations to subsidiaries (d) (Note 15)			-	(19,528)
Translation difference			(160)	(2,384)
End of financial year			3,055	3,215
<i>Accumulated impairment losses</i>				
Beginning of financial year			(3,180)	(4,196)
Impairment loss made			-	(843)
Transfer from associated corporations to subsidiaries (d) (Note 15)			-	1,809
Translation difference			158	50
End of financial year (a)			(3,022)	(3,180)
Net carrying value			33	35
Beginning of financial year	32	46,355		
Capital injection in associated corporations (c)	-	986		
Share of results of associated corporations	(1)	1,348		
Derecognition of associated corporations (d)	-	(49,218)		
Currency translation differences	(16)	561		
End of financial year	15	32		

Details of associated corporations are provided in Note 35.

- (a) The Company has accumulated impairment losses of RM3,022,000 (2017: RM3,180,000) for its investments in certain associated corporations which have been dormant for the current and past financial years.
- (b) In financial year 2018, the Group has not recognised its share of loss of a certain associated corporation amounting to RM1,000 because the Group's cumulative share of losses exceeds its interest in the associated corporation and the Group has no obligation in respect of those losses. The cumulative unrecognised losses as of financial year ended 2018 amount to RM1,152,000 (2017: RM1,151,000).
- (c) In financial year 2017, capital injection of RM986,000 in associated corporations was made by way of cash.

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14. Investments in associated corporations (continued)

- (d) Upon the completion of the Acquisition from NCI (see Note 31) in financial year 2017, these associated corporations became subsidiaries of the Company.

Set out below are the associated corporations of the Group as at 30 June 2018 and 30 June 2017, which, in the opinion of the directors, are immaterial to the Group.

<u>Name of entity</u>	<u>Place of business/ country of incorporation</u>	<u>% of ownership interest</u>
Nathill Track (M) Sdn. Bhd.	Malaysia	30.00
Silver Uptown Sdn. Bhd.	Malaysia	48.95

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

15. Investments in subsidiaries

	<u>Company</u> <u>2018</u> <u>RM'000</u>	<u>2017</u> <u>RM'000</u>
Equity investments at cost		
Beginning of financial year	724,567	105,389
Addition during the financial year	70	609,148
Redemption of redeemable convertible preference shares in a subsidiary (a)	(5,800)	(4,350)
Write-off (c)	-	(3,900)
Transfer from associated corporations to subsidiaries (Note 14)	-	19,528
Translation differences	(37,292)	(1,248)
End of financial year	<u>681,545</u>	<u>724,567</u>
Less: Impairment losses		
Beginning of financial year	(46,738)	(47,447)
Write-off (c)	-	3,900
Transfer from associated corporations to subsidiaries (Note 14)	-	(1,809)
Translation differences	2,319	(1,382)
End of financial year	<u>(44,419)</u>	<u>(46,738)</u>
	<u>637,126</u>	<u>677,829</u>

Details of subsidiaries are included in Note 35.

- (a) In financial year 2018, 58,000 (2017: 43,500) redeemable convertible preference shares amounting to RM5,800,000 (2017: RM4,350,000) of a subsidiary was redeemed.
- (b) As of financial year ended 2018, the carrying amount of investments in subsidiaries of RM637,126,000 (2017: RM677,829,000) have been pledged as security for bank borrowings of the Company.

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15. Investments in subsidiaries (continued)

(c) In financial year 2017, a write-off of an investment in a subsidiary amounting to RM3,900,000 was made as it was in the process of liquidation.

(d) Carrying value of non-controlling interests

	2018 RM'000	2017 RM'000
StarMed @ Farrer Square Pte. Ltd. and its subsidiary ("StarMed")	(6,097)	-
Other subsidiaries with immaterial non-controlling interest	6	11
Total	(6,091)	11

Summarised financial information of subsidiaries with material non-controlling interests in 2018

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

Summarised balance sheets

	StarMed As at 30 June 2018 RM'000
Current	
Assets	12,253
Liabilities	(46,597)
Current net liabilities	(34,344)
Non-current	
Assets	171,171
Liabilities	(153,087)
Non-current net assets	18,084
Net liabilities	(16,260)

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15. Investments in subsidiaries (continued)

Summarised financial information of subsidiaries with material non-controlling interests in 2018 (continued)

Summarised income statements

	StarMed
	For the year
	<u>ended 30 June</u>
	<u>2018</u>
	RM'000
Revenue	-
Loss before income tax	(1,465)
Income tax expense	-
Loss after tax and total comprehensive loss	<u>(1,465)</u>
Dividends paid to non-controlling interests	<u>-</u>

Summarised cash flow statements

	StarMed
	For the year
	<u>ended 30 June</u>
	<u>2018</u>
	RM'000
Cashflows used in operating activities	(12,936)
Cashflows used in investing activities	(7,099)
Cashflows provided by financing activities	8,552
Net decrease in cash and cash equivalents	<u>(11,483)</u>

**APPENDIX F – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF
THE HMI GROUP FOR FY2018**

**HEALTH MANAGEMENT INTERNATIONAL LTD
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16. Property, plant and equipment

<u>The Group</u> <u>2018</u>	Freehold land RM'000	Leasehold land RM'000	Hospital buildings and medical suites RM'000	Renovation and improvements RM'000	Medical equipment RM'000	Electrical equipment RM'000	Motor vehicles RM'000	Furniture, office equipment and housekeeping equipment RM'000	<u>Total</u> RM'000
Cost									
Beginning of financial year	47,000	19,038	156,325	20,782	128,457	37,746	2,835	18,130	430,313
Currency translation differences	-	-	(603)	(260)	(465)	(7)	(41)	(141)	(1,517)
Additions	4,654	-	9,864	4,681	31,222	1,812	245	2,978	55,456
Acquisition of subsidiaries (Note 32)	-	-	127,316	16,940	3,709	1,421	-	132	149,518
Disposals/Write-offs	-	-	-	(416)	(1,879)	(225)	-	(756)	(3,276)
End of financial year	51,654	19,038	292,902	41,727	161,044	40,747	3,039	20,343	630,494
Accumulated depreciation									
Beginning of financial year	-	2,060	20,189	12,586	77,578	26,444	1,884	11,021	151,762
Currency translation differences	-	-	-	(56)	-	-	(17)	(93)	(166)
Depreciation charge	-	189	4,265	1,949	10,794	1,197	347	3,258	21,999
Disposals/Write-offs	-	-	-	(367)	(1,396)	(168)	-	(765)	(2,696)
End of financial year	-	2,249	24,454	14,112	86,976	27,473	2,214	13,421	170,899
Net book value at end of financial year	51,654	16,789	268,448	27,615	74,068	13,274	825	6,922	459,595

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16. Property, plant and equipment (continued)

	Freehold land RM'000	Leasehold land RM'000	Hospital buildings and medical suites RM'000	Renovation and improvements RM'000	Medical equipment RM'000	Electrical equipment RM'000	Motor vehicles RM'000	Furniture, office equipment and housekeeping equipment RM'000	Total RM'000
The Group									
2017									
<i>Cost</i>									
Beginning of financial year	-	19,038	102,036	19,879	115,452	35,779	3,023	15,683	310,890
Currency translation differences	-	-	-	159	-	-	52	133	344
Additions	47,000	-	54,289	1,087	14,135	1,974	-	2,387	120,872
Disposals/Write-offs	-	-	-	(343)	(1,130)	(7)	(240)	(73)	(1,793)
End of financial year	47,000	19,038	156,325	20,782	128,457	37,746	2,835	18,130	430,313
<i>Accumulated depreciation</i>									
Beginning of financial year	-	1,871	17,246	10,702	68,118	25,396	1,778	7,912	133,023
Currency translation differences	-	-	-	26	-	-	22	83	131
Depreciation charge	-	189	2,943	2,029	10,433	1,052	316	3,142	20,104
Disposals/Write-offs	-	-	-	(171)	(973)	(4)	(232)	(116)	(1,496)
End of financial year	-	2,060	20,189	12,586	77,578	26,444	1,884	11,021	151,762
Net book value at end of financial year	47,000	16,978	136,136	8,196	50,879	11,302	951	7,109	278,551

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HEALTH MANAGEMENT INTERNATIONAL LTD AND ITS SUBSIDIARIES

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For the financial year ended 30 June 2018

16. Property, plant and equipment (continued)

	Furniture and office <u>equipment</u> RM'000	<u>Motor vehicles</u> RM'000	<u>Total</u> RM'000
<u>Company</u>			
2018			
<i>Cost</i>			
Beginning of financial year	577	824	1,401
Currency translation differences	(30)	(41)	(71)
Additions	131	-	131
End of financial year	<u>678</u>	<u>783</u>	<u>1,461</u>
<i>Accumulated depreciation</i>			
Beginning of financial year	212	315	527
Currency translation differences	(13)	(16)	(29)
Depreciation charge	104	80	184
End of financial year	<u>303</u>	<u>379</u>	<u>682</u>
<i>Net book value</i>			
End of financial year	<u>375</u>	<u>404</u>	<u>779</u>
2017			
<i>Cost</i>			
Beginning of financial year	523	782	1,305
Currency translation differences	29	42	71
Additions	25	-	25
End of financial year	<u>577</u>	<u>824</u>	<u>1,401</u>
<i>Accumulated depreciation</i>			
Beginning of financial year	109	221	330
Currency translation differences	7	13	20
Depreciation charge	96	81	177
End of financial year	<u>212</u>	<u>315</u>	<u>527</u>
<i>Net book value</i>			
End of financial year	<u>365</u>	<u>509</u>	<u>874</u>

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16. Property, plant and equipment (continued)

- (a) In the financial year 2017, included within the additions in the consolidated financial statements were the freehold land and hospital buildings acquired at a fair value of RM101,000,000 as a result of the Acquisition from NCI (Note 31).
- (b) The net carrying amount of motor vehicles, furniture, office equipment and housekeeping equipment and medical equipment of the Group and Company held under finance leases are as follows:

	<u>Group</u>		<u>Company</u>	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Motor vehicles	636	715	404	508
Furniture, office equipment and housekeeping equipment	-	29	-	-
Medical equipment	29,869	29,129	-	-
	<u>30,505</u>	<u>29,873</u>	<u>404</u>	<u>508</u>

In the financial year 2018, motor vehicles and medical equipment of the Group amounting to RM6,226,000 (2017: RM9,252,000) were acquired under finance leases (Note 20).

- (c) Property, plant and equipment of certain subsidiaries with a net carrying amount of RM332,121,000 (2017: RM200,114,000) have been pledged to financial institutions for credit facilities granted to the Group (Note 19(a)).

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17. Trade and other payables

	<u>Group</u>		<u>Company</u>	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<u>Current</u>				
Trade payables – third parties	27,642	29,063	-	-
Deposits received	373	258	-	-
Directors' fee payable	650	654	650	654
Accrued employee compensation expense	15,298	14,289	2,403	1,955
Other payables and accruals	65,148	23,402	1,112	1,259
Amount due to a subsidiary (non-trade) (a)	-	-	276	-
Amount due to related parties (non-trade) (b)	-	80	-	-
	<u>109,111</u>	<u>67,746</u>	<u>4,441</u>	<u>3,868</u>
<u>Non-current</u>				
Amount due to non-controlling interests of a subsidiary (non-trade) (c)	20,984	-	-	-
	<u>20,984</u>	<u>-</u>	<u>-</u>	<u>-</u>

- (a) The current amount due to a subsidiary is unsecured, interest-free and are repayable on demand.
- (b) The current amounts due to related parties are unsecured, interest-free and are repayable on demand.
- (c) The non-current non-trade amount due to non-controlling interests of a subsidiary is unsecured and interest-free. The non-controlling interests of a subsidiary has waived its right to call for payment within the next twelve months from the balance sheet date.

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HEALTH MANAGEMENT INTERNATIONAL LTD AND ITS SUBSIDIARIES

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18. Derivative financial instruments

Derivative financial instruments as at 30 June 2017 comprised of fair value losses of the Malaysian Ringgit/Singapore Dollar currency forwards used to manage the exposure from committed conversion of funds denominated in Malaysian Ringgit into Singapore Dollar on a specified date. The contracted notional principal amount of the derivative outstanding as at 30 June 2017 was RM13,000,000. The fair value of forward foreign exchange contracts is determined using quoted forward currency rates at the balance sheet date. The derivative financial instruments are classified within level 2 of the fair value hierarchy.

19. Borrowings

	<u>Group</u>		<u>Company</u>	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Current				
Overdraft (Note 10) - secured	596	-	-	-
Short-term bank loans - unsecured	5,930	17,783	5,930	17,783
Current portion of long-term bank loans - secured	76,854	50,884	69,882	45,842
Finance lease liabilities - secured (Note 20)	5,849	5,407	13	82
	<u>89,229</u>	<u>74,074</u>	<u>75,825</u>	<u>63,707</u>
Non-current				
Long-term bank loans - secured	100,420	82,406	-	73,530
Finance lease liabilities - secured (Note 20)	6,729	7,268	-	27
	<u>107,149</u>	<u>89,674</u>	<u>-</u>	<u>73,557</u>
Total borrowings	<u>196,378</u>	<u>163,748</u>	<u>75,825</u>	<u>137,264</u>

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HEALTH MANAGEMENT INTERNATIONAL LTD AND ITS SUBSIDIARIES

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19. Borrowings (continued)

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

	<u>Group</u>		<u>Company</u>	
	2018 %	2017 %	2018 %	2017 %
Overdraft	7.00	-	-	-
Short-term bank loans	3.59	3.57	3.59	3.57
Long-term bank loans	4.51	5.12	5.49	4.92
Finance lease liabilities	4.99	5.03	5.07	5.07

(a) Security granted

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

- (i) *The Company* - A corporate guarantee from the holding company and first fixed charge and assignment over the issued and paid-up shares of certain subsidiaries in Malaysia, a first fixed charge over land parcels under strata titles and charge over funds held in an interest reserve account.
- (ii) *The Group* – In addition to paragraph (i) above, a first assignment on freehold land, leasehold land and hospital buildings (Note 16(c)), assignment of rental proceeds of certain subsidiaries in Malaysia and a first legal mortgage over medical suites and assignment of rental proceeds of a subsidiary in Singapore.

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

(b) Maturity of borrowings

The non-current borrowings (excluding finance lease liabilities (Note 20)) has the following maturity:

	<u>Group</u>		<u>Company</u>	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Between one and five years	28,671	81,152	-	73,530
Later than five years	71,749	1,254	-	-
	100,420	82,406	-	73,530

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19. Borrowings (continued)

(c) Fair value of non-current borrowings

The carrying values of non-current borrowings approximates their fair values as they, apart from finance lease liabilities, consist of floating rate instruments that are re-priced to market interest rates on or near the balance sheet dates.

(d) Undrawn borrowing facilities

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

	<u>Group</u>		<u>Company</u>	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Expiring not later than one year	153,372	45,847	6,500	2,496
Expiring later than one year	161,000	3,000	-	-
	<u>314,372</u>	<u>48,847</u>	<u>6,500</u>	<u>2,496</u>

The undrawn borrowing facilities expiring within one year are facilities subject to annual reviews in 2018. The borrowing facilities were arranged to finance the Group's working capital requirements, whenever required. Out of the undrawn borrowing facilities expiring within one year, RM70,000,000 are available for draw down subject to meeting of certain requirements which were met subsequent to the balance sheet date (Note 28(c)). Of the undrawn borrowing facilities expiring later than one year, RM158,000,000 are available for draw down progressively against a percentage of the total cost of the construction of a new hospital block in a subsidiary. The estimated completion date of the construction is later than two years.

20. Finance lease liabilities

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

	<u>Group</u>		<u>Company</u>	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Minimum lease payments due:				
- Not later than one year	6,337	5,937	15	104
- Between one and five years	7,037	7,668	-	17
	<u>13,374</u>	<u>13,605</u>	<u>15</u>	<u>121</u>
Less: Future finance charges	(796)	(930)	(2)	(12)
Present value of finance lease liabilities	<u>12,578</u>	<u>12,675</u>	<u>13</u>	<u>109</u>

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20. Finance lease liabilities (continued)

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

	<u>Group</u>		<u>Company</u>	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Not later than one year (Note 19)	5,849	5,407	13	82
Later than one year (Note 19):				
- Between one and five years	6,729	7,268	-	27
	<u>12,578</u>	<u>12,675</u>	<u>13</u>	<u>109</u>

21. Deferred income

	<u>Deferred income</u> RM'000	<u>Deferred grants</u> RM'000	<u>Total</u> RM'000
<u>Group</u>			
2018			
Beginning of financial year	2,422	86	2,508
Received during the financial year	11,860	545	12,405
Amount recognised to profit or loss	(12,084)	-	(12,084)
Currency translation differences	(116)	(15)	(131)
End of financial year	<u>2,082</u>	<u>616</u>	<u>2,698</u>
2017			
Beginning of financial year	2,062	-	2,062
Received during the financial year	12,007	85	12,092
Amount recognised to profit or loss	(11,761)	-	(11,761)
Currency translation differences	114	1	115
End of financial year	<u>2,422</u>	<u>86</u>	<u>2,508</u>

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22. Deferred income taxes

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

	2018 RM'000	<u>Group</u> 2017 RM'000
Deferred income tax liabilities:		
- to be settled after one year	8,688	9,332

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

	2018 RM'000	<u>Group</u> 2017 RM'000
Beginning of financial year	9,332	1,924
Acquisition of remaining interests in associated corporation (Note 31)	-	4,363
Tax (credited)/charged to profit or loss (Note 8)	(644)	3,045
End of financial year	8,688	9,332

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22. Deferred income taxes (continued)

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

Group

Deferred income tax liabilities

	Accelerated tax <u>depreciation</u> RM'000
2018	
Beginning of financial year	13,063
Credited to profit or loss	(349)
End of financial year	<u>12,714</u>
2017	
Beginning of financial year	9,268
Acquisition of remaining interests in associated corporations (Note 31)	4,363
Credited to profit or loss	(568)
End of financial year	<u>13,063</u>

Group

Deferred income tax assets

	<u>Provisions</u> RM'000	Unutilised tax <u>losses</u> RM'000	Total RM'000
2018			
Beginning of financial year	(3,731)	-	(3,731)
Credited to profit or loss	(295)	-	(295)
End of financial year	<u>(4,026)</u>	-	<u>(4,026)</u>
2017			
Beginning of financial year	(3,110)	(4,234)	(7,344)
(Credited)/charged to profit or loss	(621)	4,234	3,613
End of financial year	<u>(3,731)</u>	-	<u>(3,731)</u>

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22. Deferred income taxes (continued)

Group (continued)

Deferred income tax assets (continued)

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

The Group has unrecognised tax losses of RM85,523,000 (2017: RM77,531,000) and capital allowances of RM11,922,000 (2017: RM9,585,000) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation.

The Company has no deferred tax liabilities or assets as at 30 June 2018 and 2017.

23. Share capital

	No. of ordinary shares		Amount	
	Issued share <u>capital</u>	Treasury shares	Issued share <u>capital</u> RM'000	Treasury shares RM'000
2018				
Beginning of financial year	822,071,608	(1,209,600)	557,270	(1,022)
Shares issued (a)	16,909,272	-	33,615	-
Share-based payment	-	33,333	-	28
Treasury shares purchased (c)	-	(160,000)	-	(296)
End of financial year	838,980,880	(1,336,267)	590,885	(1,290)
2017				
Beginning of financial year	577,272,286	(1,209,600)	90,564	(1,022)
Shares issued (a)	244,799,322	-	468,428	-
Share issue expenses (b)	-	-	(1,722)	-
End of financial year	822,071,608	(1,209,600)	557,270	(1,022)

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

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23. Share capital (continued)

- (a) On 24 November 2017, the Company allotted and issued an aggregate of 16,909,272 new ordinary shares in the capital of the Company at S\$0.65 (approximately RM1.99) per ordinary share in connection with the share placement to a fund managed by Heliconia Capital Management Pte Ltd.

All of the newly issued shares rank pari passu in all respects with the previously issued shares.

In the financial year 2017:

- On 26 August 2016, the Company allotted and issued an aggregate of 8,820,000 new ordinary shares in the capital of the Company at S\$0.28 per share to the eligible participants pursuant to the vesting of the awards granted under the HMI Performance Share Plan following the achievement of the prescribed performance targets (Note 23(d)).
 - On 28 December 2016, the Company allotted and issued an aggregate of 3,780,000 new ordinary shares in the Company for a total cash consideration of RM3,267,000 following the exercise of options granted under HMI Employee Share Option Scheme by the option holders. The average share price at the exercise date was S\$0.65 per share. As at 30 June 2017, all options were fully vested and exercised.
 - On 15 March 2017, the Company allotted and issued an aggregate of 32,376,432 ordinary shares for a total cash consideration of RM58,147,000 (the "Rights Shares") pursuant to the renounceable underwritten rights issue of up to 32,376,432 ordinary shares at an issue price of S\$0.57 for each Rights Share on the basis of 11 Rights Shares for 200 existing ordinary shares held.
 - On 27 March 2017, the Company allotted and issued 199,822,890 ordinary shares in relation to the Acquisition from NCI (Note 31) (the "Consideration Shares") to the Sellers. The closing share price on the completion date 27 March 2017, was S\$0.63 per share.
- (b) Incremental costs directly attributable to the issuance of the Consideration Shares in the financial year 2017 amounting to RM1,722,000 were deducted against the share capital.

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23. Share capital (continued)

(c) Treasury shares

The Company acquired 160,000 (2017: Nil) shares in the Company in the open market during the financial year. The total amount paid to acquire the shares was RM296,000 (2017: Nil) and this is presented as a component within shareholders' equity.

(d) HMI Performance Share Plan 2017

On 30 October 2017, the shareholders of the Company approved the adoption of HMI Performance Share Plan 2017 ("HMI PSP 2017") to award fully-paid shares to eligible employees after they had achieved certain pre-determined performance targets over set performance periods or completed certain time-based service conditions. The maximum aggregate number of shares which may be awarded under the HMI PSP 2017 is 15% of the total issued equity shares excluding treasury shares of the Company, with a limit whereby not more than 1% of the number of issued shares may be granted nor vested each year.

On 24 November 2017 and 1 December 2017, the Company granted certain directors and employees of the Company three awards comprising up to 3,600,000 shares and five awards comprising up to 1,200,000 shares respectively under the HMI PSP 2017. The actual number of fully paid shares to be released could be zero or a maximum of 4,800,000, depending on the achievement of pre-determined performance targets in FY2020 (the "Performance Awards").

The Performance Awards will only be vested upon the achievement of the Group EBIT threshold level and/or total shareholder return threshold level, and subject to other terms and conditions set out in the award letter, anytime within 4 weeks from the Group's FY2020 Annual General Meeting.

As at 30 June 2018, no Performance Awards have vested.

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23. Share capital (continued)

(d) HMI Performance Share Plan 2017 (continued)

In addition, a time-based award of 100,000 shares was granted on 1 December 2017 to an employee. A partial vesting of this time-based award comprising 33,333 shares under the HMI PSP 2017 was satisfied by way of treasury shares. Subject to the fulfilment of service conditions at vesting, the remaining two-third of the award will vest equally on 30 September 2018 and 30 September 2019.

Subsequent to the balance sheet date, 33,333 shares were vested on 30 September 2018 upon fulfilment of the service conditions.

The fair value of the Performance Awards granted was estimated to be S\$2,010,000 (approximately RM6,086,000) by taking into the consideration of the performance conditions and market conditions of the share awards. The valuation of the performance condition is based on the share price as at grant date, adjusted by the outcome of simulating the future share price and comparing it against the threshold share price.

The market condition is valued via Monte Carlo Simulation of future share prices by considering the market condition. The significant inputs into the model were share price at the grant date of S\$0.67 per share, risk-free interest rate of 1.5% per annum based on Singapore government bond yield as of grant date, with tenor approximating the 2.96 years vesting period, and annualised 2.96 years historical share price volatility of 40%.

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

	<u>Group and Company</u>	
	2018	2017
Beginning of financial year	-	8,820,000
Granted	4,900,000	-
Vested	(33,333)	(8,820,000)
End of financial year	<u>4,866,667</u>	<u>-</u>

In financial year 2017, 8,820,000 awards, comprising of 8,820,000 shares, granted to certain directors and key management personnel on 14 November 2014 under the previous HMI Performance Share Plan which was approved on 23 October 2008 ("HMI PSP 2008"), were vested following the achievement of the prescribed performance targets.

The Company allotted and issued an aggregate of 8,820,000 new ordinary shares in the capital of the Company at S\$0.28 per award to the eligible participants on 26 August 2016.

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For the financial year ended 30 June 2018

24. Other reserves

(a) Currency translation reserve

	<u>Group</u>		<u>Company</u>	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Beginning of financial year	17,845	12,417	22,002	21,926
Reclassification on redemption of convertible preference shares (Note 15(a))	1,764	-	-	-
Net currency translation differences of the Company and Singapore subsidiaries	3,200	5,434	(30,620)	76
Less: Non-controlling interests	(38)	(6)	-	-
	3,162	5,428	(30,620)	76
End of financial year	22,771	17,845	(8,618)	22,002

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

(b) Other reserves

	<u>Group</u>		<u>Company</u>	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Composition:				
Capital reserve	(483,118)	(483,118)	16	16
Share-based payment reserve	1,288	-	1,288	-
	(481,830)	(483,118)	1,304	16
Movements:				
(i) Capital reserve				
Beginning of financial year	(483,118)	68	16	16
Acquisition of non-controlling interests and remaining interests in associated corporations (Note 31)	-	(483,186)	-	-
End of financial year	(483,118)	(483,118)	16	16

Capital reserve consists of balances arising from transactions with non-controlling interests.

(ii) Share-based payment reserve

Beginning of financial year	-	7,062	-	7,062
Share-based payment reserve	1,316	1,238	1,316	1,238
Share options and awards vested and exercised	(28)	(8,300)	(28)	(8,300)
End of financial year	1,288	-	1,288	-

Other reserves are non-distributable.

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24. Other reserves (continued)

(c) Retained earnings/(accumulated losses)

- (i) Retained earnings of the Group include the accumulated share of losses of associated corporations amounting to RM2,482,000 (2017: RM2,481,000).
- (ii) Movement in retained earnings/(accumulated losses) for the Company is as follows:

	<u>Company</u>	
	2018	2017
	RM'000	RM'000
Beginning of financial year	12,886	(977)
Net profit	36,122	18,345
Dividends paid (Note 25)	(16,676)	(4,482)
End of financial year	32,332	12,886

25. Dividends

	<u>Company</u>	
	2018	2017
	RM'000	RM'000
<i>Ordinary dividends</i>		
Interim dividend paid in respect of the current financial year of RM1.00 cents (2017: RM Nil cents) per share (Note 24(c))	8,589	-
Final dividend paid in respect of the previous financial year of RM1.00 cents (2017: RM0.75 cents) per share (Note 24(c))	8,087	4,482

At the Annual General Meeting on 29 October 2018, a final one-tier tax-exempt cash dividend of RM1.00 cents per ordinary share of the Company in respect of the financial year ended 30 June 2018 amounting to RM8,376,446 will be recommended. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 30 June 2019.

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26. Commitments

(a) Capital commitments

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

	<u>Group</u>		<u>Company</u>	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Property, plant and equipment	12,452	4,867	-	-
Intangible asset	801	367	-	-

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

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

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

	<u>Group</u>	
	2018 RM'000	2017 RM'000
Not later than one year	3,840	1,710
Between one and five years	9,530	19
Later than five years	22,015	-
	<u>35,385</u>	<u>1,729</u>

27. Contingent liabilities

The Company has issued corporate guarantees to banks for borrowings of its subsidiaries. These bank borrowings amount to RM68,765,000 (2017: RM13,918,000) at the balance sheet date.

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28. Financial risk management

Financial risk factors

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

(a) Market risk

(i) Currency risk

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

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

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

As at balance sheet date, the Group's subsidiaries have their financial instruments mainly denominated in their respective functional currencies, and currency risk is insignificant. The Company's exposure to currency risk mainly arises from RM denominated amount due from subsidiaries of RM24,140,000 (2017: RM38,082,000) as the Company's functional currency is SGD. The remaining financial instruments of the Company are denominated in its functional currency.

As at 30 June 2018, if the RM has strengthened/ weakened by 1% (2017: 1%) against the SGD with all other variables including tax rate being held constant, the Group and Company's profit after tax would have been RM205,000 (2017: RM313,000) higher/lower, as a result of currency translation gains/losses on these RM denominated balances.

(ii) Cash flow and fair value interest rate risk

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

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28. Financial risk management (continued)

(a) Market risk (continued)

(ii) *Cash flow and fair value interest rate risk* (continued)

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

The Group's and Company's borrowings at variable rates comprise approximately 94% (2017: 87%) and 100% (2017: 100%) of the total borrowings respectively. If the interest rate during the financial year had been higher/lower by 0.5% (2017: 0.5%) with all other variables including tax rates being held constant, the profit after tax for the Group and Company would have been lower/higher by RM763,000 (2017: RM593,000) and RM315,000 (2017: RM569,000) respectively as a result of higher/lower interest expense on variable rate borrowings.

(b) Credit risk

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

Trade and other receivables are monitored on an ongoing credit evaluation, which considers the past payment histories, ongoing business relationships and any known disputes of financial difficulties relating to the customer, by the respective management and by Group management. The Group has no significant concentration exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

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

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

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28. Financial risk management (continued)

(b) Credit risk (continued)

The Group's dominant operations are in Malaysia, and the Group's trade receivables located in Malaysia represents 85% (2017: 79%) of total trade receivables. The remainder represents trade receivables arising from operations in Singapore.

Trade receivables arise entirely from non-related parties: corporate customers and individual customers which represent 81% (2017: 79%) and 19% (2017: 21%) respectively.

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

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

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

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

Apart from other receivables and amounts due from an associated corporation (Note 11) which are assessed for impairment on a case-by-case basis, there is no other class of financial assets that is past due and/or impaired except for trade receivables (refer below for analysis).

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

	2018 RM'000	<u>Group</u> 2017 RM'000
Past due 0 to 1 months	10,380	9,602
Past due 1 to 3 months	8,200	7,273
Past due over 3 months	1,884	1,768
	<u>20,464</u>	<u>18,643</u>

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

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28. Financial risk management (continued)

(b) Credit risk (continued)

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

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

	2018 RM'000	Group 2017 RM'000
Gross amount	13,210	12,620
Less: Allowance for impairment	(13,210)	(12,620)
	-	-
Beginning of financial year	12,620	10,031
Allowance made	643	2,774
Allowance written back	(53)	(14)
Allowance utilised	-	(171)
End of financial year	13,210	12,620

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

(c) Liquidity risk

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

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

	Less than 1 year RM'000	Between 1 and 5 years RM'000	Over 5 years RM'000
<u>Group</u>			
2018			
Trade and other payables	109,111	20,984	-
Borrowings	93,798	43,337	68,398
	202,909	64,321	68,398
2017			
Trade and other payables	67,746	-	-
Borrowings	80,021	96,341	1,317
Derivative financial instruments	582	-	-
	148,349	96,341	1,317

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28. Financial risk management (continued)

(c) Liquidity risk (continued)

	Less than <u>1 year</u> RM'000	Between <u>1 and 5 years</u> RM'000
<u>Company</u>		
2018		
Trade and other payables	4,441	-
Borrowings	79,366	-
	<u>83,807</u>	-
Financial guarantee	68,765	-
	<u>152,572</u>	-
2017		
Trade and other payables	3,868	-
Borrowings	68,220	79,878
Derivative financial instruments	582	-
	<u>72,670</u>	79,878
Financial guarantee	13,918	-
	<u>86,588</u>	79,878

The Group's and Company's contractual commitments falling within one year from 30 June 2018 of RM202,909,000 and RM83,807,000 are expected to be met through cash flows from undrawn borrowing facilities and operating profits. Subsequent to the balance sheet date, a current portion of long term bank loans of the Group and the Company amounting to RM69,882,000 were fully repaid via cash flow arising from the draw down of RM70,000,000 from an existing term loan facility of the Group which is repayable over a period of 10 years.

The table below analyses the derivative financial instruments of the Group and the Company for which contractual maturities are essential for an understanding of the timing of the cash flows into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date in the financial year 2017. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than <u>1 year</u> RM'000
<u>Group and Company</u>	
As at 30 June 2017	
Gross settled currency forwards	
- Receipts	12,418
- Payments	<u>(13,000)</u>

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28. Financial risk management (continued)

(d) Capital risk

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

The Group and the Company are subject to externally imposed capital requirements which includes compliance with certain gearing ratios and interest coverage ratios as specified by the external providers of finance. The Group considers these externally imposed capital requirements in its management of capital. The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 30 June 2018 and 2017.

(e) Financial instruments by category

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

	2018 RM'000	2017 RM'000
<u>Group</u>		
Loans and receivables	111,451	120,305
Financial liabilities at amortised cost	<u>326,473</u>	<u>231,494</u>
<u>Company</u>		
Loans and receivables	56,821	54,028
Financial liabilities at amortised cost	<u>80,266</u>	<u>141,132</u>

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29. Related party transactions

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

		<u>Group</u>		<u>Company</u>	
	2018	2017	2018	2017	
	RM'000	RM'000	RM'000	RM'000	
(i)	Interest income from associated corporations	-	(22)	(7)	(9)
(ii)	Payments on behalf of an associated corporation	-	2	-	-
(iii)	Agency fee paid to a related party [#]	127	130	127	130
(iv)	Agency fee recharged to subsidiaries	-	-	(127)	(130)
(v)	Management fee income from subsidiaries	-	-	(10,504)	(4,451)
(vi)	Salaries recharged to subsidiaries	-	-	(35)	-
(vii)	Service fee income from subsidiaries	-	-	-	(31)
(viii)	Interest expense charged by holding company	-	77	-	78
(ix)	Interest expense charged by associated corporations	3	31	-	-
(x)	Healthcare training cost charged by a subsidiary	-	-	3,279	2,970

[#]The related party refers to a company which is controlled by a close family member to certain key management personnel of the Group.

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	<u>Group</u>	
	2018	2017
	RM'000	RM'000
Wages and salaries	13,330	11,397
Employer's contribution to defined contribution plans, including Central Provident Fund	535	551
Share-based payment expenses	1,203	1,238
Benefits in kind	111	178
	<u>15,179</u>	<u>13,364</u>

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30. Segment information

The Management has determined the operating segments based on the reports that are used to make strategic decisions. The Management comprises the Executive Chairman/Managing Director, the Group Chief Executive Officer and the Executive Directors.

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

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

Other operations included within Singapore and Malaysia relate to investment holding.

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

	<u>Malaysia</u>	<u>Singapore</u>	<u>Singapore</u>	<u>Malaysia & Singapore</u>	
	<u>Hospitals</u>	<u>Specialist</u>	<u>Healthcare</u>	<u>Investment</u>	<u>Total</u>
	<u>RM'000</u>	<u>medical centre</u>	<u>education</u>	<u>holding</u>	<u>RM'000</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>and training</u>	<u>RM'000</u>	
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
2018					
Revenue:					
Total segment revenue	460,880	-	19,119	82,673	562,672
Inter-segment revenue	(9,146)	-	(3,256)	(82,673)	(95,075)
Revenue to external parties	451,734	-	15,863	-	467,597
Adjusted EBIT	110,614	(1,392)	1,740	(19,443)	91,519
Interest expense	(1,235)	(538)	(23)	(7,071)	(8,867)
Interest income	1,135	-	1	63	1,199
Share of results of associated corporations	(1)	-	-	-	(1)
Profit before income tax	110,513	(1,930)	1,718	(26,451)	83,850
Depreciation expense	20,723	465	627	184	21,999
Segment assets	381,989	182,959	9,856	14,432	589,236
Segment assets includes:					
Investment in associated corporations	15	-	-	-	15
Additions to:					
- property, plant and equipment	32,280	172,351	212	131	204,974
Segment liabilities	104,441	164,334	5,101	69,334	343,210

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30. Segment information (continued)

	<u>Malaysia</u>	<u>Singapore</u>	<u>Singapore</u>	<u>Malaysia & Singapore</u>	
	<u>Hospitals</u>	<u>Specialist</u>	<u>Healthcare</u>	<u>Investment</u>	<u>Total</u>
	<u>RM'000</u>	<u>medical centre</u>	<u>education</u>	<u>holding</u>	<u>RM'000</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>and training</u>	<u>RM'000</u>	<u>RM'000</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
2017					
Revenue:					
Total segment revenue	427,101	-	18,176	75,920	521,197
Inter-segment revenue	(6,542)	-	(2,970)	(75,920)	(85,432)
Revenue to external parties	<u>420,559</u>	<u>-</u>	<u>15,206</u>	<u>-</u>	<u>435,765</u>
Adjusted EBIT	82,799	-	2,335	(20,603)	64,531
Interest expense	(1,522)	-	(47)	(4,072)	(5,641)
Interest income	1,638	-	1	177	1,816
Share of results of associated corporations	1,348	-	-	-	1,348
Profit before income tax	<u>84,263</u>	<u>-</u>	<u>2,289</u>	<u>(24,498)</u>	<u>62,054</u>
Depreciation expense	19,289	-	638	177	20,104
Segment assets	<u>381,212</u>	<u>-</u>	<u>10,910</u>	<u>25,378</u>	<u>417,500</u>
Segment assets includes:					
Investment in associated corporations	32	-	-	-	32
Additions to:					
- property, plant and equipment	120,693	-	154	25	120,872
Segment liabilities	<u>102,289</u>	<u>-</u>	<u>5,621</u>	<u>140,943</u>	<u>248,853</u>

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

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30. Segment information (continued)

(a) Reconciliations

(i) *Segment profits*

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

	2018 RM'000	<u>Group</u> 2017 RM'000
Adjusted EBIT for reportable segments	91,519	64,531
Finance expense	(8,867)	(5,641)
Interest income	1,199	1,816
Share of results of associated corporations	(1)	1,348
Profit before tax	83,850	62,054

(ii) *Segment assets and liabilities*

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

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30. Segment information (continued)

(b) Revenue from major products and services

Revenue from external customers are derived from hospitals and healthcare education and training as follows:

	<u>Group</u> 2018 RM'000	2017 RM'000
Hospitals	451,734	420,559
Healthcare education and training	15,863	15,206
	<u>467,597</u>	<u>435,765</u>

(c) Geographical information

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

- (i) Singapore – the Company is headquartered and has operations in Singapore. The operations in this area are specialist medical centre and healthcare education and training.
- (ii) Malaysia – the operations in this area are hospitals.

	<u>Total sales</u> 2018 RM'000	2017 RM'000
Singapore	15,883	15,222
Malaysia	451,714	420,543
	<u>467,597</u>	<u>435,765</u>

	<u>Total non-current assets</u> 2018 RM'000	2017 RM'000
Singapore	204,300	15,891
Malaysia	255,794	263,152
	<u>460,094</u>	<u>279,043</u>

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31. Acquisition of non-controlling interests and remaining interests in associated corporations in 2017

On 27 March 2017, the Group acquired:

- (i) All the shares of MIL Mentari Sdn. Bhd., Senipuri Emas Sdn. Bhd. and 2M Medical Consultants Pte. Ltd.; and
- (ii) The remaining shares in two subsidiaries, Mahkota Medical Centre Sdn. Bhd. and Mahkota Medical Group Sdn. Bhd. and an associated corporation, Mahkota Commercial Sdn. Bhd.,

(collectively, the "Acquisition from NCI").

The Acquisition from NCI had the effect of increasing the Group's effective equity interest in certain subsidiaries and associated corporations. The total consideration paid in relation to the Acquisition from NCI amounted to RM618,043,000. The total consideration for the Acquisition from NCI was paid by way of a combination of cash of RM219,329,000 and the allotment and issuance of 199,822,890 shares in the Company amounting to RM398,714,000.

The effects of the Acquisition from NCI on the financial statements of the Group are as follows:

- (i) Derecognition of the carrying amount of substantially all of the non-controlling interests on the date of the Acquisition from NCI, and in accordance with Note 2.3(b), the excess of the consideration paid to the carrying value of the non-controlling interests derecognised was recorded in equity (Note 24(b)); and
- (ii) Derecognition of the carrying amount of certain associated corporations (Note 14), the recognition of additions to property, plant and equipment (Note 16(a)) and increases to borrowings and other working capital of the Group. The transaction was accounted for as an acquisition of a group of assets and liabilities and not a business as there were no elements of a business that were acquired as part of the transaction.

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32. Business combinations

On 15 May 2018, the Group acquired:

- (i) A 62.5% equity interest in StarMed @ Farrer Square Pte. Ltd. and its subsidiary ("StarMed"), a new proposed day-surgery and multi-disciplinary medical centre named "StarMed Specialist Centre"; and
- (ii) An existing \$10 million (approximately RM30 million) shareholders' loan to StarMed,

(collectively, the "Acquisition").

Details of the consideration paid and the assets acquired and liabilities assumed, the non-controlling interest recognised and the effects on the cash flows of the Group, at the acquisition date, are as follows:

(a)	Purchase consideration	2018 RM'000
	Cash paid representing consideration to vendor for equity interest and shareholders' loan	20,481
(b)	Effect on cash flows of the Group	2018 RM'000
	Cash paid	20,481
	Less: cash and cash equivalents acquired	(7,699)
	Cash outflow on acquisition, net	12,782

APPENDIX F – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE HMI GROUP FOR FY2018

HEALTH MANAGEMENT INTERNATIONAL LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

32. Business combinations (continued)

- (c) Provisional fair values of identifiable assets acquired and liabilities assumed
- | | 2018
RM'000 |
|---|-----------------|
| Cash and cash equivalents | 7,699 |
| Property, plant and equipment | 149,518 |
| Other receivables | 1,745 |
| Inventories | 35 |
| Total assets | 158,997 |
|
Borrowings | (104,016) |
| Shareholders' loan | (47,665) |
| Other payables | (21,940) |
| Accrued expenses | (271) |
| Total liabilities | (173,892) |
|
Provisional fair value of identifiable net liabilities | (14,895) |
|
Add: | |
| Non-controlling interests at fair value | 5,586 |
| Shareholders' loan assigned | 29,790 |
|
Total consideration transferred | 20,481 |
- (d) Acquisition-related costs
- Acquisition-related costs amounting to RM505,000 are included in "administrative expenses" in the consolidated statement of comprehensive income and in operating cash flows in the consolidated statement of cash flows.
- (e) Provisional fair values
- The fair value of the identifiable assets acquired and liabilities assumed has been provisionally determined pending the completion of the final valuation as the acquisition was completed on 15 May 2018.
- (f) Revenue and profit contribution
- The acquired business contributed net losses of RM1,437,000 to the Group for the period from 15 May 2018 to 30 June 2018.
- Had StarMed been consolidated from 1 July 2017, the consolidated profit for the year ended 30 June 2018 would have been approximately RM54,722,000.
- For the financial year ended 30 June 2018, StarMed did not contribute any revenue to the Group as it had not yet commenced any revenue generating activities.
-

APPENDIX F – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE HMI GROUP FOR FY2018

HEALTH MANAGEMENT INTERNATIONAL LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

33. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 July 2018 and which the Group has not early adopted:

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

The complete version of FRS 109 replaces most of the guidance in FRS 39. FRS 109 retains the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income (OCI) and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI.

There is also now a new expected credit losses impairment model that replaces the incurred loss impairment model used in FRS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through OCI, contract assets under FRS 115 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts.

For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in OCI, for liabilities designed at fair value through profit or loss.

The new standard also introduces expanded disclosure requirements and changes in presentation.

The Group is required to adopt a new accounting framework from 1 July 2018 (Note 34). The new accounting framework has similar requirements of FRS 109 and the impact of adopting the equivalent FRS 109 is disclosed in Note 34.

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HEALTH MANAGEMENT INTERNATIONAL LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

33. New or revised accounting standards and interpretations (continued)

- FRS 115 Revenue from contracts with customers (effective for annual periods beginning on or after 1 January 2018)

This is the converged standard on revenue recognition. It replaces FRS 11 Construction contracts, FRS 18 Revenue, and related interpretations. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The Group is required to adopt a new accounting framework from 1 July 2018 (Note 34). The new accounting framework has similar requirements of FRS 115 and the impact of adopting the equivalent FRS 115 is disclosed in Note 34.

APPENDIX F – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE HMI GROUP FOR FY2018

HEALTH MANAGEMENT INTERNATIONAL LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

33. New or revised accounting standards and interpretations (continued)

- FRS 116 Leases (effective for annual periods beginning on or after 1 January 2019)

FRS 116 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of RM35,385,000 (Note 26(b)). However, the Group has yet to determine to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under FRS 116.

The new standard also introduces expanded disclosure requirements and changes in presentation.

The Group is required to adopt a new accounting framework from 1 July 2018 (Note 34). The new accounting framework has similar requirements of FRS 116. The Group has yet to determine to what extent the commitments as at the reporting date will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

34. Adoption of SFRS(I)

The Singapore Accounting Standards Council has introduced a new Singapore financial reporting framework that is equivalent to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The new framework is referred to as 'Singapore Financial Reporting Standards (International)' ("SFRS(I)s") hereinafter.

As required by the listing requirements of the Singapore Exchange, the Group has adopted SFRS(I)s on 1 July 2018 and will be issuing its first set of financial information prepared under SFRS(I)s for the quarter ended 30 September 2018.

APPENDIX F – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE HMI GROUP FOR FY2018

HEALTH MANAGEMENT INTERNATIONAL LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

34. Adoption of SFRS(I) (continued)

In adopting SFRS(I)s, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*. The Group will also concurrently apply new major SFRS(I) 9 *Financial Instruments* and SFRS(I) 15 *Revenue from Contracts with Customers*. The estimated impact arising from the adoption of SFRS(I)s on the Group's financial statements are set out as follows:

(a) Application of SFRS(I) 1

The Group is required to retrospectively apply all SFRS(I)s effective at the end of the first SFRS(I) reporting period (financial year ending 30 June 2019), subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

Based on management's preliminary assessment, management is of the view that the application of SFRS(I) 1 will not result in a material impact to the financial statements.

(b) Adoption of SFRS(I) 9

The Group plans to elect to apply the short-term exemption under SFRS(I) 1 to adopt SFRS(I) 9 on 1 July 2018. Accordingly, requirements of SFRS 39 *Financial Instruments: Recognition and Measurement* will continue to apply to financial instruments up to the financial year ended 30 June 2018.

(i) Classification and measurement

The Group has assessed the business models that are applicable on 1 July 2018 to financial assets and whether the contractual cashflows of debt financial instruments represent solely payments of principal and interest, so as to classify them into the appropriate categories under SFRS(I) 9.

Based on management's preliminary assessment, management do not expect significant adjustments to the Group's balance sheet line items.

APPENDIX F – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE HMI GROUP FOR FY2018

HEALTH MANAGEMENT INTERNATIONAL LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

34. Adoption of SFRS(I) (continued)

(b) Adoption of SFRS(I) 9 (continued)

(ii) *Impairment of financial assets*

The following financial assets will be subject to the expected credit loss model under SFRS(I) 9:

- trade receivables recognised under SFRS(I) 15;
- debt instruments carried at fair value through amortised cost; and
- receivables to related parties and other receivables at amortised cost.

Based on management's preliminary assessment, management is of the view that the adoption of this new accounting standard will not result in a material impact to the financial statements.

(c) Adoption of SFRS(I) 15

In accordance with the requirements of SFRS(I) 1, the Group will adopt the SFRS(I) 15 retrospectively.

Based on management's preliminary assessment, management is of the view that the adoption of this new accounting standard will not result in a material impact to the financial statements.

**APPENDIX F – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF
THE HMI GROUP FOR FY2018**

**HEALTH MANAGEMENT INTERNATIONAL LTD
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2018

35. Listing of companies in the Group

Name of companies Subsidiaries (held by the Company)	Equity holding*			2017			Country of business/ incorporation	Principal activities
	2018		Total %	Direct interest %	Indirect interest %	Total %		
	Direct interest %	Indirect interest %						
2M Medical Consultants Pte. Ltd. ^(a)	100	-	100	100	-	100	Singapore	Investment holding
HMI Institute of Health Sciences Pte. Ltd. ^(a)	100	-	100	100	-	100	Singapore	Healthcare education and training
HMI Healthcare Services Pte Ltd ^{(a),(g)}	100	-	100	-	-	-	Singapore	Investment holding
Mahkota Commercial Sdn. Bhd. ^(c)	49.13	50.87	100	49.13	50.87	100	Malaysia	Holding company of investment properties
Mahkota Medical Centre Sdn. Bhd. ^(b)	49.13	50.87	100	49.13	50.87	100	Malaysia	Hospital and healthcare services
Mahkota Medical Group Sdn. Bhd. ^(b)	49.13	50.87	100	49.13	50.87	100	Malaysia	Investment holding
MIL Mentari Sdn. Bhd. ^(c)	100	-	100	100	-	100	Malaysia	Investment holding
Panodahlia Sdn. Bhd. ^(b)	43.45	17.94	61.39	43.45	17.94	61.39	Malaysia	Healthcare education and training
Regency Healthcare Sdn. Bhd. ^(c)	35	65	100	35	65	100	Malaysia	Dormant
Regency Medical Centre (Seri Alam) Sdn. Bhd. ^(c)	29	71	100	29	71	100	Malaysia	Development and lease of a hospital building

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2018

Name of companies Subsidiaries (held by the Company) (continued)	Equity holding*			Country of business/ incorporation	Principal activities	
	2018	2017				
	Direct interest %	Indirect interest %	Total %	Direct interest %	Indirect interest %	Total %
Regency Specialist Hospital Sdn. Bhd. ^(b)	29	71	100	29	71	100
Senipuri Emas Sdn. Bhd. ^(d)	100	-	100	100	-	100
Subsidiaries (held by subsidiaries)						
Maikota Land Sdn. Bhd. ^(b)	-	100	100	-	100	100
Maikota Realty Sdn. Bhd. ^(b)	-	100	100	-	100	100
Pancastie Sdn. Bhd. ^(c)	-	100	100	-	100	100
PT. Maikota Healthcare Services ^(b)	-	100	100	-	100	100

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2018

Name of companies Subsidiaries (held by subsidiaries) (continued)	Equity holding*			Country of business/ incorporation	Principal activities	
	2018	2017				
	Direct interest %	Indirect interest %	Total %	Direct interest %	Indirect interest %	Total %
Raspuri Sdn. Bhd. ^(c)	-	100	100	-	100	100
Regency Medical Centre (Sungai Petani) Sdn. Bhd. ^(c)	-	85	85	-	85	85
Regency Specialist Hospital (S) Pte. Ltd. ^(a)	-	100	100	-	100	100
StarMed @ Farrer Square Pte. Ltd. ^{(a),(f)}	-	62.5	62.5	-	-	-
StarMed Specialist Centre Pte. Ltd. ^{(a),(f)}	-	62.5	62.5	-	-	-
Associated corporations (held by the Company)						
Nathill Track (M) Sdn. Bhd.	30	-	30	30	-	30
Silver Uptown Sdn. Bhd.	48.95	-	48.95	48.95	-	48.95

APPENDIX F – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE HMI GROUP FOR FY2018

HEALTH MANAGEMENT INTERNATIONAL LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS *For the financial year ended 30 June 2018*

35. Listing of companies in the Group (continued)

- | | |
|-----|---|
| (a) | Audited by PricewaterhouseCoopers LLP, Singapore. |
| (b) | Audited by PricewaterhouseCoopers, Malaysia. |
| (c) | Audited by Crowe Horwath, Malaysia. |
| (d) | Audited by Moore Stephens Associates & Co., Malaysia. |
| (e) | Audited by Tay Tong & Company, Singapore. |
| (f) | Acquired on 15 May 2018. |
| (g) | Incorporated on 10 May 2018. |
| (h) | In accordance to Rule 716 of The Singapore Exchange Securities Trading Limited – Listing Rules, the Audit & Risk Management Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiaries and associated companies would not compromise the standard and effectiveness of the audit of the Company. |
- Equity holding refers to the equity holding by the respective entity referred above.

APPENDIX F – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE HMI GROUP FOR FY2018

HEALTH MANAGEMENT INTERNATIONAL LTD
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

36. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Health Management International Ltd on 1 October 2018.

**APPENDIX F – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF
THE HMI GROUP FOR FY2018**



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

23 October 2018

Our ref: ASR / 02522771 / A000 / DK / GT (10)
(When Replying Please Quote Our Reference)

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2018

- HEALTH MANAGEMENT INTERNATIONAL LTD
- HMI INSTITUTE OF HEALTH SCIENCES PTE. LTD.
- REGENCY SPECIALIST HOSPITAL (S) PTE. LTD.

Dear Sirs

We are pleased to return herewith 1 bound and 2 unbound copies each of the abovementioned companies' annual report, which includes our audit report on the financial statements for the year ended 30 June 2018 duly signed by us as auditors.

When submitting the annual report with the Annual Return to ACRA, the "signing auditor's name" is required. For your information, the public accountant who signed off these "accounts" is Khoo Boo Kit Daniel Paul, so please state this name when completing and submitting the electronic Annual Return form to ACRA.

Yours faithfully


PricewaterhouseCoopers LLP

Encs

*PricewaterhouseCoopers LLP, 7 Straits View, Marina One East Tower Level 12, Singapore 018936
T: (65) 6236 3388, F: -, www.pwc.com/sg GST No.: M90362193L Reg. No.: T09LL0001D*

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**APPENDIX F – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF
THE HMI GROUP FOR FY2018**

HEALTH MANAGEMENT INTERNATIONAL LTD
(Incorporated in Singapore. Registration Number: 199805241E)
AND ITS SUBSIDIARIES

ANNUAL REPORT
For the financial year ended 30 June 2018

APPENDIX G – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE HMI GROUP FOR FY2019

HEALTH MANAGEMENT INTERNATIONAL LTD
(Company Registration No. 199805241E)
(Incorporated in the Republic of Singapore)

Unaudited Financial Statements And Dividend Announcement for the fourth quarter and twelve months ended 30 June 2019

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

- 1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Fourth Quarter Ended			Twelve Months Ended		
	30 Jun 2019 RM'000	30 Jun 2018 RM'000	+/- %	30 Jun 2019 RM'000	30 Jun 2018 RM'000	+/- %
Turnover	131,100	119,198	10	509,403	467,597	9
Cost of services	(87,850)	(78,169)	12	(333,709)	(301,789)	11
Gross profit	43,250	41,029	5	175,694	165,808	6
Interest income	388	302	28	1,533	1,199	28
Other gains	2,914	881	NM	1,716	2,547	(33)
Distribution and marketing costs	(2,705)	(1,653)	64	(8,095)	(4,960)	63
Administrative costs						
- Impairment loss on financial assets	(773)	(62)	NM	(877)	(624)	41
- Others	(20,846)	(18,093)	15	(86,781)	(71,252)	22
Finance costs	(3,176)	(2,022)	57	(14,371)	(8,867)	62
Share of results of associates	(81)	-	100	(196)	(1)	NM
Profit before tax	18,971	20,382	(7)	68,623	83,850	(18)
Tax	(7,638)	(5,725)	33	(27,619)	(23,808)	16
Profit after tax	11,333	14,657	(23)	41,004	60,042	(32)
Other comprehensive income						
Item that may be reclassified subsequently to profit or loss:						
Cash flow hedges						
- Fair value losses	(1,192)	-	100	(2,457)	-	100
- Reclassification	55	-	100	99	-	100
Currency translation differences arising from consolidation						
- Gains	(2,959)	254	NM	1,986	3,200	(38)
- Reclassification	-	-	NM	-	1,764	(100)
Total comprehensive income	7,237	14,911	(51)	40,632	65,006	(37)
Profit/(loss) attributable to:						
Equity holders of the Company	13,505	15,206	(11)	48,835	60,596	(19)
Non-controlling interests	(2,172)	(549)	NM	(7,831)	(554)	NM
	11,333	14,657	(23)	41,004	60,042	(32)
Total comprehensive income/(loss) attributable to:						
Equity holders of the Company	9,866	15,423	(36)	49,381	65,522	(25)
Non-controlling interests	(2,629)	(512)	NM	(8,749)	(516)	NM
Total comprehensive income	7,237	14,911	(51)	40,632	65,006	(37)

NM - Not Meaningful

APPENDIX G – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE HMI GROUP FOR FY2019

HEALTH MANAGEMENT INTERNATIONAL LTD
(Company Registration No. 199805241E)
(Incorporated in the Republic of Singapore)

- 1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year

The Group's total comprehensive income for the financial period is derived after charging/(crediting):

	Fourth Quarter Ended			Twelve Months Ended		
	30 Jun 2019 RM'000	30 Jun 2018 RM'000	+/- %	30 Jun 2019 RM'000	30 Jun 2018 RM'000	+/- %
Share-based payment expenses	570	99	NM	2,145	1,316	63
Amortisation and depreciation	8,183	6,265	31	29,605	21,999	35
Foreign exchange (gain)/ loss						
- realised	(2,655)	(89)	NM	2,796	1,819	54
- unrealised	324	236	37	605	(114)	NM
Loss on disposal and write-off of property, plant and equipment	72	22	NM	179	46	NM
Professional fees incurred in relation to acquisition of stakes in Plus Medical ¹	-	-	NM	709	-	100
Professional fees incurred on the scheme of arrangement exercise ²	605	-	100	605	-	100

NM - Not Meaningful

¹ Refer to announcement made on SGXNet on 14 December 2019 and 15 March 2019

² Refer to announcement made on SGXNet on 5 July 2019

APPENDIX G – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE HMI GROUP FOR FY2019

HEALTH MANAGEMENT INTERNATIONAL LTD
(Company Registration No. 199805241E)
(Incorporated in the Republic of Singapore)

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	As at 30 Jun 2019 RM'000	As at 30 Jun 2018 RM'000	As at 30 Jun 2019 RM'000	As at 30 Jun 2018 RM'000
ASSETS				
Current assets				
Cash and cash equivalents	81,907	58,891	19,027	4,962
Trade and other receivables	45,205	44,234	12,121	51,698
Tax recoverable	180	1	-	-
Inventories	14,616	14,029	-	-
Other current assets	5,677	10,820	651	120
	147,585	127,975	31,799	56,780
Non-current assets				
Trade and other receivables	-	-	58,119	-
Other non-current assets	1,397	484	167	161
Investments in associated corporations	12,604	15	-	33
Investments in subsidiaries	-	-	627,727	637,126
Property, plant and equipment	593,197	459,165	1,293	779
Intangible assets	1,233	430	-	-
	608,431	460,094	687,306	638,099
Total assets	756,016	588,069	719,105	694,879
LIABILITIES				
Current liabilities				
Trade and other payables	102,028	110,026	5,756	4,441
Derivative financial instrument	2,410	-	-	-
Current income tax liabilities	6,688	5,351	-	-
Borrowings	33,657	89,229	16,845	75,825
	144,783	204,606	22,601	80,266
Non-current liabilities				
Other payables	22,244	20,984	-	-
Borrowings	307,044	107,149	389	-
Deferred capital grants	1,016	616	-	-
Deferred income tax liabilities	8,411	8,688	-	-
	338,715	137,437	389	-
Total liabilities	483,498	342,043	22,990	80,266
NET ASSETS	272,518	246,026	696,115	614,613
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	590,885	590,885	590,885	590,885
Treasury shares	(1,837)	(1,290)	(1,837)	(1,290)
Currency translation reserve	24,968	22,771	9,881	(8,618)
Other reserves	(483,506)	(481,830)	3,411	1,304
Retained earnings	153,600	121,581	93,775	32,332
	284,110	252,117	696,115	614,613
Non-controlling interests	(11,592)	(6,091)	-	-
TOTAL EQUITY	272,518	246,026	696,115	614,613

APPENDIX G – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE HMI GROUP FOR FY2019

HEALTH MANAGEMENT INTERNATIONAL LTD
(Company Registration No. 199805241E)
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1(b)(ii) In relation to the aggregate amount for the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year.

(a) Amount repayable in one year or less, or on demand;

As at 30 Jun 2019		As at 30 Jun 2018	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
16,874	16,783	83,299	5,930

(b) Amount repayable after one year; and

As at 30 Jun 2019		As at 30 Jun 2018	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
307,044	-	107,149	-

(c) Details of any collaterals.

The Group

A memorandum of charge on the lands and buildings of certain subsidiaries in Malaysia and charge on the medical suites owned by a subsidiary in Singapore.

The Group's borrowings include finance lease liabilities of approximately RM 46.8 million (FY2018: RM 12.6 million), which are effectively secured as the rights to the hire purchase asset will revert to the hiree in the event of default.

APPENDIX G – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE HMI GROUP FOR FY2019

HEALTH MANAGEMENT INTERNATIONAL LTD (Company Registration No. 199805241E) (Incorporated in the Republic of Singapore)

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Fourth Quarter Ended		Twelve Months Ended	
	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018
	RM'000	RM'000	RM'000	RM'000
Cash Flows from Operating Activities				
Profit after tax	11,333	14,657	41,004	60,042
Adjustments for:				
Income tax expense	7,638	5,725	27,619	23,808
Amortisation and depreciation	8,183	6,265	29,605	21,999
Amortisation of deferred capital grants	(114)	-	(353)	-
Allowance for impairment of trade and other receivables - net	776	29	877	624
Interest expense	3,176	2,022	14,371	8,867
Share-based payment expenses	570	99	2,145	1,316
Interest income	(388)	(302)	(1,533)	(1,199)
Loss on disposal and write-off of property, plant and equipment	72	22	179	46
Share of loss of associated corporations	81	-	196	1
Currency translation differences	1,589	(5,898)	9,829	856
Operating cash flow before working capital changes	32,916	22,619	123,939	116,360
Changes in operating assets and liabilities:				
Inventories	258	(93)	(582)	(443)
Trade and other receivables	7,823	(5,016)	(1,650)	(8,355)
Other current and non-current assets	1,576	2,046	4,329	938
Trade and other payables	14,818	5,568	13,424	17
Derivative financial instruments	(47)	-	(47)	(582)
Cash provided by operations	57,344	25,124	139,413	107,935
Interest paid	(2,697)	(1,913)	(11,397)	(7,302)
Tax paid	(14,841)	(19,205)	(24,503)	(24,038)
Net cash provided by operating activities	39,806	4,006	103,513	76,595
Cash Flows from Investing Activities				
Additions to property, plant and equipment	(11,851)	(8,090)	(143,331)	(29,904)
Additions to intangible assets	(1,666)	-	(1,666)	(430)
Proceeds from disposal of property, plant and equipment	9	23	429	534
Acquisition of interests in an associated corporation	-	-	(12,677)	-
Acquisition of subsidiaries, net of cash held by subsidiaries	-	(12,782)	1	(12,782)
Interest received	388	302	1,533	1,199
Net cash used in investing activities	(13,120)	(20,547)	(155,711)	(41,383)

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1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year. (Continued)

	Fourth Quarter Ended		Twelve Months Ended	
	30 Jun	30 Jun	30 Jun	30 Jun
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Cash Flows from Financing Activities				
Drawdown of borrowings	21,798	5,930	335,197	5,930
Proceeds from overdraft	-	596	-	-
Repayment of borrowings	(22,987)	(4,032)	(230,991)	(73,023)
Payment of borrowing related costs	-	-	(1,267)	-
Repayment of lease liabilities	(2,382)	(1,667)	(10,907)	(6,323)
Government grants received	-	409	731	545
Proceeds from issuance of ordinary shares	-	-	-	33,615
Dividends paid to equity holders of the Company	-	-	(16,816)	(16,676)
Shareholder loan from non-controlling interest of a subsidiary	-	3,110	1,098	3,406
Decrease/ (Increase) in restricted cash	-	-	1,423	(765)
Purchase of treasury shares	-	(296)	(585)	(296)
Net cash (used in)/ provided by financing activities	(3,571)	4,050	77,883	(53,587)
Net increase/ (decrease) in cash and cash equivalents	23,115	(12,491)	25,685	(18,375)
Cash and cash equivalents at beginning of financial period	58,766	69,248	56,022	76,041
Effect of exchange rate changes on cash and cash equivalents	(825)	90	(651)	(819)
Cash and cash equivalents at end of financial period	81,056	56,847	81,056	56,847
Cash and equivalents comprise:				
Cash and bank balances	81,907	58,891	81,907	58,891
Restricted cash	-	(1,448)	-	(1,448)
Bank overdraft	-	(596)	-	(596)
Bank deposits pledged	(851)	-	(851)	-
	81,056	56,847	81,056	56,847

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1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

The Group

	Attributable to equity holders of the Company					Non-controlling Interests	Total Equity
	Share Capital	Treasury Shares	Currency Translation Reserve	Other Reserves	Retained Earnings		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 Jul 2017	557,270	(1,022)	17,845	(483,118)	77,661	11	168,647
Exchange translation difference	-	-	7,881	-	-	(1)	7,880
Net profit/(loss) for the period	-	-	-	-	13,786	(1)	13,785
Total comprehensive income/(loss) for the financial period	-	-	7,881	-	13,786	(2)	21,665
Balance as at 30 Sep 2017	557,270	(1,022)	25,726	(483,118)	91,447	9	190,312
Exchange translation difference	-	-	(4,207)	-	-	1	(4,206)
Net profit/(loss) for the period	-	-	-	-	15,724	(2)	15,722
Total comprehensive (loss)/income for the financial period	-	-	(4,207)	-	15,724	(1)	11,516
Treasury shares issued	-	28	-	(28)	-	-	-
Share-based payment	-	-	-	302	-	-	302
Issue of new shares	33,615	-	-	-	-	-	33,615
Final FY2017 dividend paid	-	-	-	-	(8,087)	-	(8,087)
Balance as at 31 Dec 2017	590,885	(994)	21,519	(482,844)	99,084	8	227,658
Exchange translation difference	-	-	1,035	-	-	1	1,036
Net profit/(loss) for the period	-	-	-	-	15,880	(2)	15,878
Total comprehensive income/(loss) for the financial period	-	-	1,035	-	15,880	(1)	16,914
Share-based payment	-	-	-	915	-	-	915
Interim FY2018 dividend paid	-	-	-	-	(8,589)	-	(8,589)
Balance as at 31 Mar 2018	590,885	(994)	22,554	(481,929)	106,375	7	236,898
Exchange translation difference	-	-	217	-	-	37	254
Net profit/(loss) for the period	-	-	-	-	15,206	(549)	14,657
Total comprehensive income/(loss) for the financial period	-	-	217	-	15,206	(512)	14,911
Purchase of treasury shares	-	(296)	-	-	-	-	(296)
Share-based payment	-	-	-	99	-	-	99
Acquisition of subsidiaries	-	-	-	-	-	(5,586)	(5,586)
Balance as at 30 Jun 2018	590,885	(1,290)	22,771	(481,830)	121,581	(6,091)	246,026

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1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year. (Continued)

The Group

	Attributable to equity holders of the Company					Non-controlling Interests	Total Equity
	Share Capital	Treasury Shares	Currency Translation Reserve	Other Reserves	Retained Earnings		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 Jul 2018	590,885	(1,290)	22,771	(481,830)	121,581	(6,091)	246,026
Exchange translation difference	-	-	2,942	-	-	(143)	2,799
Net profit/ (loss) for the period	-	-	-	-	10,648	(1,884)	8,764
Total comprehensive income/ (loss) for the financial period	-	-	2,942	-	10,648	(2,027)	11,563
Treasury shares issued	-	38	-	(38)	-	-	-
Share-based payment	-	-	-	526	-	-	526
Purchase of treasury shares	-	(585)	-	-	-	-	(585)
Balance as at 30 Sep 2018	590,885	(1,837)	25,713	(481,342)	132,229	(8,118)	257,530
Exchange translation difference	-	-	1,023	-	-	16	1,039
Net profit/ (loss) for the period	-	-	-	-	11,253	(1,718)	9,535
Total comprehensive income/ (loss) for the financial period	-	-	1,023	-	11,253	(1,702)	10,574
Share-based payment	-	-	-	549	-	-	549
Acquisition of additional equity interest in a subsidiary from non-controlling interests	-	-	-	(2,132)	-	1,689	(443)
Capitalisation of shareholder's loan from non-controlling interests of a subsidiary	-	-	-	-	-	1,559	1,559
Dividend relating to 2018 paid	-	-	-	-	(8,422)	-	(8,422)
Balance as at 31 Dec 2018	590,885	(1,837)	26,736	(482,925)	135,060	(6,572)	261,347
Exchange translation difference	-	-	1,072	-	-	35	1,107
Other comprehensive loss the quarter	-	-	-	(852)	-	(369)	(1,221)
Net profit/ (loss) for the period	-	-	-	-	13,429	(2,057)	11,372
Total comprehensive income/ (loss) for the financial period	-	-	1,072	(852)	13,429	(2,391)	11,258
Share-based payment	-	-	-	500	-	-	500
Interim dividend relating to 2019 paid	-	-	-	-	(8,394)	-	(8,394)
Balance as at 31 Mar 2019	590,885	(1,837)	27,808	(483,277)	140,095	(8,963)	264,711
Exchange translation difference	-	-	(2,840)	-	-	(119)	(2,959)
Other comprehensive loss for the quarter	-	-	-	(799)	-	(338)	(1,137)
Net profit/ (loss) for the period	-	-	-	-	13,505	(2,172)	11,333
Total comprehensive (loss)/ income for the financial period	-	-	(2,840)	(799)	13,505	(2,629)	7,247
Share-based payment	-	-	-	570	-	-	570
Balance as at 30 Jun 2019	590,885	(1,837)	24,968	(483,506)	153,600	(11,592)	272,518

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1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year. (Continued)

The Company

	Share Capital RM'000	Treasury Reserves RM'000	Other Reserves RM'000	Retained Earnings/ (Accumulated Losses) RM'000	Currency Translation Reserves RM'000	Total Equity RM'000
Balance as at 1 Jul 2017	557,270	(1,022)	16	12,886	22,002	591,152
Net profit for the period	-	-	-	7,134	-	7,134
Exchange translation difference	-	-	-	-	(5,086)	(5,086)
Balance as at 30 Sep 2017	557,270	(1,022)	16	20,020	16,916	593,200
Net profit for the period	-	-	-	15,696	-	15,696
Exchange translation difference	-	-	-	-	(13,453)	(13,453)
Share-based payment	-	28	274	-	-	302
Issuance of new shares	33,615	-	-	-	-	33,615
Final FY2017 dividend paid	-	-	-	(8,087)	-	(8,087)
Balance as at 31 Dec 2017	590,885	(994)	290	27,629	3,463	621,273
Net loss for the period	-	-	-	(3,748)	-	(3,748)
Exchange translation difference	-	-	-	-	(15,379)	(15,379)
Share-based payment	-	-	915	-	-	915
Interim FY2018 dividend paid	-	-	-	(8,589)	-	(8,589)
Balance as at 31 Mar 2018	590,885	(994)	1,205	15,292	(11,916)	594,472
Net profit for the period	-	-	-	17,040	-	17,040
Exchange translation difference	-	-	-	-	3,298	3,298
Purchase of treasury shares	-	(296)	-	-	-	(296)
Share-based payment	-	-	99	-	-	99
Balance as at 30 Jun 2018	590,885	(1,290)	1,304	32,332	(8,618)	614,613
Balance as at 1 Jul 2018	590,885	(1,290)	1,304	32,332	(8,618)	614,613
Net profit for the period	-	-	-	35,976	-	35,976
Exchange translation difference	-	-	-	-	13,307	13,307
Treasury shares issued	-	38	(38)	-	-	-
Share-based payment	-	-	526	-	-	526
Purchase of treasury shares	-	(585)	-	-	-	(585)
Balance as at 30 Sep 2018	590,885	(1,837)	1,792	68,308	4,689	663,837
Net profit for the period	-	-	-	17,259	-	17,259
Exchange translation difference	-	-	-	-	1,311	1,311
Share-based payment	-	-	549	-	-	549
Dividend relating to 2018 paid	-	-	-	(8,422)	-	(8,422)
Balance as at 31 Dec 2018	590,885	(1,837)	2,341	77,145	6,000	674,534
Net profit for the period	-	-	-	12,652	-	12,652
Exchange translation difference	-	-	-	-	(4,992)	(4,992)
Share-based payment	-	-	500	-	-	500
Interim dividend relating to 2019 paid	-	-	-	(8,394)	-	(8,394)
Balance as at 31 Mar 2019	590,885	(1,837)	2,841	81,403	1,008	674,300
Net profit for the period	-	-	-	12,372	-	12,372
Exchange translation difference	-	-	-	-	8,873	8,873
Share-based payment	-	-	570	-	-	570
Balance as at 30 Jun 2019	590,885	(1,837)	3,411	93,775	9,881	696,115

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- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Following the share buy-back on 12 July 2018 and the partial vesting of a time-based award comprising of 33,333 shares under the HMI Performance Share Plan 2017 on 30 September 2018, where the award was fulfilled via transfer from treasury shares, the total number of issued ordinary shares in the share capital of the Company remains unchanged at 838,980,880 (which includes 1,642,934 (30 June 2018: 1,336,267) treasury shares) as at 30 June 2019.

Share buy-back

The Company purchased an aggregate of 340,000 ordinary shares on 12 July 2018.

HMI Performance Share Plan 2017

Following the approval of HMI Performance Share Plan 2017 obtained at the annual general meeting of the Company held on 30 October 2017, three awards comprising up to 3,600,000 shares and five awards comprising up to 1,200,000 shares were granted by the Company to certain directors and employees of the Company on 24 November 2017 and 1 December 2017 respectively. In addition, a time-based award of 100,000 shares were granted on 1 December 2017 to an employee, of which, 33,333 shares were vested immediately on 1 December 2017 and another 33,333 shares vested on 30 September 2018.

In addition, 2 awards comprising up to 432,000 shares were granted by the Company to certain employees of the Company on 15 April 2019.

	<u>Total number of shares that may be issued on conversion</u>
<u>Addition:</u>	
Three awards comprising up to 3,600,000 shares as at 24 November 2017	3,600,000
Five awards comprising up to 1,200,000 shares as at 1 December 2017	1,200,000
One time-based award comprising of 100,000 shares as at 1 December 2017	100,000
Two awards comprising up to 432,000 shares as at 15 April 2019	432,000
<u>Deduction:</u>	
Partial vesting of time-based award comprising 33,333 shares each as at 1 December 2017 and 30 September 2018	(66,666)
30 June 2019	5,265,334

The above three awards granted as at 24 November 2017 will only be vested upon the achievement of the Group EBIT threshold level and total shareholder return threshold level, and subject to other terms and conditions set out in the award letter, anytime within 4 weeks from the Group's FY2020 Annual General Meeting.

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- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. (Continued)**

The above five and two awards granted as at 1 December 2017 and 15 April 2019 respectively will only be vested upon achievement of the Group FY2020 EBIT threshold level and/or the total shareholder return threshold level, and subject to other terms and conditions set out in the award letter, anytime within 4 weeks from the Group's FY2020 Annual General Meeting.

For the one time-based award granted as at 1 December 2017, the remaining 33,334 shares will be vested on 30 September 2019.

As at 30 June 2019, the number of shares that may be issued upon vesting of awards are 5,265,334 shares (30 June 2018: 4,866,667 share).

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

The Company's total number of issued shares excluding treasury shares is 837,337,946 (30 June 2018: 837,644,613) as at the end of the current financial period. Total number of treasury shares is 1,642,934 and 1,336,267 as at 30 June 2019 and 30 June 2018 respectively.

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Following the partial vesting of a time-based award under HMI Performance Share Plan 2017 on 30 September 2018, 33,333 treasury shares were transferred to an employee during the twelve months ended 30 June 2019.

- 1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

There were no sales, transfers, cancellation and/or use of subsidiary holdings as at 30 June 2019 (30 June 2018).

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The financial statements for the twelve months ended 30 June 2019 have not been audited nor reviewed by the independent auditor.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

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- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with those of the audited financial statements for the year ended 30 June 2018.

- 5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Except for the adoption of the new financial reporting framework as disclosed in the paragraph below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current period compared to the Group's most recently audited financial statements for the year ended 30 June 2018.

On 1 July 2018, the Group has adopted a new financial reporting framework, Singapore Financial Reporting Standards (International) (SFRS(I)s) and has prepared its financial information under SFRS(I)s for the fourth quarter and twelve months ended 30 June 2019. In adopting SFRS(I)s, the Group is required to apply all the specific transition requirements in SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International). The Group has also concurrently applied new major accounting standards (1) SFRS(I) 9 Financial Instruments and (2) SFRS(I) 15 Revenue from Contracts with Customers. The adoption of the new financial reporting framework has no material impact to the Group's accounting policies and financial statements.

- 6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

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

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

	Group			
	3 Months Ended 30 June		12 Months Ended 30 June	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Net profit attributable to equity holders of the Company (RM'000)	13,505	15,206	48,835	60,596
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	837,338	837,774	837,340	831,019
(i) Basic earnings per share (RM cents per share)	1.61	1.82	5.83	7.29
Weighted average number of ordinary shares adjusted for the effects of dilutive potential ordinary shares ('000)	842,537	842,641	842,273	833,915
(ii) Diluted earnings per share (RM cents per share)	1.60	1.80	5.80	7.27

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7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-
(a) current financial period reported on; and
(b) immediately preceding financial year.

	As at 30 Jun 2019	As at 30 Jun 2018
The Group		
Net asset value attributable to ordinary shareholders (RM'000)	284,110	252,117
Total number of issued shares excluding treasury shares ('000)	837,338	837,644
Net asset value per share (RM cents per share)	33.93	30.10
The Company		
Net asset value attributable to ordinary shareholders (RM'000)	696,115	614,613
Total number of issued shares excluding treasury shares ('000)	837,338	837,644
Net asset value per share (RM cents per share)	83.13	73.37

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: –
(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

(i) INCOME STATEMENT

Fourth Quarter

For the three months ended 30 June 2019 ("Q42019"), the Group's turnover increased by 10.0% from RM 119.2 million to RM 131.1 million, when compared with the previous corresponding period ("Q42018"). Turnover from the Group's healthcare business accounted for approximately RM 12.4 million of the increase mainly due to higher patient load and average bill sizes. The Group's education business registered a RM 0.5 million decrease in revenue due to lower student headcount.

Gross profit margin decreased to 33.0% from 34.4% in Q42019 as a result of impact from the Group's new ambulatory care centre in Singapore, StarMed Specialist Centre ("SSC") which started operations in Q12019. Other gains increased by RM 2.0 million to RM 2.9 million in Q42019 compared to RM 0.9 million in the corresponding period in the prior year. The increase was mainly due to higher foreign exchange gains of RM 2.6 million recorded in Q42019 as compared to the corresponding period in the prior year.

Distribution & marketing expenses in Q42019 increased by RM 1.1 million as compared to Q42018 due to increased marketing and branding efforts. Administrative expenses increased by RM 3.5 million as compared to the previous financial period mainly due to administrative expenses incurred by SSC and higher general operating costs in the Group entities. Finance costs increased by RM 1.2 million mainly due to mortgage financing costs incurred by SSC.

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(i) INCOME STATEMENT (Continued)

Fourth Quarter (Continued)

As a result of the above, the Group registered a 6.9% decrease in profit before tax of RM 19.0 million in Q42019, as compared to RM 20.4 million in Q42018. The profit attributable to shareholders was RM 13.5 million and RM 15.2 million in Q42019 and Q42018 respectively, whereas loss attributable to non-controlling interests was RM 2.2 million in Q42019 due to losses incurred by SSC.

Twelve Months

For the financial year ended 30 June 2019 ("FY2019"), the Group's turnover increased by RM 41.8 million and 8.9% from RM 467.6 million to RM 509.4 million, when compared with the previous corresponding year ("FY2018"). Turnover from the Group's healthcare business accounted for approximately RM 43.5 million of the increase mainly due to higher patient load and average bill sizes. The Group's education business registered a RM 1.7 million decrease in revenue due to lower student headcount.

Gross profit margin decreased to 34.5% compared to 35.5% in the prior year as a result of impact from SSC. Other gains of RM 1.7 million was recorded in FY2019 compared to other gains of RM 2.5 million in FY2018. The decrease was mainly due to higher foreign exchange losses of RM 3.4 million recorded in the FY2019 compared to RM 1.7 million in FY2018 as a result of a weaker Malaysian ringgit, offset by higher gains from sale of medical suites recorded in FY2019.

Distribution & marketing expenses in FY2019 were RM 3.1 million higher due to increased marketing and branding efforts. Administrative expenses increased by RM 15.8 million as compared to the previous financial period mainly due to administrative expenses incurred by SSC, higher general operating costs in the Group entities and RM 0.8 million higher share-based payment expenses. Finance costs increased by RM 5.5 million mainly due to mortgage financing costs incurred by SSC.

As a result of the above, the Group registered a profit before tax of RM 68.6 million in FY2019, 18.2% lower as compared to RM 83.9 million in FY2018. Tax expense increased by RM 3.8 million mainly due to higher profitability of both hospitals. The profit attributable to shareholders was RM 48.8 million and RM 60.6 million in FY2019 and FY2018 respectively, whereas loss attributable to non-controlling interests was RM 7.8 million in FY2019 compared to RM 0.6 million in FY2018 due to losses incurred by SSC.

(ii) BALANCE SHEET

The cash and cash equivalents of the Group increased by RM 23.0 million to RM 81.9 million as at 30 June 2019.

Trade and other receivables increased by RM 1.0 million, driven mainly by higher revenue generated during the financial year ended 30 June 2019 and timing of collection. Other current assets decreased by RM 5.1 million due to lower prepayments and deposits.

The RM 134.0 million increase in property, plant and equipment was mainly due to acquisition of additional units at Farrer Square, where SSC is located². The aggregate purchase price for the additional units approximated RM 111.4 million and was completed in January 2019. The increase can also be attributable to the acquisition of new medical equipment by the hospitals during the period, offset by the depreciation expenses.

With reference to the announcement made on SGXNet on 14 December 2018 and 15 March 2019, investment in associated companies increased to RM 12.6 million as at 30 June 2019 with the completion of the acquisition of 28% of the issued share capital of Plus Medical Holdings Pte. Ltd. ("Plus Medical") on 15 March 2019, and recognition of the share of associate losses for the period 15 March 2019 to 30 June 2019.

² Refer to announcement made on SGXNet on 15 October 2018

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(ii) BALANCE SHEET

Trade and other payables decreased by RM 8.0 million mainly due to re-financing of certain trade payables as at 30 June 2018 with hire purchase financing during the period, offset by an increase in amount due to RB Capital for purchase of additional units at Farrer Square.

The increase in total borrowings by RM 144.3 million were attributable to the drawdown of additional RM 110.1 million term loan mainly for the purchase of the additional floors at Farrer Square. RM 34.2 million of the increase can be attributed to higher hire purchase financing mainly due to re-financing of certain trade payables with hire purchase financing by SSC and increase in capital expenditures by the hospitals financed via hire purchase during the financial year.

Current income tax liabilities increased by RM 1.3 million when compared to 30 June 2018 due to higher profitability of the Group's hospitals and timing differences in tax payments to authorities.

(iii) CASH FLOW STATEMENT

Fourth Quarter

Net cash from operating activities for the quarter was RM 39.8 million, RM 35.8 million higher than the previous period, mainly due to working capital movements and RM 4.4 million lower tax payments paid during the period compared to corresponding period in the prior year.

Net cash used in investing activities was RM 13.1 million mainly as a result of RM 11.9 million capital expenditure on renovation and medical equipment.

Net cash used in financing activities was RM 3.6 million mainly as a result of repayment of loan during the period.

Twelve months

Net cash provided by operating activities of RM 103.5 million was mainly attributable to cash provided by operations of RM 139.4 million offset by interest and tax paid of RM 11.4 million and RM 24.5 million respectively.

Net cash used in investing activities of RM 155.7 million was a result of RM 143.3 million paid for capital expenditure on the property, plant and equipment and medical equipment and RM 12.7 million investments into Plus Medical during the period. The capital expenditure included the acquisition of additional units at Farrer Square for approximately RM 111.4 million.

Net cash provided by financing activities was RM 77.9 million mainly as a result of drawdown of borrowings of RM 335.2 million and repayment of RM 231.0 million resulted from the re-financing of a loan with another bank during the period. Dividends of RM 16.8 million was paid to equity holders of the Company during the year.

(iv) USE OF PROCEEDS

Further to the Group's announcement dated 15 March 2019 in relation to the use of proceeds from the Placement to a fund managed by Heliconia Capital Management Pte Ltd, the net proceeds from the Placement Shares of approximately SGD 0.51 million has been fully utilised to fund the acquisition of shares in Plus Medical Holdings Pte. Ltd. as stated in the announcements dated 14 December 2018 and 15 March 2019 respectively.

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9. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

10. **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The Group's hospital services segment continues to do well and register year-on-year ("yoy") increases in revenue and patient volume. Both Mahkota Medical Centre Sdn. Bhd. ("MMC") and Regency Specialist Hospital Sdn. Bhd. ("RSH") continue to progress on their respective upgrading and expansion plans.

At MMC, the hospital continues to focus on developing its Centres of Excellence and expanding and upgrading its facilities to cater to increasing patient loads. The 218-bed capacity RSH will be constructing a new hospital extension block adjacent to its existing hospital building to cater to the growing number of patients. Construction of the new extension block has begun. With the new extension block, RSH will become a 380-bed tertiary hospital with capacity to expand to an eventual 500-bed hospital. The hospital extension block is targeted to be commissioned in 2021.

In Malaysia, an increasing domestic insurance take-up rate, an aging population and increasing regional connectivity are expected to further contribute to the growth of private healthcare services with BMI Research forecasting health expenditure to grow 7.9% p.a. from 2016 to 2020. The Malaysian government's budget has allocated RM 20 million to boost Malaysia's healthcare travel industry. Malaysia plans to promote medical tourism with expanded medical tourism packages, special incentives and tax allowance for healthcare facilities promoting medical tourism.

However, the healthcare landscape in Malaysia remains competitive. In Malacca and Johor where our hospitals operate, the expansion of existing hospitals and the upcoming opening of new hospitals have led to increased competition for patients, doctors and other skilled manpower. This has resulted in higher operating costs, in particular for skilled manpower. In Johor, new hospitals such as KPJ Bandar Dato Onn Hospital has opened and Columbia Asia Southkey Hospital is expected to open later in the year. In addition, economic uncertainties and fluctuating regional currencies (in particular the Indonesian Rupiah) has impacted private healthcare expenditure, especially for self-funded patients.

In Singapore, the Group acquired a majority stake in a new private one-stop ambulatory centre, SSC, on 14 May 2018. The centre has completed renovations and received its licenses to operate from the Singapore Ministry of Health. SSC commenced operations in FY2019, and the Group expects to incur gestation start-up costs from its operations for potentially up to 3 years.

On 15 March 2019, the Group completed the acquisition of shares in Plus Medical Holdings Pte. Ltd. ("Plus Medical") and now holds 28% of the issued share capital of Plus Medical. Plus Medical owns a chain of primary care clinics in Singapore. The investment is expected to be synergistic with SSC in respect of establishing an expanded healthcare network in Singapore.

On 5 July 2019, the Company and PanAsia Health Limited (the "Offeror") jointly announced (the "Joint Announcement") the proposed acquisition of all the issued ordinary shares in the capital of the Company by the Offeror, a special purpose vehicle incorporated in the Cayman Islands and indirectly controlled by EQT Mid Market Asia III GP B.V., by way of a scheme of arrangement. For more details, please refer to the SGX announcements dated 5 July 2019.

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11. If a decision regarding dividend has been made –
- (a) Whether an interim (final) ordinary dividend has been declared (recommended).
None.
 - (b) (i) Amount per share.
Not applicable.
 - (ii) Previous corresponding period.
Not applicable.
 - (c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).
Not applicable.
 - (d) The date the dividend is payable.
Not applicable.
 - (e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.
Not applicable.
12. If no dividend has been declared (recommended), a statement to that effect.
Not applicable.

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PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

	Hospital services		Healthcare services		Healthcare education		All other segments		Consolidated	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue										
Total segment revenue	494,008	460,880	4,631	-	17,324	19,119	153,541	82,673	669,504	562,672
Inter-segment revenue	(3,416)	(9,146)	(6)	-	(3,138)	(3,256)	(153,541)	(82,673)	(160,101)	(95,075)
Revenue to external parties	490,592	451,734	4,625	-	14,186	15,863	-	-	509,403	467,597
Adjusted EBIT	125,878	110,614	(16,947)	(1,392)	(3,260)	1,740	(24,014)	(19,443)	81,657	91,519
Interest expense – net	(2,781)	(100)	(5,928)	(538)	-	(22)	(4,129)	(7,008)	(12,838)	(7,668)
Share of (loss)/profit of associated corporations	-	(1)	(210)	-	-	-	14	-	(196)	(1)
Profit/ (Loss) before income tax	123,097	110,513	(23,085)	(1,930)	(3,260)	1,718	(28,129)	(26,451)	68,623	83,850
Segment assets	455,131	380,822	270,034	182,959	9,230	9,856	21,621	14,432	756,016	588,069
Segment liabilities	173,319	103,274	281,799	164,334	4,661	5,101	23,719	69,334	483,498	342,043
Net assets/ (liabilities)	281,812	277,548	(11,765)	18,625	4,569	4,755	(2,098)	(54,902)	272,518	246,026
Segment information										
Investment in associated corporations	-	-	12,604	15	-	-	-	-	12,604	15
Additions to:										
- property, plant and equipment	44,765	32,280	120,478	172,351	273	212	1,108	131	166,624	204,974
- intangible assets	-	-	-	-	1,666	430	-	-	1,666	430
Amortisation and depreciation	20,745	20,723	7,527	465	1,125	627	208	184	29,605	21,999
Geographical Segment							Total revenue			
							2019		2018	
Singapore							18,821		15,883	
Malaysia							490,582		451,714	
							509,403		467,597	
							Total consolidated non-current assets			
							2019		2018	
Singapore							306,752		204,300	
Malaysia							301,679		255,794	
							608,431		460,094	

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13. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year. (Continued)**

REVENUE BY SEGMENTS:

Group revenue of RM 509.4 million was RM 41.8 million or 8.9% above that of the previous year. The increase was mainly driven by the increase in revenue from the hospital services segment, up RM 38.9 million from prior year, due to higher patient load and average bill sizes.

NET PROFIT BY SEGMENTS:

Group net profit before income tax of RM 68.6 million was RM 15.2 million lower than that of the prior year. Profit before income tax of the hospital services segment increased by RM 12.6 million whereas loss before income tax of all other non-hospital segments increased by RM 27.8 million, mainly due to losses incurred by SSC and increase in general operating costs.

REVENUE BY GEOGRAPHICAL SEGMENTS:

Higher revenue from Singapore as compared to the previous year due to revenue from SSC which began operations in Q12019 offset by lower student headcount in the Group's education segment. Higher revenue from Malaysia arose from the hospital services segment.

14. **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Please refer to paragraph 8 and 13.

15. **A breakdown of sales as follows:-**

	2019	Group	2018	Change
	RM'000		RM'000	%
(a) Sales reported for first half year	253,548		233,041	9
(b) Operating profit after tax before deducting non-controlling interests reported for first half year	31,768		29,507	8
(c) Sales reported for second half year	255,855		234,556	9
(d) Operating profit after tax before deducting non-controlling interests reported for second half year	9,236		30,535	(70)

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16. **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-**

Final dividend proposed in respect of financial year ended 30 June 2019 will be Nil RM cents in cash per share (2018: 1.0 RM cents).

Interim dividend of RM 8,392,978 was paid on 1 March 2019.

17. **Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

None of the relatives of a Director or Chief Executive Officer or Substantial Shareholder of the Company was occupying a managerial position in the Company or any of its principal subsidiaries during FY2019.

18. **If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group has not obtained an IPT mandate from shareholders. It does not have any IPT (excluding transaction less than S\$100,000) for the twelve months ended 30 June 2019 that is disclosable under Rule 920(1)(a) (ii) of the SGX-ST Listing Manual.

19. **Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).**

The Company confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7 of the Mainboard Rules) under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Dr Gan See Khem
Executive Chairman and Managing Director
19 August 2019

APPENDIX H – VALUATION REPORTS

This Appendix H sets out extracts or certificates of the Valuation Reports in respect of the Subject Properties, as set out in the list below. The Valuation Reports of the respective Subject Properties are available for inspection during normal business hours at the registered office of the Company from the date of this Scheme Document up until the Effective Date.

List of Subject Properties

	Subject Properties	Address	Country	HMI Valuers
1	Farrer Square Medical Suites	12 Farrer Park Station Road, #01-05 to #01-09, #05-01 to #05-06, #06-01 to #06-06, #07-01 to #07-06, #08-01 to #08-06, #09-01 to #09-06	Singapore	Knight Frank Pte. Ltd.
2	Mahkota Medical Centre	Lot 1340, Kawasan Bandar XLII, Daerah Melaka Tengah, Negeri Malaka	Malaysia	Henry Butcher Malaysia (Malacca) Sdn. Bhd.
3	Mahkota Medical Centre Carpark 1	Lot 1349, Kawasan Bandar XLII, Daerah Melaka Tengah, Negeri Malaka	Malaysia	Henry Butcher Malaysia (Malacca) Sdn. Bhd.
4	Mahkota Medical Centre Carpark 2	Lot 1344, Kawasan Bandar XLII, Daerah Melaka Tengah, Negeri Malaka	Malaysia	Henry Butcher Malaysia (Malacca) Sdn. Bhd.
5	Regency Specialist Hospital	HS(D) 239043, PTD 111517, Mukim Plentong, Daerah, Johor Bahru, Negeri Johor	Malaysia	C H Williams Talhar & Wong Sdn Bhd

APPENDIX H – VALUATION REPORTS



Valuation certificate

- Properties** : 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 and #09-01 to 06 (total 35 units) "Farrer Square" Singapore 217565
- Instructing party/
Relying party** : Health Management International Ltd
7 Temasek Boulevard
#12-10 Suntec Tower One
Singapore 038987
- Purpose of valuation** : For inclusion in the Scheme Document in connection with the 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.
- Legal description** : Strata Lot Nos. : U8953K, U8954N, U8955X, U8956L, U8957C, U8958M, U8966A, U8973L, U8980V, U8987L, U8994V, U8959W, U8967K, U8974C, U8981P, U8988C, U8995P, U8960C, U8968N, U8975M, U8982T, U8989M, U8996T, U8961M, U8969X, U8976W, U8983A, U8990L, U8997A, U8962W, U8970K, U8977V, U8984K, U8991C and U8998K
Town Subdivision : 18
- Note: Individual Subsidiary Strata Certificate of Title has yet to be issued.*
- Tenure** : Leasehold 99 years commencing 19 July 2012
(Balance of about 92.0 years as at 30 June 2019)
- Basis of valuation** : Market Value on existing use and individual unit sale
- Registered owner** : Starmed @ Farrer Square Pte. Ltd
- Master plan 2014** : "Hotel" with a gross plot ratio of 4.2
- Brief description** : "Farrer Square" is bounded by Farrer Park Station Road, Owen Road and Rangoon Road, and approximately 5.0 km from the City Centre. It is situated above the Farrer Park MRT station. The Property is comprised of 5 retail units on the 1st storey and 30 medical suites on the 6th to 9th storeys of "Farrer Square".

"Farrer Square" is a mixed development which is comprised of a 12-storey hotel tower (Park Hotel Farrer Park) and an 8-storey medical tower (accommodating a total of 42 strata-titled medical suites), situated above a 4-storey podium. The development is connected to "Connexion", an integrated complex with a specialist medical centre, a hospital, a hotel and a ground floor retail zone. The Temporary Occupation Permit was obtained on 18 April 2017. We understand that the subject medical suites were renovated at an approximate cost of S\$5.7 million in 2018.

- Occupancy** : Owner-occupied

Use	Unit Nos.	Strata Area (sm)
Retail	#01-05 to 09	471.0
Medical suites	#05-01 to 06, #06-01 to 06, #07-01 to 06, #08-01 to 06 and #09-01 to 06	1,809.0
Total		2,280.0

*Note: Strata area - Including void of 210.0 sm.
- Subject to final survey.*

- Valuation methodology** : Direct Comparison Method

- Valuation date** : 30 June 2019

- Market Value** : **S\$86,850,000/-**
(Singapore Dollars Eighty-Six Million Eight Hundred And Fifty Thousand Only)
This valuation is exclusive of GST.

- Assumptions, disclaimers, limitations & qualifications** : *This valuation certificate is provided subject to the assumptions, disclaimers, limitations and qualifications detailed throughout this certificate which are made in conjunction with those included within the General Terms of Business for Valuations located at the end of this certificate. Reliance on this certificate and extension of our liability is conditional upon the reader's acknowledgement and understanding of these statements. Use by, or reliance upon this document for any other purpose if not authorised, Knight Frank Pte Ltd is not liable for any loss whatsoever arising from such unauthorised use or reliance. The document should not be reproduced without our written authority. The valuers have no pecuniary interest that would conflict with the proper valuation of the Property.*

- Prepared by** : Knight Frank Pte Ltd


Low Kin Hon
B.Sc.(Estate Management) Hons., FSISV
Deputy Group Managing Director
Herad, Valuation & Advisory
Appraiser's Licence No. AD 041-20037521
For and on behalf of Knight Frank Pte Ltd

KF Ref: 1623/V/321/19/PK/sl
Date of issue: 17 September 2019

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Appendix 1 - Schedule of legal description/strata area

Unit No.	Town Subdivision 18 Strata Lot No.	Strata Area (sm)
#01-05	U8953K	55.0 (including void of 27.0)
#01-06	U8954N	113.0 (including void of 51.0)
#01-07	U8955X	89.0 (including void of 33.0)
#01-08	U8956L	121.0 (including void of 58.0)
#01-09	U8957C	93.0 (including void of 41.0)
#05-01	U8958M	49.0
#05-02	U8966A	70.0
#05-03	U8973L	58.0
#05-04	U8980V	59.0
#05-05	U8987L	58.0
#05-06	U8994V	67.0
#06-01	U8959W	49.0
#06-02	U8967K	70.0
#06-03	U8974C	58.0
#06-04	U8981P	59.0
#06-05	U8988C	58.0
#06-06	U8995P	68.0
#07-01	U8960C	49.0
#07-02	U8968N	70.0
#07-03	U8975M	58.0
#07-04	U8982T	59.0
#07-05	U8989M	58.0
#07-06	U8996T	68.0
#08-01	U8961M	49.0
#08-02	U8969X	70.0
#08-03	U8976W	58.0
#08-04	U8983A	59.0
#08-05	U8990L	58.0
#08-06	U8997A	68.0
#09-01	U8962W	49.0
#09-02	U8970K	70.0
#09-03	U8977V	58.0
#09-04	U8984K	59.0
#09-05	U8991C	58.0
#09-06	U8998K	68.0
Total		2,280.0 (including void area of 210.0)

Notes:

1. Strata area - As provided and subject to final survey.

2. Individual Subsidiary Strata Certificate of Title has yet to be issued.

APPENDIX H – VALUATION REPORTS



General Terms of Business for Valuations

These General Terms of Business and our Terms of Engagement letter together form the agreement between us ("Agreement"). The following General Terms of Business apply to all valuations and appraisals undertaken by Knight Frank Pte Ltd unless specifically agreed otherwise in the Terms of Engagement letter and so stated within the main body of the valuation report and/or certificate.

1. Knight Frank Pte Ltd ("the company")

Knight Frank Pte Ltd is a privately owned company with registration number 198205243Z. Any work done by an individual is in the capacity as an employee of the Company.

Our GST registration number is M2-0058829-X.

2. Limitations on Liability

The Valuer's responsibility in connection with this valuation report and/or certificate is limited to the party to whom the valuation report and/or certificate is addressed for the stated purpose. The Valuer disclaims all responsibility and will accept no liability to any third party for the whole or any part of its contents saved on the basis of written and agreed instructions; this will incur an additional fee.

Our maximum total liability for any direct loss or damage whether caused by our negligence or breach of contract or otherwise is limited to the lower of S\$1 million or 3 times Knight Frank Pte Ltd's fee under the instruction.

We do not accept liability for any indirect or consequential loss (such as loss of profits).

3. Disclosure and Publication

If our opinion of value is disclosed to persons other than the addressees of our valuation report and/or certificate, the basis of valuation should be stated. Reproduction of this valuation report and/or certificate in any manner whatsoever in whole or in part or any reference to it in any published document, circular or statement nor published in any way whatsoever whether in hard copy or electronically (including on any websites) without the Valuer's prior written approval of the form and context in which may appear is prohibited.

4. Our Fees

If any invoice remains unpaid after the date on which it is due to be paid, we reserve the right to charge interest, calculated daily, from the date when payment was due until payment is made at 1.5% per month. If we should find it necessary to use legal representatives or collection agents to recover monies due, you will be required to pay all costs and disbursements so incurred.

If before the valuation is concluded :-

- (a) you end this instruction, we will charge abortive fees; or
- (b) you delay the instruction by more than [1] month or materially alter the instruction so that additional work is required at any stage we will charge additional fees.

And in each case such fees will be calculated on the basis of reasonable time and expenses incurred.

Where the valuation is for loan security purposes, and we agree to accept payment of our fee from the borrower, the fee remains due from yourselves until payment is received by us. Additionally, payment of our fee is not conditional upon the loan being drawn down or any conditions of the loan being met.

5. Valuation Standards

Valuations and appraisals will be carried out in accordance with the Singapore Institute of Surveyors and Valuers (SISV) Valuation Standards and Practice Guidelines and International Valuation Standards (IVS), and all codes, standards and requirements of professionalism will be met.

6. Valuation Basis

Valuations and appraisals are carried out on a basis appropriate to the purpose for which they are intended and in accordance with the relevant definitions, commentary and assumptions outlined in the valuation report and/or certificate. The basis of valuation will be agreed with you for the instruction.

The opinion expressed in this valuation report and/or certificate is made strictly in accordance with the terms and for the purpose expressed therein and the values assessed and any allocation of values between portions of the property need not be applicable in relation to some other assessment.

7. Titles and Burdens

We do not read documents of title although, where provided, we consider and take account of matters referred to in solicitor's reports or certificates of title. We would normally assume, unless specifically informed and stated otherwise, that each property has good and marketable title and that all documentation is satisfactorily drawn and that there are no unusual outgoing, planning proposals, onerous restrictions or regulatory intentions which affect the property, nor any material litigation pending.

All liens and encumbrances, if any, affecting the property have been disregarded unless otherwise stated and it is assumed that the current use of the property is not in contravention of any planning or other governmental regulation or law.

The Valuer does not warrant to the party to whom the valuation report and/or certificate is addressed and any other person the title or the rights of any person with regard to the property.

8. Disposal Costs and Liabilities

No allowance is made in our valuation for expenses of realisation or for taxation which may arise in the event of a disposal and our valuation is expressed as exclusive of any GST that may become chargeable. Properties are valued disregarding any mortgages or other charges.

9. Sources of Information

We rely upon the information provided to us, by the sources listed, as to details of tenure and tenancies (subject to "leases" below), planning consents and other relevant matters, as summarised in our valuation report and/or certificate. We do not check with the relevant government departments or other appropriate authorities on the legality of the structures, approved gross floor area or other information provided to us. We assume that this information is complete and correct and the Valuer shall not be held responsible or liable if this should prove not to be so.

Unless otherwise stated, all information has been obtained by our search of records and examination of documents or by enquiry from Government departments or other appropriate authorities. When it is stated in this valuation report and/or certificate that information has been supplied to the Valuer by another party, this information is believed to be reliable and the Valuer shall not be held responsible or liable if this should prove not to be so.

APPENDIX H – VALUATION REPORTS



10. Boundaries

Plans accompanying valuation report are for identification purposes and should not be relied upon to define boundaries, title or easements. The extent of the site is outlined in accordance with information given to us and/or our understanding of the boundaries.

11. Planning and Other Statutory Regulations

Enquiries of the relevant planning authorities in respect of matters affecting the property, where considered appropriate, are normally only obtained verbally and this information is given to us, and accepted by us, on the basis that it should not be relied upon. Where reassurance is required on planning matters, we recommend that formal written enquiries should be undertaken by the client's solicitors who should also confirm the position with regard to any legal matters referred to in our report. We assume that properties have been constructed, or are being constructed, and are occupied or used in accordance with the appropriate consents and that there are no outstanding statutory notices.

12. Property Insurance

Our valuation assumes that the property would, in all respects, be insurable against all usual risks at normal, commercially acceptable premiums.

13. Building Areas and Age

Where so instructed, areas provided from a quoted source will be relied upon. Where the age of the building is estimated, this is for guidance only.

14. Structural Condition

Building structural and ground condition surveys are detailed investigations of the building, the structure, technical services and ground and soil conditions undertaken by specialist building surveyors or engineers and fall outside the normal remit of a valuation. Since we will not have carried out any of these investigations, except where separately instructed to do so, we are unable to report that the property is free of any structural fault, rot, infestation or defects of any other nature, including inherent weaknesses due to the use in construction of deleterious materials. We do reflect the contents of any building survey report referred to us or any defects or items of disrepair of which we are advised or which we note during the course of our valuation inspections but otherwise assume properties to be free from defect.

15. Ground Conditions

We assume there to be no unidentified adverse ground or soil conditions and that the load bearing qualities of the sites of each property are sufficient to support the building constructed or to be constructed thereon.

16. Environmental Issues

Investigations into environmental matters would usually be commissioned of suitably qualified environmental specialists by most responsible purchasers of higher value properties or where there was any reason to suspect contamination or a potential future liability. Furthermore, such investigation would be pursued to the point at which any inherent risk was identified and quantified before a purchase proceeded. Anyone averse to risk is strongly recommended to have a property environmental investigation undertaken and, besides, a favourable report may be of assistance to any future sale of the property. Where we are provided with the conclusive results of such investigations, on which we are instructed to rely, these will be reflected in our valuations with reference to the source and nature of the enquiries. We would endeavour to point out any obvious indications or occurrences known to us of harmful contamination encountered during the course of our valuation enquiries.

We are not, however, environmental specialists and therefore we do not carry out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor do we undertake searches of public archives to seek evidence of past activities which might identify potential for contamination. In the absence of appropriate investigations and where there is no apparent reason to suspect potential for contamination, our valuation will be on the assumption that the property is unaffected.

17. Leases

The client should confirm to us in writing if they require us to read leases. Where we do read leases reliance must not be placed on our interpretation of these documents without reference to solicitors, particularly where purchase or lending against the security of a property is involved.

18. Covenant

We reflect our general appreciation of potential purchasers' likely perceptions of the financial status of tenants. We do not, however, carry out detailed investigations as to the financial standing of the tenants, except where specifically instructed, and assume, unless informed otherwise, that in all cases there are no significant arrears of payment and that they are capable of meeting their obligations under the terms of leases and agreements.

19. Loan Security

Where instructed to comment on the suitability of property as a loan security we are only able to comment on any inherent property risk. Determination of the degree and adequacy of capital and income cover for loans is the responsibility of the lender having regard to the terms of the loan.

20. Build Cost Information

Where our instruction requires us to have regard to build cost information, for example in the valuation of properties with development potential, we strongly recommend that you supply us with build cost and other relevant information prepared by a suitably qualified construction cost professional, such as a quantity surveyor. We do not hold ourselves out to have expertise in assessing build costs and any property valuation advice provided by us will be stated to have been arrived at in reliance upon the build cost information supplied to us by you. In the absence of any build cost information supplied to us, we may have regard to published build cost information. There are severe limitations on the accuracy of build costs applied by this approach and professional advice on the build costs should be sought by you. The reliance which can be placed upon our advice in these circumstances is severely restricted. If you subsequently obtain specialist build cost advice, we recommend that we are instructed to review our advice.

21. Reinstatement Assessments

A reinstatement assessment for insurance purposes is a specialist service and we recommend that separate instructions are issued for this specific purpose. If advice is required as a check against the adequacy of existing cover this should be specified as part of the initial instruction. Any indication given is provided only for guidance and must not be relied upon as the basis for insurance cover. Our reinstatement assessment should be compared with the owner's and if there is a material difference, then a full reinstatement valuation should be considered.

22. Attendance in Court

The Valuer is not obliged to give testimony or to appear in Court with regard to this valuation report and/or certificate, with reference to the property unless specific arrangement has been made therefor.

APPENDIX H – VALUATION REPORTS

Summary Of Report And Valuation

1. Client : M/S Mahkota Medical Centre Sdn. Bhd.
2. Your Ref No. : -
3. Purpose of Valuation : Internal Management.
4. Land Title Details : Hakmilik Strata No. Berdaftar : Pajakan Negeri 26005/M1/B1, Di Luar Bangunan M1 & 1 Hingga 11/1, No. Petak 1, No. Tingkat B1, Di Luar Bangunan M1 & 1 Hingga 11, Bangunan No. M1 With A Parcel Area Of 3,862 Sq. Meters And Another 56 Individual Strata Titles Erected On Master Lot 1340, Pajakan Negeri 26005, Kawasan Bandar XLII, Daerah Melaka Tengah, Negeri Melaka.
5. Encumbrances : Nil.
6. Postal Address : No. 3, Mahkota Melaka, Jalan Merdeka, 75000 Melaka.
7. Type Of Property : Part Of A 10-Storey Medical Centre Together With A Basement Floor And A Roof Level.
8. Total Parcel Area : 23,234 sq. meters
9. Tenure of Property : 99-year State Lease expiring on 18 July 2101.
10. Market Value : RM124,620,000.00
11. Date Of Valuation : 15 June 2019

APPENDIX H – VALUATION REPORTS



HENRY BUTCHER MALAYSIA

International Asset Consultants

Our Ref. No. : M/V19/21266/C

6 September 2019

M/S Mahkota Medical Centre Sdn. Bhd.
3, Mahkota Melaka,
Jalan Merdeka,
75000 Melaka.

Dear Sir,

REPORT AND VALUATION ON HAKMILIK STRATA NO. BERDAFTAR : PAJAKAN NEGERI 26005/M1/B1, DI LUAR BANGUNAN M1 & 1 HINGGA 11/1, NO. PETAK 1, NO. TINGKAT B1, DI LUAR BANGUNAN M1 & 1 HINGGA 11, BANGUNAN NO. M1 WITH A PARCEL AREA OF 3,862 SQ. METERS AND ANOTHER 56 INDIVIDUAL STRATA TITLES ERRECTED ON MASTER LOT 1340, PAJAKAN NEGERI 26005, KAWASAN BANDAR XLII, DAERAH MELAKA TENGAH, NEGERI MELAKA COMPRISING PART OF A 10-STOREY MEDICAL CENTRE TOGETHER WITH A BASEMENT FLOOR AND A ROOF LEVEL KNOWN AS MAHKOTA MEDICAL CENTRE, MELAKA AND BEARING THE POSTAL ADDRESS OF NO. 3, MAHKOTA MELAKA, JALAN MERDEKA, 75000 MELAKA.

THE AFORESAID 56 INDIVIDUAL STRATA TITLES ARE LISTED AS FOLLOWS :-

(I)	PAJAKAN NEGERI 26005/M1/1/2; PARCEL AREA : 1,045 SQ. METERS
(II)	PAJAKAN NEGERI 26005/M1/1/3; PARCEL AREA : 239 SQ. METERS
(III)	PAJAKAN NEGERI 26005/M1/1/4; PARCEL AREA : 481 SQ. METERS
(IV)	PAJAKAN NEGERI 26005/M1/1/5; PARCEL AREA : 72 SQ. METERS
(V)	PAJAKAN NEGERI 26005/M1/1/6; PARCEL AREA : 511 SQ. METERS
(VI)	PAJAKAN NEGERI 26005/M1/1/7; PARCEL AREA : 888 SQ. METERS
(VII)	PAJAKAN NEGERI 26005/M1/1/8; PARCEL AREA : 23 SQ. METERS
(VIII)	PAJAKAN NEGERI 26005/M1/2/11; PARCEL AREA : 84 SQ. METERS
(IX)	PAJAKAN NEGERI 26005/M1/2/13; PARCEL AREA : 87 SQ. METERS
(X)	PAJAKAN NEGERI 26005/M1/2/14; PARCEL AREA : 83 SQ. METERS
(XI)	PAJAKAN NEGERI 26005/M1/2/15; PARCEL AREA : 550 SQ. METERS
(XII)	PAJAKAN NEGERI 26005/M1/2/16; PARCEL AREA : 395 SQ. METERS
(XIII)	PAJAKAN NEGERI 26005/M1/2/18; PARCEL AREA : 30 SQ. METERS
(XIV)	PAJAKAN NEGERI 26005/M1/2/19; PARCEL AREA : 1,692 SQ. METERS
(XV)	PAJAKAN NEGERI 26005/M1/3/20; PARCEL AREA : 914 SQ. METERS
(XVI)	PAJAKAN NEGERI 26005/M1/3/21; PARCEL AREA : 97 SQ. METERS
(XVII)	PAJAKAN NEGERI 26005/M1/3/22; PARCEL AREA : 34 SQ. METERS
(XVIII)	PAJAKAN NEGERI 26005/M1/3/27; PARCEL AREA : 77 SQ. METERS
(XIX)	PAJAKAN NEGERI 26005/M1/3/28; PARCEL AREA : 80 SQ. METERS
(XX)	PAJAKAN NEGERI 26005/M1/3/32; PARCEL AREA : 56 SQ. METERS
(XXI)	PAJAKAN NEGERI 26005/M1/3/33; PARCEL AREA : 56 SQ. METERS
(XXII)	PAJAKAN NEGERI 26005/M1/4/34; PARCEL AREA : 80 SQ. METERS
(XXIII)	PAJAKAN NEGERI 26005/M1/4/48; PARCEL AREA : 60 SQ. METERS
(XXIV)	PAJAKAN NEGERI 26005/M1/4/49; PARCEL AREA : 61 SQ. METERS
(XXV)	PAJAKAN NEGERI 26005/M1/4/50; PARCEL AREA : 82 SQ. METERS
(XXVI)	PAJAKAN NEGERI 26005/M1/4/51; PARCEL AREA : 39 SQ. METERS
(XXVII)	PAJAKAN NEGERI 26005/M1/4/54; PARCEL AREA : 53 SQ. METERS
(XXVIII)	PAJAKAN NEGERI 26005/M1/4/55; PARCEL AREA : 75 SQ. METERS
(XXIX)	PAJAKAN NEGERI 26005/M1/4/56; PARCEL AREA : 78 SQ. METERS
(XXX)	PAJAKAN NEGERI 26005/M1/4/57; PARCEL AREA : 80 SQ. METERS

HENRY BUTCHER MALAYSIA (MALACCA) Sdn Bhd (246114-T)

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VE11/0079/2

APPENDIX H – VALUATION REPORTS

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(XXXI)	PAJAKAN NEGERI 26005/M1/4/58; PARCEL AREA : 42 SQ. METERS
(XXXII)	PAJAKAN NEGERI 26005/M1/4/62; PARCEL AREA : 43 SQ. METERS
(XXXIII)	PAJAKAN NEGERI 26005/M1/4/63; PARCEL AREA : 43 SQ. METERS
(XXXIV)	PAJAKAN NEGERI 26005/M1/5/64; PARCEL AREA : 54 SQ. METERS
(XXXV)	PAJAKAN NEGERI 26005/M1/5/65; PARCEL AREA : 53 SQ. METERS
(XXXVI)	PAJAKAN NEGERI 26005/M1/5/66; PARCEL AREA : 53 SQ. METERS
(XXXVII)	PAJAKAN NEGERI 26005/M1/5/67; PARCEL AREA : 53 SQ. METERS
(XXXVIII)	PAJAKAN NEGERI 26005/M1/5/68; PARCEL AREA : 53 SQ. METERS
(XXXIX)	PAJAKAN NEGERI 26005/M1/5/69; PARCEL AREA : 43 SQ. METERS
(XL)	PAJAKAN NEGERI 26005/M1/5/70; PARCEL AREA : 43 SQ. METERS
(XLI)	PAJAKAN NEGERI 26005/M1/5/71; PARCEL AREA : 55 SQ. METERS
(XLII)	PAJAKAN NEGERI 26005/M1/5/72; PARCEL AREA : 53 SQ. METERS
(XLIII)	PAJAKAN NEGERI 26005/M1/5/73; PARCEL AREA : 54 SQ. METERS
(XLIV)	PAJAKAN NEGERI 26005/M1/5/74; PARCEL AREA : 47 SQ. METERS
(XLV)	PAJAKAN NEGERI 26005/M1/5/75; PARCEL AREA : 125 SQ. METERS
(XLVI)	PAJAKAN NEGERI 26005/M1/5/76; PARCEL AREA : 43 SQ. METERS
(XLVII)	PAJAKAN NEGERI 26005/M1/5/78; PARCEL AREA : 31 SQ. METERS
(XLVIII)	PAJAKAN NEGERI 26005/M1/5/79; PARCEL AREA : 55 SQ. METERS
(XLIX)	PAJAKAN NEGERI 26005/M1/5/83; PARCEL AREA : 54 SQ. METERS
(L)	PAJAKAN NEGERI 26005/M1/5/84; PARCEL AREA : 74 SQ. METERS
(LI)	PAJAKAN NEGERI 26005/M1/5/87; PARCEL AREA : 53 SQ. METERS
(LII)	PAJAKAN NEGERI 26005/M1/6/92 PARCEL AREA : 2,067 SQ. METERS
(LIII)	PAJAKAN NEGERI 26005/M1/7/93; PARCEL AREA : 2,067 SQ. METERS
(LIV)	PAJAKAN NEGERI 26005/M1/8/94; PARCEL AREA : 2,001 SQ. METERS
(LV)	PAJAKAN NEGERI 26005/M1/9/95; PARCEL AREA : 2,001 SQ. METERS
(LVI)	PAJAKAN NEGERI 26005/M1/10/96; PARCEL AREA : 2,010 SQ. METERS

ALL IN KAWASAN BANDAR XLII, BANDAR MELAKA, DISTRICT OF MELAKA TENGAH, STATE OF MELAKA.

We thank you for your instructions to advise on the **Market Value** of the above-mentioned properties hereinafter referred to as the "subject property" for internal management purpose. The subject property is shown in the attached plans and is more fully described in the body of the Report.

The subject property was inspected on 3 September 2019. However, the date of valuation as instructed is taken to be 15 June 2019. This Report and Valuation contain an analysis of the available data. We are of the considered opinion that the **Market Value** of the unencumbered leasehold interest in the subject property is **RM124,620,000.00** (Malaysian Ringgit : One Hundred Twenty Four Million Six Hundred Twenty Thousand Only).

We would also draw your attention to the Limiting Conditions in this Report governing its use and applications. Please do not hesitate to contact us if you require any further information or assistance.

Yours faithfully,
HENRY BUTCHER MALAYSIA (MALACCA) SDN. BHD.


SR. LIM CHOW WAH, MRISM
Registered Valuer (V-332)



APPENDIX H – VALUATION REPORTS

M/V19/21266/C

1. TERMS OF REFERENCE

We have been instructed by **M/S Mahkota Medical Centre Sdn. Bhd.** to ascertain the **Market Value** of the subject property for internal management purpose.

Our valuation relies on physical site inspection, title search, market investigations and other information made available to us by our client. The information is assumed to be correct for the purpose of this valuation exercise.

This report is confidential to our client for the specific purpose to which it refers. The opinion of value expressed in this report should be used for the purpose of this report only. We are not responsible for any consequences arising from the valuation being quoted out of context.

APPENDIX H – VALUATION REPORTS

M/V19/21266/C

2. THE SUBJECT PROPERTY

The subject property is identified as Hakmilik Strata No. Berdaftar : Pajakan Negeri 26005/M1/B1, Di Luar Bangunan M1 & 1 Hingga 11/1, No. Petak 1, No. Tingkat B1, Di Luar Bangunan M1 & 1 Hingga 11, Bangunan No. M1 with a parcel area of 3,862 sq. meters and another 56 individual strata titles which are erected on Master Lot 1340, Pajakan Negeri 26005, Kawasan Bandar XLII, Bandar Melaka, Daerah Melaka Tengah, Negeri Melaka.

The subject property comprises part of a 10-storey medical centre together with a basement floor and a roof level known as Mahkota Medical Centre, Melaka.

3. **DATE OF VALUATION** The subject property was inspected on 3 September 2019. However, the date of valuation for the above exercise as instructed by our client is taken to be 15 June 2019.

4. **DEFINITION** The definition of Market Value adopted in Malaysian Valuation Standards Sixth Edition 2018 issued by the Board of Valuers, Appraisers, Estate Agent And Property Managers (BOAVEAPM) follows the International Valuation Standards 2017 published by the International Valuation Standard Council (IVSC). “**Market Value**” is defined as “the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and willing seller in an arm’s length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion”.

APPENDIX H – VALUATION REPORTS

M/V19/21266/C

5. **QUALIFICATION AND DISCLAIMERS**

The Valuer has no pecuniary interest in the said property past, present or prospective, and the opinion expressed is free of any bias in this regard.

This valuation has been made in conformity with the Malaysian Valuation Standards laid down by the Board of Valuers, Appraisers and Estate Agents, Malaysia.

Any encumbrance, restriction or other factor not specifically referred to in this report, which is or should be revealed by the appropriate land and title searches and which would, in the opinion of the client's solicitor, affect the value or marketability of the property should be referred to the Valuer for comment before any advancement is made.

This Valuation represents our opinion of value as at the date of valuation. It must be recognized that the real estate market fluctuates with internal and external influences and the valuation should be reviewed at regular intervals.

APPENDIX H – VALUATION REPORTS

Summary Of Report And Valuation

1. Client : M/S Mahkota Medical Centre Sdn. Bhd.
2. Your Ref No. : -
3. Purpose of Valuation : Internal Management.
4. Land Title Details : Lot 1344, PN 26007, Kawasan Bandar XLII, Daerah Melaka Tengah, Negeri Melaka.
5. Encumbrances : The land title had been charged to OCBC Bank (Malaysia) Berhad, No. Syarikat : 295400-W vide Presentation No. 0400SC2009004600 registered on 27 April 2009.
(Suratkuasa Wakil : 0400SW2004000178)
6. Postal Address : -
7. Type Of Property : A piece of converted vacant commercial land.
8. Land Area : 10,766 sq. meters
9. Tenure of Property : 99-year State Lease expiring on 18 July 2101.
10. Market Value : RM19,120,000.00
11. Date Of Valuation : 15 June 2019

APPENDIX H – VALUATION REPORTS



HENRY BUTCHER MALAYSIA

International Asset Consultants

Your Ref. No. : -

Our Ref. No. : M/V19/21267/C

5 September 2019

M/S Mahkota Medical Centre Sdn. Bhd.
No. 3, Mahkota Melaka,
Jalan Merdeka.

Dear Sir,

**REPORT AND VALUATION ON LOT 1344, PN 26007, KAWASAN BANDAR XLII,
DAERAH MELAKA TENGAH, NEGERI MELAKA.**

We thank you for your instructions to prepare a full Report and Valuation on the above-mentioned property hereinafter referred to as the “subject property” for internal management purpose. The subject property is shown in the attached plans and is more fully described in the body of the report.

The subject property was inspected on 30 August 2019. However, the date of valuation as instructed is taken to be 15 June 2019. This Report and Valuation contain an analysis of the available data. We are of the considered opinion that the **Market Value** of the unencumbered leasehold interest in the subject property with the benefit of vacant possession is **RM19,120,000.00** (Malaysian Ringgit : Nineteen Million One Hundred Twenty Thousand Only).

We would also draw your attention to the Limiting Conditions in this Report governing its use and applications. Please do not hesitate to contact us if you require any further information or assistance.

Yours faithfully,

HENRY BUTCHER MALAYSIA (MALACCA) SDN. BHD.

SR. LIM CHOW WAH, MRISM
Registered Valuer (V-332)



HENRY BUTCHER MALAYSIA (MALACCA) Sdn Bhd (246114-T)

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APPENDIX H – VALUATION REPORTS

M/V19/21267/C

1. TERMS OF REFERENCE

We have been instructed by **M/S Mahkota Medical Centre Sdn. Bhd.** to ascertain the **Market Value** of the subject property for internal management purpose.

Our valuation relies on physical site inspection, market investigation and other information made available to us by our client. The information is assumed to be correct for the purpose of this valuation exercise.

This report is confidential to our client for the specific purpose to which it refers. The opinion of value expressed in this report should be used for the purpose of this report only. We are not responsible for any consequences arising from the valuation being quoted out of context.

2. DATE OF VALUATION

The subject property was inspected on 30 August 2019. However, the date of valuation for the above exercise as instructed by our client is taken to be 15 June 2019.

APPENDIX H – VALUATION REPORTS

M/V19/21267/C

3. DEFINITION

The definition of Market Value adopted in Malaysian Valuation Standards Sixth Edition 2018 issued by the Board of Valuers, Appraisers, Estate Agent And Property Managers (BOAVEAPM) follows the International Valuation Standards 2017 published by the International Valuation Standard Council (IVSC). “**Market Value**” is defined as “the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and willing seller in an arm’s length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion”.

APPENDIX H – VALUATION REPORTS

M/V19/21267/C

4. QUALIFICATIONS AND DISCLAIMERS

The Valuer has no pecuniary interest in the said property past, present or prospective, and the opinion expressed is free of any bias in this regard.

This Valuation has been made in conformity with the Malaysian Valuation Standard laid down by the Board of Valuers, Appraisers, Estate Agents and Property Managers, Malaysia.

Any encumbrance, restriction or other factor not specifically referred to in this report, which is or should be revealed by the appropriate land and title searches and which would, in the opinion of the client's solicitor, affect the value or marketability of the property, should be referred to the valuer for comment before any advancement is made.

This Valuation represents our opinion of value as at the date of the valuation. It must be recognised that the real estate market fluctuates with internal and external influences and the valuation should be reviewed at regular intervals.

APPENDIX H – VALUATION REPORTS

Summary Of Report And Valuation

1. Client : M/S Mahkota Medical Centre Sdn. Bhd.
2. Your Ref No. : -
3. Purpose of Valuation : Internal Management.
4. Property Lot No. : Lot 1349, PN 48457 (formerly known as PT 835, HS(D) 63672), Kawasan Bandar XLII, Daerah Melaka Tengah, Negeri Melaka.
5. Encumbrances : Nil.
6. Postal Address : -
7. Type Of Property : A piece of converted vacant commercial land.
8. Built-up Areas : -
9. Tenure of Property : 95-year State Lease expiring on 15 November 2102.
10. Market Value : RM7,724,000.00
11. Date Of Valuation : 15 June 2019

APPENDIX H – VALUATION REPORTS



HENRY BUTCHER MALAYSIA

International Asset Consultants

Your Ref. No. : -

Our Ref. No. : M/V19/21265/C

30 August 2019

M/S Mahkota Medical Centre Sdn. Bhd.
No. 3, Mahkota Melaka,
Jalan Merdeka.

Dear Sir,

REPORT AND VALUATION ON LOT 1349, PN 48457 (FORMERLY KNOWN AS PT 835, HS(D) 63672), KAWASAN BANDAR XLII, DAERAH MELAKA TENGAH, NEGERI MELAKA.

We thank you for your instructions to prepare a full Report and Valuation on the above-mentioned property hereinafter referred to as the “subject property” for internal management purpose. The subject property is shown in the attached plans and is more fully described in the body of the report.

The subject property was inspected on 30 August 2019. However, the date of valuation as instructed is taken to be 15 June 2019. This Report and Valuation contain an analysis of the available data. We are of the considered opinion that the **Market Value** of the unencumbered leasehold interest in the subject property with the benefit of vacant possession is **RM7,724,000.00** (Malaysian Ringgit : Seven Million Seven Hundred Twenty Four Thousand Only).

We would also draw your attention to the Limiting Conditions in this Report governing its use and applications. Please do not hesitate to contact us if you require any further information or assistance.

Yours faithfully,

HENRY BUTCHER MALAYSIA (MALACCA) SDN. BHD.

SR. LIM CHOW WAH, MRISM
Registered Valuer (V-332)



HENRY BUTCHER MALAYSIA (MALACCA) Sdn Bhd (246114-T)

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APPENDIX H – VALUATION REPORTS

M/V19/21265/C

1. TERMS OF REFERENCE

We have been instructed by **M/S Mahkota Medical Centre Sdn. Bhd.** to ascertain the **Market Value** of the subject property for internal management purpose.

Our valuation relies on physical site inspection, market investigation and other information made available to us by our client. The information is assumed to be correct for the purpose of this valuation exercise.

This report is confidential to our client for the specific purpose to which it refers. The opinion of value expressed in this report should be used for the purpose of this report only. We are not responsible for any consequences arising from the valuation being quoted out of context.

2. DATE OF VALUATION

The subject property was inspected on 30 August 2019. However, the date of valuation for the above exercise as instructed by our client is taken to be 15 June 2019.

APPENDIX H – VALUATION REPORTS

M/V19/21265/C

3. DEFINITION

Our valuation of the subject property represents its Market Value. The definition of Market Value adopted in Malaysian Valuation Standards Sixth Edition 2018 issued by Board of Valuers, Appraisers, Estate Agent And Property Managers (BOAVEAPM) follows the International Valuation Standards 2017 published by the International Valuation Standard Council (IVSC). “**Market Value**” is defined as “the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and willing seller in an arm’s length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion”.

APPENDIX H – VALUATION REPORTS

M/V19/21265/C

4. QUALIFICATIONS AND DISCLAIMERS

The Valuer has no pecuniary interest in the said property past, present or prospective, and the opinion expressed is free of any bias in this regard.

This Valuation has been made in conformity with the Malaysian Valuation Standard laid down by the Board of Valuers, Appraisers, Estate Agents and Property Managers, Malaysia.

Any encumbrance, restriction or other factor not specifically referred to in this report, which is or should be revealed by the appropriate land and title searches and which would, in the opinion of the client's solicitor, affect the value or marketability of the property, should be referred to the valuer for comment before any advancement is made.

This Valuation represents our opinion of value as at the date of the valuation. It must be recognised that the real estate market fluctuates with internal and external influences and the valuation should be reviewed at regular intervals.

APPENDIX H – VALUATION REPORTS



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Report and Valuation

Our Ref : WTW/04/V/007961/19/JTZ

13 September 2019

PRIVATE & CONFIDENTIAL

The Board of Directors
HEALTH MANAGEMENT INTERNATIONAL LIMITED
7 Temasek Boulevard #12-10
Suntec Tower One
Singapore 038987

Dear Sirs

Valuation of
Lot No. PTD 111517, Mukim of Plentong
District of Johor Bahru, Johor, MALAYSIA
[“Regency Specialist Hospital” or the “Subject Property”]

We refer to the instructions from Health Management International Limited (the “Company” or “HMI”) for us to assess the market value of the Subject Property for the purpose of submission to the Singapore Exchange Limited (SGX) and inclusion in the Scheme Document in connection with the proposed acquisition by PanAsia Health Limited (the “Offeror”) of all the issued ordinary shares in the capital of HMI by way of a scheme of arrangement (the “Scheme”).

We confirm that we have carried out a site inspection on 5 September 2019, by Mr Lo Kin Weng and Mr Joel Teo Zhili, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property as at 5 September 2019.

Valuation Basis and Assumptions

The valuation has been prepared in accordance with the requirements as set out in the Malaysian Valuation Standards (“MVS”) issued by the Board of Valuers, Appraisers, Estate Agents and Property Managers, Malaysia (“BOVEAP”) and other established valuation manuals and standards such as the International Valuation Standards (“IVS”) published by the International Valuation Standards Council (“IVSC”) and the RICS Valuation - Global Standards 2017 (the “Red Book”) published by Royal Institution of Chartered Surveyors (“RICS”).

The basis of the valuation is Market Value which is defined by the MVS and IVS to be “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”.

Our valuation has been made on the assumption that the owner sells the Subject Property on the open market in its existing state and without the benefit of a deferred terms contract, joint venture, or any similar arrangement which would affect the value of the Subject Property.

No allowances are made in our valuation for any charges, pledges or amounts owing on the Subject Property nor any expense of realisation or for taxation which may be arise in the event of a disposal, deemed or otherwise. We have considered the Subject Property as if free and clear of all charges, lien and all other encumbrances which may be secured thereon. We also assume the Subject Property is free of statutory notices and outgoings.

APPENDIX H – VALUATION REPORTS



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Source of Information

Where applicable, information as to title particulars, site area and tenure are obtained from searches carried out at Registry of Land and Mines, Johor, Malaysia. We have also relied to a very considerable extent on information provided to us by our client.

Dimensions, measurements and areas included in the valuation report are based on the information provided to us and are therefore only approximations. All information provided is treated as true and accurate and we accept no responsibility for subsequent changes in information and reserves the right to change our opinion of value if any other information provided were to materially change.

Confidentiality and Disclaimers

This letter and Valuation Certificate may only be relied upon by HMI for purpose of inclusion in the Scheme Document. This confidential document is for the sole use of persons directly provided with it by us. No liability can be accepted by us for any loss arising from any unauthorised use or reliance of this document.

Valuation Rationale

In arriving at the market value of the Subject Property, we have considered relevant general and economic factors and in particular have investigated recent sales transactions of comparable properties that have occurred in the Johor's property market.

We have adopted the Cost Approach in undertaking our assessment for the Subject Property due to the special nature of buildings where there is no readily identifiable comparable market transactions and the building cannot be valued by comparable market transactions.

In essence, the Cost Approach entails separate valuations of the land and buildings to arrive at the market value of the Subject Property.

The land is valued by reference to transactions of similar lands in the surrounding with adjustments made for differences in location, terrain, size and shape of the land, tenure, title restrictions, if any and other relevant characteristics.

The buildings are valued by reference to their depreciated replacement cost. The depreciated replacement cost of the building is derived from the estimation of reconstructing a new building of similar structure and design based on current market prices for materials, labour and present construction techniques and deducting therefrom the accrued depreciation due to use and disrepair, age and obsolescence through technological and market changes.

The land and building values are then summated to arrive at the market value for the Subject Property.

Cost Approach is the common method as it can be applied to wide range of assets. It is based on the economic theory of substitution - that a buyer will pay no more for the subject property than the cost of acquiring an asset of equal utility, whether by purchase or by construction. It is also based on the principle of substitution, i.e. that unless undue time, inconvenience, risk or other factors are involved, the price that a buyer in the market would pay for the asset being valued would not be more than the cost to construct an equivalent asset.

APPENDIX H – VALUATION REPORTS



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Valuer's Interest

We affirm that the valuers are authorised under law to practice as valuers and have at least 5 years continuous experience in valuation and do not have a pecuniary interest that could conflict with the proper valuation of the Subject Property.

The key details and valuation of the Subject Property are detailed in the Valuation Certificate attached overleaf.

Yours faithfully
for and on behalf of
C H Williams Talhar & Wong Sdn Bhd

A handwritten signature in black ink, appearing to read 'LO KIN WENG', written over a circular stamp.

Sr LO KIN WENG
B. (Hons) Estate Management, MRISM
BOVEAP Registration No. V-917
RICS Registration No. 6524403
Associate Director

APPENDIX H – VALUATION REPORTS



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Valuation Certificate

Subject Property : Regency Specialist Hospital
No. 1, Jalan Suria
Bandar Seri Alam
81750 Masai, Johor
MALAYSIA

Client : Health Management International Limited

Purpose : 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



Legal Description : PTD 111517 [HSD 239043]
Mukim of Plentong
District of Johor Bahru, Johor

Interest Valued : Freehold / Term In Perpetuity

Basis of Valuation : Market Value by disregarded the going concern assumption

Registered Proprietor : Regency Specialist Hospital Sdn Bhd

Land Area : 38,425.7327 square metres (413,610 square feet)

Town Planning : Designated for Commercial Use

Brief Description : The Subject Property is a 5 multi-storey purpose-built hospital building with a lower ground level. Regency Specialist Hospital based in Johor, Malaysia and founded in 2009, is a reputable progressive tertiary care hospital locally and regionally with a current bed capacity of 218 and serving more than 145,000 patients annually through quality medical services at affordable rate.

Strategically located within Iskandar Malaysia in the growing township of Bandar Seri Alam, Johor, their patients have access to the advance specialty care from 60 full-time specialists from multidisciplinary fields of medical to surgical supported by advance medical and diagnostic facilities.

Gross Floor Area : 20,668.63 square metres (222,690 square feet)

No. of Car Park : 311 bays

Valuation Approach : Cost Approach

Date of Inspection : 5 September 2019

Date of Valuation : 5 September 2019

Market Value : RM105,000,000/-
(100% Interest) (Ringgit Malaysia : One Hundred And Five Million Only)

Assumptions,
Disclaimers,
Limitations &
Qualifications

This valuation certificate is provided subject to the assumptions, qualifications, limitations and disclaimers detailed throughout this certificate which are made in conjunction with those included within the Limiting Conditions located at the end of this certificate. Reliance on this certificate and extension of our liability is conditional upon the reader's acknowledgement and understanding of these statements. This valuation is for the use only of the party to whom it is addressed and for no other purpose. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of this valuation. The valuer has no pecuniary interest that would conflict with the proper valuation of the Subject Property.

Prepared by : C H Williams Talhar & Wong Sdn Bhd ("CBRE|WTW")

APPENDIX H – VALUATION REPORTS



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Limiting Conditions

These are limiting conditions upon which our Report and Valuation are normally prepared, unless specifically mentioned otherwise in the report.

1. **Malaysian Valuation Standards**
Our Report and Valuation is carried out in accordance with the Malaysian Valuation Standards published by the Board of Valuers, Appraisers, Estate Agents and Property Managers.
2. **Confidentiality**
This Report is confidential to the Client or to whom it is addressed and for the specific purpose to which it refers. It may only be disclosed to other professional advisors assisting the Client in respect of that purpose, but the Client shall not disclose the report to any other person.

Neither the whole, nor any part of the Valuation Report or Certificate or any reference thereto may be included in any published document, circular or statement nor published in any way without our prior written approval of the form and context in which it may appear.

We shall bear no responsibility nor be held liable to any part in any manner whatsoever in the event of any unauthorised publication of the Valuation Report, whether in part or in whole.

3. **Use of Report**
The opinion of value expressed in this Valuation Report shall only be used by the addressee for the purpose stated or intended in this Valuation Report. We are not responsible for any consequences arising from the Valuation Report being relied upon by any other party whatsoever or for any information therein being quoted out of context.
4. **Title Search**
Whenever possible, a private title search is conducted at the relevant Land Registry/Office but this is done to establish title particulars relevant to valuation only. Whilst we may have inspected the title of the property as recorded in the Register Document of Title, we cannot accept any responsibility for its legal validity or as the accuracy and timeliness of the information extracted or obtained from the relevant Land Registry/Office. Legal advice may be sought to verify the title details, if required.
5. **Town Planning and Other Statutory Enquiries**
We have obtained only verbal town planning information from the relevant authorities whilst we also relied upon published Structure and/or Local Plans, if any.

Such enquiries are conducted at the respective offices or by extracting the required information from published reports and are deemed sufficiently reliable in the profession.
6. **Measurements**
All measurements are carried out in accordance with the Uniform Method of Measurement of Buildings issued by The Royal Institution of Surveyors, Malaysia, or such other building measurements standards as acceptable and agreed to by the client.

For properties situated outside Malaysia, the appropriate/applicable methods of measurement such as the International Property Measurement Standards (IPMS) are used in parallel with the Uniform Method of Measurement of Buildings (UMMB).
7. **Site Surveys**
We have not conducted any land survey to ascertain the actual site boundaries. For the purpose of this valuation, we have assumed that the dimensions correspond with those shown in the title document, certified plan or any relevant agreement.
8. **Structural Surveys**
While due care has been taken to note building defects in the course of inspection, no structural surveys nor any testing of services were made nor have we inspected any woodwork or other parts of the structure which were covered or inaccessible. We are therefore unable to express an opinion or advice on the condition of uninspected parts and this Report should not be taken as making any implied representation or statement on such parts. Whilst any defects or items of disrepair may be noted during the course of inspection, we are not able to give any assurance in respect of any rot, termite or pest infestation or other hidden defects.
9. **Contamination**
We have not carried out investigations into the past and present uses of either the property or of any neighbouring land to establish whether there has been any contamination or if there is any potential for contamination to the property and are therefore, unable to account and report for such contamination in our Valuation Report.

APPENDIX H – VALUATION REPORTS



C H Williams Talhar & Wong Sdn Bhd (18149-U)

- 10. Deleterious or Hazardous Materials**
No investigations have been carried out to determine whether or not any deleterious or hazardous material had been used in the construction or of the property (building) or had since been incorporated and we are, therefore, unable to account or report on any such material in our Valuation Report.
- 11. Soil Investigation**
No soil investigation has been carried out to determine the suitability of soil conditions and / or availability of services for the existing or any future development or planting.

No soil investigation has been carried out to determine the soil suitability for the continued use of the property in its current condition or for any redevelopment.
- 12. Disease or infestation**
Whilst due care is taken to note the presence of any disease or infestation, we have not carried out any tests to ascertain possible latent infestations or diseases affecting crops or stock. We are therefore unable to account for such in our Valuation Report.
- 13. Leases and Tenancies**
Enquiries as to the financial standing of actual or prospective lessees or tenants are not normally made unless specifically requested. Where properties are valued with the benefit of lettings, it is therefore assumed that the lessees or tenants are capable of meeting their obligations under the lease or tenancy and that there are no arrears of rent or undisclosed breaches of covenants and/or warranties.
- 14. Development Agreements**
Unless otherwise stated, no considerations are made in our valuation for any joint venture agreement, development rights agreement or other similar contracts.
- 15. Outstanding Debts**
In the case of buildings where works are in hand or have recently been completed, no allowances were made for any liability already incurred, but not yet discharged, in respect of completed works, or obligations in favour of contractors, sub-contractors or any members of the professional or design team.
- 16. Taxation, Encumbrances, Statutory Notices and Outgoings**
Unless otherwise stated, no allowances are made in our valuation for any expenses of realisation or for taxation which might arise in the event of a disposal, deemed or otherwise. We have considered the property as if free and clear of all charges, lien and all other encumbrances which may be secured thereon. We also assumed the property is free of statutory notices and outgoings.
- 17. Attendance**
The instruction and the valuation assignment does not automatically bind us to attendance in court or to appear in any enquiry before any government or statutory body in connection with the valuation unless agreed when the instruction is given or subsequently agreed upon.
- 18. Source of information**
This Valuation Report has been prepared on the basis that full disclosure of all information and facts which may affect the Valuation have been made known to us and we cannot accept any liability or responsibility in any event, unless such full disclosure has been made to us for information or facts that have been suppressed or not disclosed to us.

Where it is stated in the Valuation Report that information has been supplied by the sources listed, this information is deemed to be reliable and no responsibility is accepted should it be proven otherwise, be it express or implied. All other information stated without being attributed directly to another party is deemed to be from our searches of records, examination of documents or relevant sources.
- 19. Validity Period of Valuation Report**
A Valuation Report is current as at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value.

No warranty can be given as to the maintenance of this value into the future. A periodical valuation review is recommended.
- 20. Limitation of Liability**
Although every care has been taken in preparing the Valuation Report, if it is proved that there is an apparent negligence on the part of the Valuer, the liability of this valuation (whether arising from this valuation, negligence or any other cause whatsoever) is limited in respect of any event or series of events to the actual loss or damage sustained subject to a liability cap to be mutually agreed between the client and the Valuer and clearly set out in the terms of engagement.

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APPENDIX I – SCHEME CONDITIONS

All capitalised terms used and not defined in the following extracts shall have the same meanings given to them in the Implementation Agreement, a copy of which is available for inspection during normal business hours at the registered office of the Company from the date of this Scheme Document up until the Effective Date.

As at the Latest Practicable Date, save for the Scheme Conditions set out in paragraph (d) of this Appendix I which have been satisfied (or, where applicable, waived), the Scheme is conditional upon the satisfaction (or, where applicable, waiver) of the remaining Scheme Conditions as set out in this Appendix I by the Conditions Long-Stop Date.

The completion of the Acquisition is conditional upon:

- (a) **Scheme:** the approval of the Scheme by the HMI Shareholders at the Scheme Meeting in compliance with Section 210(3AB) of the Companies Act;
- (b) **Court Order:** the grant of the Court Order by the Court and such Court Order having become final;
- (c) **Lodgement of the Court Order:** the lodgement of the Court Order with ACRA pursuant to Section 210(5) of the Companies Act;
- (d) **Regulatory Approvals:** the following Regulatory Approvals being obtained prior to the grant of the order from the Court to convene the Scheme Meeting, and such approvals not being revoked or withdrawn on or before the Relevant Date:
 - (i) confirmations from the SIC that:
 - (A) Rules 14, 15, 16, 17, 20.1, 21, 22, 28, 29, 33.2 and Note 1(b) on Rule 19 of the Code do not apply to the Scheme, subject to any conditions that the SIC may deem fit to impose;
 - (B) it has no objections to the Scheme Conditions as set out in this Appendix I;
 - (C) the Additional Undertakings will not constitute special deals under the Code;
 - (ii) the approval-in-principle from the SGX-ST of the Scheme, the Scheme Document and for the proposed delisting of the Company from the SGX-ST after the Scheme becomes effective and binding in accordance with its terms;
- (e) **Authorisations:** in addition to the approvals aforementioned in paragraph (d) above, the receipt of all authorisations, consents, clearances, permissions and approvals as are necessary or required by either or both Parties under any and all applicable laws, from all Governmental Agencies, for or in respect of the Acquisition or the implementation of the Scheme and the transactions contemplated under the Implementation Agreement;
- (f) **Third Parties:** (i) the receipt of all authorisations, consents, clearances, permissions and approvals as are necessary or required by the Company from the Third Parties, for or in respect of the implementation of the Scheme and/or the Acquisition, and/or (ii) the repayment of all outstanding amounts under the relevant banking or credit facilities or financial arrangements maintained with the Third Parties (if applicable) and termination of the relevant banking or credit facilities or financial arrangements maintained with the Third Parties;

APPENDIX I – SCHEME CONDITIONS

- (g) **No Legal or Regulatory Restraint:** between the date of the Implementation Agreement and up to the Relevant Date, there being no issuance of any order, injunction, judgment, decree or ruling by any Governmental Agencies or by any court of competent jurisdiction preventing the consummation of the Acquisition or the implementation of the Scheme, being in effect as at the Relevant Date;
- (h) **No Prescribed Occurrence:** between the date of the Implementation Agreement and up to the Relevant Date, no Prescribed Occurrence occurs in relation to the Offeror or the Relevant HMI Group Companies (as the case may be), and no Prescribed Occurrence which is material in the context of the Scheme occurs in relation to any HMI Group Company other than the Relevant HMI Group Companies, in each case other than as required or contemplated by the Implementation Agreement, the Scheme or the Acquisition;
- (i) **Company Representations, Warranties and Covenants:**
 - (i) there being no breach of the representations and warranties in respect of any HMI Group Company set out in the Implementation Agreement which are material in the context of the Scheme as at the date of the Implementation Agreement and as at the Relevant Date (as though made on and as at that date, except to the extent any such representation or warranty expressly relates to an earlier date (in which case as of such earlier date)); and
 - (ii) the HMI Group Companies shall have, as at the Relevant Date, performed and complied in all material respects with all covenants and agreements contained in the Implementation Agreement which are required to be performed by or complied with by them, on or prior to the Relevant Date and which are material in the context of the Scheme;
- (j) **Offeror Representations, Warranties and Covenants:**
 - (i) there being no breach of the representations and warranties of the Offeror set out in the Implementation Agreement which are material in the context of the Scheme as at the date of the Implementation Agreement and as at the Relevant Date (as though made on and as at that date, except to the extent any such representation or warranty expressly relates to an earlier date (in which case as of such earlier date)); and
 - (ii) the Offeror shall have, as at the Relevant Date, performed and complied in all material respects with all covenants and agreements contained in the Implementation Agreement which are required to be performed by or complied with by them, on or prior to the Relevant Date and which are material in the context of the Scheme;
- (k) **Material Licences:** between the date of the Implementation Agreement and the Relevant Date, all Material Licences have been obtained, are in full force and effect and all conditions applicable to any such Material Licence have been and are being complied with in all respects, and no Material Licence would likely be suspended, cancelled, refused, modified or revoked (whether as a result of entering into the Implementation Agreement, consummating the Acquisition or the Scheme or otherwise) and there is no investigation, enquiry or proceeding outstanding which would likely result in the suspension, cancellation, modification or revocation of any Material Licence.

APPENDIX J – PRESCRIBED OCCURRENCES

All capitalised terms used and not defined in the following extracts shall have the same meanings given to them in the Implementation Agreement, a copy of which is available for inspection during normal business hours at the registered office of the Company from the date of this Scheme Document up until the Effective Date.

For the purpose of the Implementation Agreement, “**Prescribed Occurrence**”, in relation to Offeror, any Relevant HMI Group Company and/or any other HMI Group Company, as the case may be, means any of the following:

- (a) **Conversion of Shares:** the Company converting all or any of its shares into a larger or smaller number of shares;
- (b) **Share Buy-back:** the Company entering into a share buy-back agreement or resolving to approve the terms of a share buy-back agreement under the Companies Act or the equivalent companies or securities legislation;
- (c) **Alteration of Share Capital:** the Company resolving to reduce or otherwise alter its share capital in any way;
- (d) **Allotment of Shares:** the Company making an allotment of, or granting an option to subscribe for, any shares or securities convertible into shares or agreeing to make such an allotment or to grant such an option or convertible security (including granting any Awards), or any other HMI Group Company doing any of the foregoing with respect to its own securities;
- (e) **Issuance of Debt Securities:** the Company issuing, or agreeing to issue, convertible notes or other debt securities;
- (f) **Distributions:** the Company declaring, making or paying any dividends or any other form of distribution to its shareholders;
- (g) **Injunctions:** an injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Scheme or the Acquisition or any part thereof by either the Offeror or the Company;
- (h) **Resolution for Winding Up:** the Company (or any other HMI Group Company) or the Offeror resolving that it be wound up;
- (i) **Appointment of Liquidator and Judicial Manager:** the appointment of a liquidator, provisional liquidator, judicial manager, provisional judicial manager and/or other similar officer of the Company (or of any other HMI Group Company) or the Offeror;
- (j) **Order of Court for Winding Up:** the making of an order by a court of competent jurisdiction for the winding up of the Company (or of any other HMI Group Company) or the Offeror;
- (k) **Composition:** the Company (or any other HMI Group Company) or the Offeror entering into any arrangement or general assignment or composition for the benefit of its creditors generally;
- (l) **Appointment of Receiver:** the appointment of a receiver or a receiver and manager, in relation to the property or assets of the Company (or of any other HMI Group Company) or the Offeror;

APPENDIX J – PRESCRIBED OCCURRENCES

- (m) **Insolvency:** the Company (or any other HMI Group Company) or the Offeror becoming or being deemed by law or a court to be insolvent or stops or suspends or threatens to stop or suspend payment of its debts;
- (n) **Cessation of Business:** any Relevant HMI Group Company or the Offeror ceases or threatens to cease for any reason to carry on business in the usual course;
- (o) **Investigations and Proceedings:** if the Company (or any other HMI Group Company) or the Offeror or any of their respective directors is or will be the subject of any governmental, quasi-governmental, criminal, regulatory or stock exchange investigation and/or proceeding; or
- (p) **Analogous Event:** any event occurs which, under the laws of any applicable jurisdiction, has an analogous or equivalent effect to any of the foregoing events.

APPENDIX K – OFFEROR’S REPRESENTATIONS AND WARRANTIES

All capitalised terms used and not defined in the following extracts shall have the same meanings given to them in the Implementation Agreement, a copy of which is available for inspection during normal business hours at the registered office of the Company from the date of this Scheme Document up until the Effective Date.

The Offeror represents and warrants to the Company that:

1. Incorporation

The Offeror is a company duly incorporated in the Cayman Islands and validly existing under the laws of the Cayman Islands.

2. Shareholders

As at the date of the Implementation Agreement, the sole shareholder of the Offeror is NewCo.

3. Offeror Articles

The Offeror shall effect the adoption of the Offeror Articles and all necessary filings/registrations in connection with the adoption of the Offeror Articles on or prior to the Effective Date.

4. Power

The Offeror has the corporate power to enter into and perform its obligations under the Implementation Agreement and to carry out the transactions contemplated by the Implementation Agreement.

5. Authority

The Offeror has taken all necessary corporate action to authorise its entry into the Implementation Agreement and has taken or will take all necessary corporate action to authorise its performance of the Implementation Agreement and to carry out the transactions contemplated by the Implementation Agreement.

6. Consents

The Offeror shall obtain all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents from third parties) in order to:

- (a) enable the Offeror lawfully to enter into, exercise its rights and perform and comply with its obligations under the Implementation Agreement; and
- (b) ensure that those obligations are valid, legally binding and enforceable.

7. Binding Obligation

The Offeror’s obligations under the Implementation Agreement are valid, legally binding and enforceable in accordance with its terms.

APPENDIX K – OFFEROR’S REPRESENTATIONS AND WARRANTIES

8. No Breach

Neither the execution nor performance by the Offeror of the Implementation Agreement nor any transaction contemplated under the Implementation Agreement will violate the obligations of it under any provision of its constitutive documents, any order, writ, injunction or decree of any Governmental Agency applicable to the Offeror or its assets, or any agreement or instrument to which the Offeror is a party or by which the Offeror or its assets are bound.

9. Offeror Shares

- (a) The Offeror Shares to be allotted and issued pursuant to the Securities Consideration will be on issue fully paid up, duly authorised and validly allotted and issued, and ranking *pari passu* in all respects with all other shares of the Offeror as at the date of their issue.
- (b) There are no Encumbrances on the shares in the Offeror. The Offeror Shares to be allotted and issued pursuant to the Securities Consideration will be free of Encumbrances.
- (c) All the Offeror Shares shall be issued no later than seven Business Days from the Effective Date.

10. Financial Resources

The Offeror has sufficient financial resources to satisfy in full the cash component of the Scheme Consideration required for the Scheme (including any and all cash required pursuant to Clause 4.2 of the Implementation Agreement in the event that the aggregate number of Company Shares that are elected for the Securities Consideration exceeds the Maximum Number).

11. No Liabilities

Save for and/or in connection with the Acquisition and the Scheme and as Disclosed to the Company:

- (a) the Offeror is wholly a special purpose vehicle for purpose of making the Acquisition with no other business, operations or liabilities, save for the Acquisition Debt Financing and the Equity Financing;
- (b) the Offeror is not a party to or subject to any binding contract, transaction, arrangement, understanding or obligation, save for the Acquisition Debt Financing and the Equity Financing;
- (c) there are no outstanding or contingent obligations or liabilities on the part of the Offeror and/or affecting the Offeror, save for the Acquisition Debt Financing and the Equity Financing;
- (d) the Offeror has not extended any guarantee or indemnity to any person or in respect of any obligation or liability, save for the Acquisition Debt Financing and the Equity Financing;

APPENDIX K – OFFEROR’S REPRESENTATIONS AND WARRANTIES

- (e) 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
- (f) 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.

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APPENDIX L – COMPANY’S REPRESENTATIONS AND WARRANTIES

All capitalised terms used and not defined in the following extracts shall have the same meanings given to them in the Implementation Agreement, a copy of which is available for inspection during normal business hours at the registered office of the Company from the date of this Scheme Document up until the Effective Date.

The Company represents and warrants to the Offeror that:

1. GENERAL

1.1. HMI Group Companies

Each of the HMI Group Companies is a company duly incorporated and validly existing under its law of incorporation. The Company is the legal and beneficial owner of 100% of the equity interests or (as the case may be) registered capital of all the other HMI Group Companies (other than as disclosed in the Company FY2018 Financial Statements) and there are no Encumbrances on the shares or (as the case may be) registered capital of any HMI Group Company (other than the Company).

1.2. Company Shares

All the Company Shares have been duly authorised and validly allotted and issued, are fully paid-up and rank *pari passu* in all respects with each other. The Company does not have any outstanding warrants, convertible securities or options in issue and is not subject to any actual or contingent obligation to issue or convert securities except as required or contemplated by the Implementation Agreement, and it will not declare or pay any dividend or make any distribution (in cash or in kind) to the Company Shareholders.

As at the date of the Implementation Agreement:

- (a) there are 837,337,946 Company Shares in the capital of the Company in issue (excluding 1,642,934 shares which are held as treasury shares); and
- (b) there are no unexercised options and no existing share option scheme for the granting of options to any employees of the HMI Group.

1.3. Accuracy of Information

- (a) Save for the information identified in paragraph 1.3(b) below, all information contained in the Implementation Agreement and the Company Disclosure Letter, all documents and information which has been specified in the Data Room Index and all other information which has been given in writing by or on behalf of any HMI Group Company to the Acquiror or any of its agents, directors, officers, representatives and advisers in the course of the due diligence or other investigation carried out by or on behalf of the Acquiror prior to entering into the Implementation Agreement was when given, to the best knowledge of the Company, true, complete and accurate in all material respects and not misleading, and as at the date of the Implementation Agreement, to the best knowledge of the Company, it is not aware of any fact or matter or circumstance which renders or will render any such information untrue or inaccurate in any material respect. All material information relating to the HMI Group has been announced on the SGXNET in compliance with its continuing disclosure requirements;

APPENDIX L – COMPANY’S REPRESENTATIONS AND WARRANTIES

- (b) The Due Diligence Information relating to the HMI Group Companies made available to the Acquiror have been prepared in good faith by the Company and its advisers, after reasonable enquiry, and the Company is not aware of any fact or matter that would make such information materially inaccurate.

2. ACCOUNTS

2.1. Latest Audited Accounts

- (a) the Company FY2018 Financial Statements have been properly drawn up (i) in accordance with the provisions of the Companies Act (or equivalent legislation) and the accounting principles, standards and practices generally accepted in the country of incorporation of each Group Company, and (ii) on a basis consistent with that adopted in preparing the audited accounts for the past two financial years ended 30 June 2016 and 30 June 2017.
- (b) the Company FY2018 Financial Statements give a true and fair view of the statement of financial position of each of the companies in HMI Group and of HMI Group as a whole as at 30 June 2018 (the “**Balance Sheet Date**”), and of the statements of comprehensive income of each of the Companies in HMI Group and of HMI Group as a whole for the period concerned and as at that date, adequate provisions were made for all (i) known liabilities, (ii) bad and doubtful debts and (iii) contingent liabilities, where applicable.

2.2. Unaudited Accounts

- (a) the Company March 2019 Unaudited Accounts have been prepared in accordance with the accounting principles, policies, bases, practices and estimation techniques used in preparing the Company FY2018 Financial Statements applied on a consistent basis. The Company March 2019 Unaudited Accounts are fair and not misleading having regard to the purpose for which they were drawn up, and do not materially misstate the financial position of each Group Company and of the HMI Group as a whole as at the Company March 2019 Unaudited Accounts Date or of the income of each Group Company and of the HMI Group as a whole for the period concerned;
- (b) as at the Company March 2019 Unaudited Accounts Date, adequate provisions were made for all (i) known liabilities, (ii) bad and doubtful debts and (iii) contingent liabilities, where applicable.

2.3. Changes since the Balance Sheet Date

There have been no changes in the financial position of the HMI Group which have a Material Adverse Effect and, in particular:

- (a) its business has been carried on solely in the ordinary and usual course, without any material interruption or alteration in its nature, scope or manner, and so as to maintain the same as a going concern, save and except for events that may occur as a result of an act of God;

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- (b) it has not entered into any transaction or assumed or incurred any liabilities (including contingent liabilities) or made any payment or given any guarantee, indemnity or suretyship not provided for in the Company FY2018 Financial Statements and which has a Material Adverse Effect, otherwise than in the ordinary and usual course of carrying on its business;
- (c) its cash and bank balances have not been affected to an extent leading to a Material Adverse Effect, by transactions of an abnormal or unusual nature or entered into otherwise than on normal commercial terms and in the ordinary and usual course of carrying on business;
- (d) its profits have not been affected to an extent leading to a Material Adverse Effect, by changes or inconsistencies in accounting treatment, by any non-recurring items of income or expenditure, or by transactions of an abnormal or unusual nature or entered into otherwise than on normal commercial terms;
- (e) it has not entered into any unusual, long term and onerous commitments and contracts that would have a Material Adverse Effect; and
- (f) none of the HMI Group Companies has entered into or proposed to enter into any capital commitments other than in the ordinary and usual course of business.

2.4. Absence of Undisclosed Liabilities

There are no material liabilities (including material contingent liabilities) of any of the HMI Group Companies which are outstanding on the part of each HMI Group Company, other than (i) liabilities publicly disclosed and to the extent provided for in the Company FY2018 Financial Statements or otherwise publicly announced by the Company on the SGXNET thereafter; (ii) liabilities disclosed elsewhere in the Implementation Agreement; or (iii) liabilities incurred in the ordinary and usual course of business since the Balance Sheet Date.

2.5. Trade and Other Receivables

As far as the Company is aware, the trade and other receivables, including accrued revenue in the Company FY2018 Financial Statements are stated at figures not exceeding the amounts which could, in the circumstances existing at the date of the Company FY2018 Financial Statements, reasonably be expected to be realised in the ordinary and usual course of carrying on the business of the HMI Group. No new adverse events have occurred that would give doubt as to the ability to realise all current trade and other receivables in the ordinary and usual course of business after taking into account any provision for bad and doubtful debts made in the Company FY2018 Financial Statements.

3. LEGAL MATTERS

3.1. Compliance with laws

- (a) Each of the HMI Group Companies has carried on and is carrying on its business and operations so that there have been no breaches in any material respect of applicable laws, regulations and bye-laws in each country in which they are carried on which are material in the context of the assets or business of the HMI Group, except that where any breach arises by reason only of any law, regulation and/or byelaw having been

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enacted between the date of the Implementation Agreement and the Relevant Date which has retrospective effect, such HMI Group Company shall not be regarded as having been in breach of this paragraph 3.1(a) if such HMI Group Company takes all reasonable steps to comply with such law, regulation and/or bye-law immediately thereafter.

- (b) There have not been and there are no material breaches by any HMI Group Company of its constitutional documents.
- (c) As far as the Company is aware, none of the HMI Group Companies or their respective directors, officers, agents, employees, or other persons that act for or on behalf of, the foregoing (each, a “**Company Representative**”) has offered, paid, promised to pay, or authorised the payment of any money, or offered, given, promised to give, or authorised the giving of anything of value, to any customer, supplier, competitor, or employee of any of the foregoing (individually and collectively, a “**Business Counterpart**”), or to any officer, employee or any other person acting in an official capacity for any Governmental Company, to any political party or official thereof, or to any candidate for political office (individually and collectively, a “**Government Official**”) or to any person under circumstances where the HMI Group Companies or any Company Representative knew or had reason to know or believe that either:
 - (i) all or a portion of such money or thing of value would be offered, given or promised, directly or indirectly, for the purpose of (A) influencing any Government Official in his official capacity; (B) inducing such Business Counterpart or Government Official to perform his functions or activities improperly or to reward him for so doing; (C) securing any improper advantage; or (D) inducing such Business Counterpart or Government Official to influence or affect any act or decision of any Governmental Company, in each case, in order to assist the HMI Group Companies or any Company Representative in obtaining or retaining business or a business advantage for or with, or in directing business to, the HMI Group Companies, or to reward him for so doing; or
 - (ii) the acceptance of such money or thing of value would itself constitute improper performance of a person’s function or activity.

“**Governmental Company**” means any foreign, domestic, multinational, federal, territorial, state or local governmental authority, quasi-governmental authority, government-owned or government-controlled (in whole or in part) enterprise, public international organisation (such as the Red Cross), regulatory body, court, tribunal, commission, board, bureau, agency, instrumentality, or any regulatory, administrative or other department, agency or any political or other subdivision, department or branch of any of the foregoing.

- (d) (i) As far as the Company is aware, none of the HMI Group Companies has, in any of the past five years, derived any revenue from transactions with or relating to Cuba, Iran, North Korea, Sudan, or Syria. In addition, none of the HMI Group Companies has, in any of the past five years, derived a material amount of its operating income from transactions in the aggregate with or relating to Belarus, Burma (Myanmar), Cote d’Ivoire (Ivory Coast), Democratic Republic of the Congo, Iraq, the Western Balkans, or Zimbabwe, or, as far as the Company is aware, any persons or Companies on the Specially Designated Nationals List and the Foreign Sanctions Evaders List (the “**SDN List**”) administered and

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enforced by the Office of Foreign Assets Control of the U.S. Department of Treasury (“**OFAC**”), available at <http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx>.

- (ii) As far as the Company is aware, neither the HMI Group Companies nor any director, officer, or employee or any agent or affiliate acting on behalf of the HMI Group Companies, is, or for the previous 5 years has been, a person that is, or is owned or controlled by a person that is the subject of any applicable economic sanctions, or is or has been included on the SDN List administered or enforced by OFAC.

3.2. Licences and Consents

- (a) All statutory, municipal and other licences, consents, authorisations, orders, warrants, confirmations, permissions, certificates, approvals and authorities (“**HMI Licences**”) necessary for the carrying on of the businesses and operations of each of the HMI Group Companies have been obtained, are in full force and effect and all conditions applicable to any such HMI Licence have been and are being complied with in all material respects, unless the failure to obtain any such HMI Licenses does not have a Material Adverse Effect.
- (b) So far as the Company is aware, there is no investigation, enquiry or proceeding outstanding which is likely to result in the suspension, cancellation, modification or revocation of any of Company Licenses. So far as the Company is aware, none of the HMI Licenses is likely to be suspended, cancelled, refused, modified or revoked (whether as a result of entering into the Implementation Agreement, consummating the Acquisition, implementing the Scheme or otherwise), where such suspension, cancellation, modification or revocation may have a Material Adverse Effect.

3.3. Litigation, Arbitration or Investigations

- (a) As of the date of the Implementation Agreement, no litigation, arbitration or administrative proceeding is current or pending or, so far as the Company is aware, threatened, to restrain the entry into, exercise of the Company’s rights under and/or performance or enforcement of or compliance with its obligations under the Implementation Agreement.
- (b) As at the date of the Implementation Agreement, no litigation, arbitration or administrative proceeding is current or pending or, so far as the Company is aware, threatened, against any HMI Group Company which has or could have a Material Adverse Effect.
- (c) As of the date of the Implementation Agreement, the Company is not aware of any investigation or enquiry by, any court, tribunal, arbitrator, Governmental Agency or regulatory body outstanding or anticipated against any HMI Group Company which has or could have a Material Adverse Effect.

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3.4. Insolvency

- (a) No order has been made, petition presented, resolution passed or meeting convened for the winding up of any HMI Group Company, nor, so far as the Company is aware, are there any grounds on which any person would be entitled to have any HMI Group Company wound-up, nor, so far as the Company is aware, has any person threatened to present such a petition or convened or threatened to convene a meeting of any HMI Group Company to consider a resolution to wind up such HMI Group Company.
- (b) No petition has been presented or other proceedings have been commenced for an administration or judicial management order to be made in relation to any HMI Group Company, nor has any such order been made. So far as the Company is aware, there are no grounds on which any person would be entitled to have any HMI Group Company placed in administration or judicial management, nor, so far as the Company is aware, has any person threatened to present such a petition.
- (c) No receiver (including an administrative receiver), liquidator, judicial manager, trustee, administrator, custodian or similar official has been appointed, nor any resolution passed by any HMI Group Company for such appointment, in any jurisdiction in respect of the whole or any part of the business or assets of any HMI Group Company.

3.5. Authority

The Company has all the necessary corporate power and authority to enter into and perform its obligations under the Implementation Agreement and to carry out the transactions contemplated by the Implementation Agreement.

3.6. Binding Obligations

The Company’s obligations under the Implementation Agreement are valid, legally binding and enforceable in accordance with its terms.

4. CONTRACTUAL ARRANGEMENTS

4.1. Interested Person Transactions

Save as publicly disclosed in the Company FY2018 Financial Statements or otherwise publicly announced by the Company on the SGXNET thereafter, there is no interested person transaction (as defined in the Listing Rules) between any HMI Group Company and an interested person (as defined in the Listing Rules) of the Company.

4.2. Effect of the Acquisition

The execution and delivery of, and the performance by the Company of its obligations under the Implementation Agreement and the transactions contemplated hereunder:

- (a) do not and will not result in a breach of any provision of the Constitution or the constitutional documents of any HMI Group Company; or

APPENDIX L – COMPANY’S REPRESENTATIONS AND WARRANTIES

- (b) do not and will not conflict with or result in the breach of or constitute a default under any agreement or instrument to which any HMI Group Company is a party, or any loan to or mortgage created by any HMI Group Company, or relieve any other party to a contract with any HMI Group Company of its obligations under such contract, or entitle such party to terminate or modify such contract, whether summarily or by notice, or result in the creation of any Encumbrance under any agreement, licence or other instrument, or result in a breach of any order, judgment or decree of any court, Governmental Agency or regulatory body to which any HMI Group Company is a party or by which any HMI Group Company or any of their respective assets is bound, unless the effect of such conflict, breach or default does not have a Material Adverse Effect.

4.3. Contracts

- (a) No HMI Group Company is, or has been, a party to any contract or transaction with a third party which:
 - (i) is outside the ordinary and usual course of business;
 - (ii) is not wholly on an arm’s length basis; or
 - (iii) is of a loss-making nature that would have a Material Adverse Effect.
- (b) Except in the ordinary and usual course of business, none of the HMI Group Companies:
 - (i) is, or has agreed to become a party to any agency, distributorship, marketing, purchasing, manufacturing or licensing agreement or arrangement or any agreement or arrangement which restricts its freedom to carry on its business in any part of the world in such manner as it thinks fit;
 - (ii) is, or has agreed to become, a member of any joint venture, consortium, partnership or other unincorporated association; or
 - (iii) is, or has agreed to become, a party to any agreement or arrangement for participating with others in any business, sharing commissions or other income.

4.4. Compliance with Agreements

As far as the Company is aware, all the contracts and all leases, tenancies, licences, concessions and agreements (breach of which will have a Material Adverse Effect) to which any of the HMI Group Companies is a party are valid, binding and enforceable obligations of the relevant HMI Group Company, and the terms thereof have been complied with in all material respects by the relevant HMI Group Company. To the best knowledge of the Company, there are no circumstances likely to give rise to any breach of such contracts, leases, tenancies, licences, concessions or agreements and no notice of termination or of intention to terminate has been received in respect of any thereof.

4.5. Customers

The loss of any single customer of any HMI Group Company would not have a Material Adverse Effect.

APPENDIX L – COMPANY’S REPRESENTATIONS AND WARRANTIES

5. TAXATION MATTERS

5.1. Returns, information and Clearances

- (a) All returns, accounts, computations, notices and information which are or have been required to be made, given or delivered by any HMI Group Company for any Taxation purpose (i) have been made, given or delivered within the requisite periods or within permitted extensions of such periods; (ii) are up-to-date, complete and accurate in all material respects and made on a proper basis; and (iii) none of them is the subject of any dispute with the Taxation authority.
- (b) All Taxes assessed or imposed by any Taxation authority which have been assessed upon the HMI Group Companies which are due and payable on or before the Effective Date have been paid and were paid on or before the relevant due date for payment or will be paid before the relevant due date for payment. There are no Tax liens on any of the assets of the HMI Group Companies.

5.2. Tax Incentives

- (a) All the tax incentives and preferential tax treatment enjoyed by the HMI Group Companies as at the date of the Implementation Agreement will not, as far as the Company is aware, be affected, varied, withdrawn or revoked as a result of the Acquisition or the implementation of the Scheme. As far as the Company is aware, each HMI Group Company has complied with all the conditions subject to which tax incentives have been granted to such HMI Group Company.
- (b) As far as the Company is aware, no relief (whether by way of deduction, reduction, set-off, exemption, postponement, roll-over, repayment or allowance or otherwise) from, against or in respect of any Taxation has been claimed and/or given to any HMI Group Company which could be effectively withdrawn, postponed, restricted, clawed back or otherwise lost as a result of any act or omission by such HMI Group Company.

5.3. Tax Claims

No single Claim for Taxation exceeding S\$3,000,000 has been made:

- (a) in respect of or arising from any transaction effected or deemed to have been effected on or before the Effective Date; or
- (b) by reference to any income, profits or gains earned, accrued or received on or before the Effective Date,

except:

- (i) to the extent that Taxation was paid, provided for or accrued in respect thereof in the Company FY2018 Financial Statements or to the extent that Taxation was paid, provided for or accrued in respect thereof in any of the audited accounts or unaudited accounts or management accounts of a HMI Group Company or the Company on a consolidated basis up to the Effective Date; and

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- (ii) to the extent that such Claim arises as a result only of any provision or reserve in respect thereof being insufficient by reason of any increase in rates of Taxation made after the date hereof with retrospective effect.

“**Claim**” means any notice, demand, assessment, letter or other document issued or action taken by the Taxation authority or other statutory or governmental authority, body or official whosoever whereby a HMI Group Company is placed under a liability to make a payment on any Taxation or deprived of any relief, allowance, credit or repayment otherwise available for Taxation purposes.

5.4. Tax Audits

There is no investigation by any Taxation authority in process or, as far as the Company is aware, pending with respect to any Tax returns of any HMI Group Company, other than queries raised by a Taxation authority in its usual review of such Tax returns by a HMI Group Company.

6. ASSETS (INCLUDING PROPERTIES)

6.1. Title to Assets

- (a) All assets (including real properties) which are included in the Company FY2018 Financial Statements and the Company March 2019 Unaudited Accounts are the absolute property of such HMI Group Company and (save for those subsequently disposed of or realised in the ordinary and usual course of business) all such assets and properties and all debts which have subsequently been acquired or arisen are the absolute property of such HMI Group Company.
- (b) Each HMI Group Company has good title to all assets (including real properties) free from Encumbrances, save for Encumbrances in the ordinary and usual course of carrying on its business.
- (c) All such assets (including real properties) are, where capable of possession, in the possession of or under the control of the relevant HMI Group Company, or the relevant HMI Group Company is entitled to take possession or control of such assets.
- (d) Any of the real properties which is held under lease by a HMI Group Company, is held under a valid, subsisting and enforceable lease/tenancy agreement with such exceptions as do not materially interfere with the use or proposed use of such property and buildings.

6.2. Insurance

- (a) All the material assets of each of the HMI Group Companies which are capable of being insured have at all material times been adequately insured against fire, business interruption and other risks normally insured against by companies carrying on similar businesses or owning assets of a similar nature.

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- (b) Each of the current insurance and indemnity policies in respect of which any of the HMI Group Companies has an interest (including any active historic policies which provide cover on a losses occurring basis but excluding insurances relating to the payment of hospital and other medical expenses) (the “**Policies**”) is valid and enforceable and (as far as the Company is aware) is not void or voidable.
- (c) In respect of all Policies, all premiums have been duly paid to date.
- (d) No claims have been made or are outstanding in respect of, and as far as the Company is aware, no fact or circumstance exists which might give rise to a claim under, any of the Policies.

7. EMPLOYMENT

- (a) Each HMI Group Company has in relation to each of its employees (and so far as relevant to each of its former employees) complied in all material respects with:
 - (i) all obligations imposed on it by all statutes, regulations and codes of conduct and practice relevant to the relations between it and its employees or any trade union, including, making deductions and payments in respect of contributions (including employer’s contributions) to any relevant competent authority;
 - (ii) all collective agreements and customs and practices for the time being dealing with such relations or the conditions of service of its employees; and
 - (iii) all relevant orders and awards made under any relevant statute, regulation or code of conduct and practice affecting the conditions of service of its employees.
- (b) Since the Balance Sheet Date, there has been no strike, work to rule, work stoppage, work interference activity or industrial action (official or unofficial) by any employee of any HMI Group Company, threatened or on-going.
- (c) There are not in existence nor has any proposal been announced to establish any retirement, death or disability benefit schemes for directors or employees nor are there any obligations to or in respect of present or former directors or employees with regard to retirement, death or disability pursuant to which any HMI Group Company is or may become liable to make payments of a material nature and no pension or retirement or sickness gratuity of a material nature is currently being paid or has been promised by any HMI Group Company to or in respect of any former director or former employee.
- (d) There are no terms of employment, consultancy, appointment or contract for any employees of any of the HMI Group Company which provide that a change in control of any HMI Group Company (howsoever defined therein) shall entitle any employee to treat the change in control as amounting to a breach of the contract or entitling him to any payment or benefit or enhanced notice period whatsoever or entitling him to treat himself as redundant or dismissed or released from any obligation.

APPENDIX L – COMPANY’S REPRESENTATIONS AND WARRANTIES

8. INTELLECTUAL PROPERTY RIGHTS

- (a) None of the HMI Group Companies owns any Intellectual Property Rights. For the purpose of this Schedule, “**Intellectual Property Rights**” means any trademark, pending trademark application, patent, pending patent application, know-how, registered and unregistered design, copyright, trade secret, licence relating to any of the above or other similar industrial or commercial right.
- (b) As far as the Company is aware, none of the activities of the HMI Group Companies (excluding the use of components, parts, products or equipment supplied by third parties for the purpose of the work to be done by the HMI Group Companies) infringes any patent or other intellectual property of any kind whatsoever of any other person or gives rise to an obligation to pay any sum in the nature of a royalty.

9. ENVIRONMENT

As far as the Company is aware, no toxic industrial waste or toxic substance (as defined in any environmental legislation) or any other toxic or hazardous gaseous, liquid or solid material or waste that may or could pose a hazard to the environment or human health or safety, is or has been present at, on or under, or has been spilt, leaked, released, deposited, discharged or disposed in the soil or water in, under, around or upon any real properties owned, leased or occupied by any HMI Group Company (or at any other property by any HMI Group Company or any of its predecessors), except where such discharge or disposal is made by the HMI Group Companies in compliance with all applicable laws and regulations where it carries on business, or where such spill, leakage, release, deposit, discharge or disposal would not result in any material liability under any applicable laws or regulations which would have a Material Adverse Effect.

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APPENDIX M – OBLIGATIONS OF THE OFFEROR

All capitalised terms used and not defined in the following extracts shall have the same meanings given to them in the Implementation Agreement, a copy of which is available for inspection during normal business hours at the registered office of the Company from the date of this Scheme Document up until the Effective Date.

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 following:

- (a) **Joint Announcement:** the release of the Joint Announcement of the Acquisition and the Scheme by the Offeror, jointly with the Company, on the date of the Implementation Agreement;
- (b) **Provision of Information:** subject to and without prejudice to the Offeror's legal and regulatory obligations, from the date of the Implementation Agreement until (and including) the Relevant Date, the Offeror will furnish to the Company and its advisers such information relating to the Offeror as the Company and its advisers may reasonably request for the purpose of the preparation of the Scheme Document in accordance with the Implementation Agreement;
- (c) **Offeror's Letter to Company Shareholders:** it will prepare the Offeror Letter in compliance with all applicable laws and regulations, including the Code, for inclusion as part of the Scheme Document;
- (d) **Representation:** (if necessary) ensure that it, through its legal counsel, is represented at Court hearings in relation to the Scheme at which, if requested by the Court, the Offeror shall do or cause to be done all things and take or cause to be taken all steps as are reasonably possible to ensure the fulfilment of their obligations under the Implementation Agreement and the Scheme;
- (e) **Satisfaction of Scheme Consideration:** subject to the fulfilment or waiver of the conditions in Appendix I, it will be bound by the Scheme, and will:
 - (i) pay or cause to be paid the cash component of the aggregate Scheme Consideration pursuant to the Scheme; and
 - (ii) allot and issue the relevant Offeror Shares in satisfaction of the equity component of the Securities Consideration pursuant to the Scheme,on the terms and conditions set out in the Implementation Agreement and the Scheme Document; and
- (f) **No Action on the part of Offeror:** subject to any legal or statutory obligations or fiduciary duties that the directors of the Offeror may be subject to, the Offeror will not take any action which may be prejudicial to the successful completion of the Acquisition and/or the implementation of the Scheme.

APPENDIX M – OBLIGATIONS OF THE OFFEROR

(g) Conduct of Business by the Offeror

- (i) **General Obligation:** during the period from the date of the Implementation Agreement to the Relevant Date, save insofar as agreed in writing by the Company, the Offeror will, remain only as a special purpose vehicle for purpose of making the Acquisition; and
- (ii) **Further Obligations:** without prejudice to the generality of paragraph (g)(i) the Offeror will not, during the period from the date of the Implementation Agreement to the Relevant Date, except as may be required to give effect to and comply with the Implementation Agreement, for the Scheme to be implemented or for the Offeror to make the Acquisition and which has been disclosed to the Company, without the prior written consent of the Company (such consent not to be unreasonably withheld):
 - (A) acquire or incur any liabilities (including contingent liabilities), save for any debt facilities obtained or to be obtained by the Offeror or its affiliates in relation to, or in connection with, the Acquisition and/or the Scheme, including any Acquisition Debt Financing and any Equity Financing;
 - (B) enter into any guarantee, indemnity or other agreement to secure any obligation of a third party that is not a HMI Group Company or to create any Encumbrance over any of the HMI Group's assets or undertakings, save for the Acquisition Debt Financing and the Equity Financing;
 - (C) incur further bank indebtedness (beyond the amount already incurred), save for the Acquisition Debt Financing and the Equity Financing;
 - (D) compromise, settle, make any offer to settle or pay any claim, legal action, proceeding, suit, litigation, prosecution, investigation, enquiry or arbitration in excess of S\$500,000 in aggregate;
 - (E) alter its share capital in any way, including (A) issuing, or granting a right or option to subscribe for, any new shares or new class of shares, (B) repurchasing, cancelling or redeeming its share capital or any reduction, consolidation, subdivision or reclassification or other alteration of its capital structure otherwise than for purposes of or in connection with making the Acquisition and/or implementing the Scheme and, for avoidance of doubt, only issue and allot new Offeror Shares (I) following the Effective Date in accordance with the Scheme, or (II) to NewCo, pursuant to the Equity Financing; and
 - (F) alter the Offeror Articles in any way, save for any editorial amendments which do not affect the substance of the Offeror Articles.

APPENDIX N – OBLIGATIONS OF THE COMPANY

All capitalised terms used and not defined in the following extracts shall have the same meanings given to them in the Implementation Agreement, a copy of which is available for inspection during normal business hours at the registered office of the Company from the date of this Scheme Document up until the Effective Date.

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 following:

- (a) **Joint Announcement:** the release of the Joint Announcement of the Acquisition and the Scheme by the Company, jointly with the Offeror, on the date of the Implementation Agreement;
- (b) **SGX-ST Approval in respect of the Scheme Document:** the submission of the draft Scheme Document to the SGX-ST for clearance as soon as reasonably practicable after the date of the Implementation Agreement and diligently seeking such clearance promptly;
- (c) **Scheme Document:** subject to the Offeror's compliance with paragraph (c) of Appendix M, the preparation and despatch of the Scheme Document in compliance with all applicable laws and regulations, to seek the approval of the Company Shareholders of the Scheme;
- (d) **Scheme Meeting:** subject to the obtaining of the approval of the SGX-ST as set out in paragraph (b) above, it will apply to the Court for an order convening the Scheme Meeting and for any ancillary orders relating thereto, and taking all other necessary steps for the convening of the Scheme Meeting to approve the Scheme;
- (e) **Despatch of Documents:** instructing the registrar of the Company to despatch to the entitled Company Shareholders the Scheme Document and the appropriate forms of proxy for use at the Scheme Meeting promptly following approval thereof by the SGX-ST and the Court, respectively;
- (f) **Third Parties:** it will prepare all necessary documents to (i) obtain the consent of the relevant Third Parties for the waiver of the non-compliance and/or breach of the requirements, covenants and terms in the contracts entered into with such Third Party which will or may occur as a result of the Acquisition and/or the Scheme; and/or (ii) repay all outstanding amounts under the relevant banking or credit facilities or financial arrangements maintained with Third Parties (if applicable) and terminate the relevant banking or credit facilities or financial arrangements maintained with the Third Parties;
- (g) **Court Order:** if the Scheme is approved by the Company Shareholders, promptly applying to the Court for, and diligently seeking its sanction and confirmation of, the Scheme;
- (h) **ACRA Lodgement:** following the grant of the Court Order, it will deliver the same to ACRA for lodgement within such time frames as set out in Clause 4.5 of the Implementation Agreement or otherwise as agreed between the Parties, pursuant to Section 210(5) of the Companies Act;
- (i) **Consultation with the Offeror:** subject to the Company's legal and regulatory obligations, the Company will consult in good faith with the Offeror with a view to establishing appropriate procedures to provide the Offeror with access to information which they may reasonably require for the purposes of the Acquisition and/or the Scheme and to facilitate the timely notification of material matters affecting the business of the Company to the Offeror;

APPENDIX N – OBLIGATIONS OF THE COMPANY

- (j) **Provision of Information:** subject and without prejudice to the Company's legal or regulatory obligations, from the date of the Implementation Agreement until (and including) the Relevant Date, the Company will, and will procure that each other HMI Group Company will, authorise and direct its officers, employees, auditors, legal advisers and other advisers to provide reasonable assistance to and to co-operate with the Offeror as the Offeror may reasonably request for the completion of the Acquisition and/or the implementation of the Scheme (including in respect of any Acquisition Debt Financing);
- (k) **No Action on the part of Company:** subject to any legal or statutory obligations or fiduciary duties that the directors of the Company may be subject to (including making recommendations by the Independent Directors), the Company will not take any action which may be prejudicial to the successful completion of the Acquisition or the implementation of the Scheme;
- (l) **No Dividend or Distribution:** it will not, during the period from the date of the Implementation Agreement up to (and including) the Relevant Date:
 - (i) declare or pay any dividend or make any distribution (in cash or in kind) to the HMI Shareholders; or
 - (ii) (and will procure that no HMI Group Company will) create, allot or issue any shares or other securities convertible into equity securities, or create, issue or grant any option or right to subscribe in respect of any of its share capital, or agree to do any of the foregoing;
- (m) **Awards:**
 - (i) it will not, from the date of the Implementation Agreement:
 - (A) grant any further Awards or other rights to acquire Company Shares; and
 - (B) waive or amend any performance targets, time-based targets and/or service conditions in respect of any Awards, or take any steps to vest or accelerate the vesting of any Awards which are outstanding as at the date of the Implementation Agreement; and
 - (ii) in respect of the vesting of the time based Awards on 30 September 2019 ("**30 September 2019 Vesting**"), the Company shall take all necessary steps to pay the eligible persons entitled to receive new Company Shares pursuant to the 30 September 2019 Vesting an equivalent value in cash in accordance with the terms of the Company PSP2017, in lieu of the allotment and issuance of 33,334 Company Shares;
- (n) **Conduct of Business by the HMI Group:**
 - (i) **General Obligation:** during the period from the date of the Implementation Agreement to the Relevant Date, save insofar as agreed in writing by the Offeror, it will, and will procure that the other HMI Group Companies will, carry on its respective businesses as a going concern and only in the ordinary and usual course of business;
 - (ii) **Further Obligations:** without prejudice to the generality of this paragraph (n)(ii), the Company will not, and will procure that each HMI Group Company shall not, during the period from the date of the Implementation Agreement to the Relevant Date, and shall

APPENDIX N – OBLIGATIONS OF THE COMPANY

procure that each HMI Group Company shall not subject to any legal or statutory obligations of that HMI Group Company or any fiduciary duties that the directors of the relevant HMI Group Company may be subject to, except as may be required to give effect to and comply with the Implementation Agreement, without the prior written consent of the Offeror (such consent not to be unreasonably withheld);

- (A) dispose of any assets, including shares or other interests in any HMI Group Company or in any other Company in which it has an interest, or voluntarily assume, acquire or incur any liabilities (including contingent liabilities), in each case, otherwise than in the ordinary and usual course of business of the HMI Group;
- (B) sell, convey, transfer, assign or charge any freehold or leasehold property, or create, or agree to create, any Encumbrance over any of the HMI Group Company's assets or undertakings otherwise than in the ordinary and usual course of business of the HMI Group;
- (C) enter into any guarantee, indemnity or other agreement to secure any obligation of a third party that is not a HMI Group Company or to create any Encumbrance over any of the HMI Group's assets or undertakings otherwise than in the ordinary and usual course of business of the HMI Group;
- (D) waiving any outstanding indebtedness owed to any HMI Group Company by any person (including any shareholder and/or director of the Company) otherwise than in the ordinary and usual course of business of the HMI Group;
- (E) enter into any transaction with any shareholder and/or director of any HMI Group Company otherwise than in the ordinary and usual course of business of the HMI Group;
- (F) amend, or agree to amend, any terms of any agreement or arrangement to which any HMI Group Company is a party or is bound by which would have a Material Adverse Effect;
- (G) sell, transfer or otherwise dispose of any treasury shares of Company to any person (other than the Offeror);
- (H) save for the banking facilities disclosed in the Due Diligence Information (including any partially or wholly undrawn revolving credit, finance lease and/or term loan banking facilities), incur further bank indebtedness (beyond the amount already incurred or to be drawn down from existing facilities) in excess of RM20,000,000;
- (I) compromise, settle, make any offer to settle or pay any claim, legal action, proceeding, suit, litigation, prosecution, investigation, enquiry or arbitration in excess of S\$1,000,000 in aggregate and except in the ordinary course of business;
- (J) make any change to the relevant HMI Group Company's accounting practices or policies (save for changes in accordance with the Singapore Financial Reporting Standards (International)) or amend the relevant HMI Group Company's constitutional documents;

APPENDIX N – OBLIGATIONS OF THE COMPANY

- (K) alter its share capital in any way, including (A) issuing, or granting a right or option to subscribe for, any new shares or new class of shares, (B) repurchasing, cancelling or redeeming its share capital or any reduction, consolidation, subdivision or reclassification or other alteration of its capital structure;
- (L) enter into, or exercise an option in relation to, any agreement or incur any commitment involving any capital expenditure in excess of RM50,000,000 in aggregate, other than capital expenditure not exceeding RM200,000,000 in aggregate arising from or in respect of the main contractor award for the expansion project of Regency Specialist Hospital (a hospital owned by the HMI Group situated at No. 1 Jalan Suria, Bandar Seri Alam 81750 Masai, Johor, Malaysia), in each case exclusive of GST;
- (M) save as required by law:
 - (I) otherwise than in the ordinary and usual course of business of the HMI Group, make any amendment to the terms and conditions of employment (including remuneration, pension entitlements and other benefits) of any Senior Employee;
 - (II) provide or agree to provide any gratuitous payment or benefit to any Senior Employees or any of his dependants;
 - (III) dismiss any Senior Employees; or
- (N) save as in the ordinary and usual course of business of the HMI Group, acquire, agree to acquire, dispose of or agree to dispose of, any share, shares or other interest in any company, partnership or other venture or enter into any agreement or arrangement (whether conditional or otherwise) in relation to the foregoing;
- (o) **No Solicitation:** during the Restricted Period, it will:
 - (i) ensure that it and the other HMI Group Companies and their respective employees, consultants, advisers and representatives shall deal exclusively with the Offeror to complete the Scheme and do not directly or indirectly solicit, invite, induce, initiate, encourage or entertain approaches or participate in or enter into any negotiations or discussions, or communicate any intention to do any of these things (including allowing any third party to perform due diligence investigations on any HMI Group Company), with a view to obtaining or with respect to any expression of interest, offer or proposal by any person other than the Offeror in relation to:
 - (A) any proposal or offer to (whether directly or indirectly) acquire or become the holder (whether by share purchase, asset purchase, scheme, capital reconstruction, tender offer or otherwise) of, or otherwise have an economic interest in:
 - (I) any part of the businesses, assets (other than in the ordinary and usual course of business of the HMI Group) or undertakings of the Company and/or any other HMI Group Company; or
 - (II) any shares in the Company and/or any other HMI Group Company; or

APPENDIX N – OBLIGATIONS OF THE COMPANY

- (B) any proposal or offer to otherwise acquire or merge with the Company or any other HMI Group Company (whether by way of joint venture, reverse takeover bid, dual listed company structure or otherwise); or
 - (C) any other arrangement having an effect similar to any of this paragraph (o)(i)(a) and (o)(i)(b), including a merger or amalgamation proposal; or
 - (D) any other transaction which would preclude, interfere with or prejudice the Acquisition and/or the Scheme; and
- (ii) notify the Offeror of the details of any approach or solicitations by any third party made either to the Company or any HMI Group Company with a view to the making of any such offer, merger or sale upon becoming aware of the relevant matter,
 - (iii) save that the restrictions in this paragraph (o) shall not apply to (A) the making of normal presentations, by and on behalf of any HMI Group Company, to brokers, portfolio investors and analysis in the ordinary and usual course in relation to its business generally, and (B) the provision of information by or on behalf of the Company to the SGX-ST.
 - (iv) For the avoidance of doubt, nothing in this paragraph (o) shall prohibit or restrict the Company from receiving any unsolicited or uninitiated expression of interest, offer or proposal of a kind referred to in this paragraph (o). In the event that any HMI Group Company receives any such expression of interest, offer or proposal, the Company shall be entitled:
 - (A) if required pursuant to the Listing Rules and/or the Code, to announce such expression of interest, offer or proposal;
 - (B) to enter into discussions or negotiations or otherwise entertain such expressions of interest, offer or proposal;
 - (C) to make any recommendation or to refrain from making any recommendation to the Company Shareholders as the directors of the Company may deem fit in respect of such expression of interest, offer or proposal; and
 - (D) generally to perform all such acts as may be necessary for the directors of the Company to comply with and discharge their fiduciary duties, statutory, regulatory and/or legal obligations that they may be subject to under all applicable laws and regulations (including but not limited to their obligations under the Code),provided that, in each instance, the Board has determined in good faith and acting reasonably that a failure to do any of the foregoing would constitute a breach of the Companies Act, Listing Rules, the requirements of the SGX-ST, the Code or any applicable laws or regulations (including the fiduciary obligations of the directors of the Company); and
- (p) **Acquisition Debt Financing:** the Company will cooperate with the Offeror and use reasonable endeavours to obtain all consent(s) and/or waiver(s) as are necessary or required from the Third Parties, for and in connection with the Acquisition Debt Financing (including any Encumbrances over the assets and undertakings of the HMI Group which may be required or created in respect thereof).

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APPENDIX O – THE SCHEME

IN THE HIGH COURT OF THE REPUBLIC OF SINGAPORE

HC/OS 964/2019

)

In the matter of Section 210 of the
Companies Act, Chapter 50

And

In the matter of
HEALTH MANAGEMENT INTERNATIONAL LTD
(Singapore UEN No. 199805241E)

... Applicant

SCHEME OF ARRANGEMENT

under Section 210 of the Companies Act, Chapter 50

Between

Health Management International Ltd

And

The HMI Shareholders (as defined herein)

And

PanAsia Health Limited

APPENDIX O – THE SCHEME

PRELIMINARY

In this Scheme of Arrangement, except to the extent that the context requires otherwise, the following expressions shall bear the following respective meanings:

“Adjustment Mechanism”	:	Has the meaning ascribed to it in Clause 3.2 of this Scheme
“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
“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
“Court”	:	The High Court of the Republic of Singapore
“Effective Date”	:	The date on which this Scheme becomes effective in accordance with its terms
“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 HMI Shareholders”	:	HMI Shareholders as at 5.00 p.m. on the Books Closure Date
“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

APPENDIX O – THE SCHEME

“Holding Announcement Date”	:	17 June 2019, being the date on which the Company first released a holding announcement in respect of a possible transaction
“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 the Acquisition and the Scheme will be implemented
“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
“Latest Practicable Date”	:	24 September 2019, being the latest practicable date prior to the printing of the Scheme Document
“Maximum Number”	:	686,218,454 HMI Shares, being the maximum number of HMI Shares that may be elected for the Securities Consideration
“Offeror”	:	PanAsia Health Limited
“Offeror Shares”	:	Ordinary shares in the capital of the Offeror
“Register of Members”	:	The register of members of the Company
“Scheme”	:	This scheme of arrangement under Section 210 of the Companies Act dated 3 October 2019, in its present form or with or subject to any modification thereof or amendment or addition thereto in accordance with its terms or condition(s) approved or imposed by the Court
“Scheme Conditions”	:	The conditions precedent in the Implementation Agreement which must be satisfied (or, where applicable, waived) by the Conditions Long-Stop Date for this Scheme to be implemented and which are reproduced in Appendix I to the Scheme Document
“Scheme Consideration”	:	The Cash Consideration OR in lieu of the Cash Consideration, the Securities Consideration subject to the Adjustment Mechanism
“Scheme Document”	:	The document dated 3 October 2019 issued by the Company to HMI Shareholders containing, <i>inter alia</i> , details of the Scheme

APPENDIX O – THE SCHEME

“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 the Scheme Document, and any adjournment thereof
“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
“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
“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
“Transfer Books”	:	The transfer books of the Company

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 or statute shall include a reference to any subordinate legislation and any regulation made under the relevant enactment or statute and is a reference to that enactment, statute, subordinate legislation or regulation as from time to time amended, consolidated, modified, re-enacted or replaced, whether before or after the date of this Scheme.

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

APPENDIX O – THE SCHEME

RECITALS

- (A) 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. 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.
- (B) The primary purpose of this Scheme is the acquisition by the Offeror of all the HMI Shares.
- (C) The Company and the Offeror have entered into the Implementation Agreement to set out their respective rights and obligations with respect to this Scheme and the implementation thereof.
- (D) The Offeror has agreed to appear by legal counsel at the hearing of the Originating Summons to sanction this Scheme, and to consent thereto, and to undertake to the Court to be bound thereby and to execute and do and procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done by it for the purpose of giving effect to this Scheme.

1. CONDITIONS PRECEDENT

This Scheme is conditional upon each of the Scheme Conditions being satisfied or, subject to the terms of the Implementation Agreement, waived on or before the Conditions Long-Stop Date.

2. TRANSFER OF THE HMI SHARES

- 2.1. With effect from the Effective Date, all the HMI Shares held by the Entitled HMI Shareholders as at the Books Closure Date will be transferred to the Offeror fully paid up, free from all Encumbrances and 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.
- 2.2. For the purpose of giving effect to the transfer of the HMI Shares provided for in Clause 2 of this Scheme:
 - (a) 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
 - (b) 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.

APPENDIX O – THE SCHEME

3. PAYMENT OF SCHEME CONSIDERATION

3.1. In consideration for the transfer of the HMI Shares to the Offeror under Clause 2 of this Scheme and subject to Clause 1 of this Scheme, the Offeror shall pay or procure that there shall be payment to each Entitled HMI Shareholder the Scheme Consideration for each HMI Share transferred by the Entitled HMI Shareholder, in the form of:

- (a) the Cash Consideration, being **S\$0.730** in cash; or
- (b) 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,

as that Entitled HMI Shareholder may elect.

3.2. 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**”).

3.3. 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 Clause 2 of this Scheme:

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

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.

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 O – THE SCHEME

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

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:

- (i) 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
- (ii) 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 Shareholders, 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.

3.4. 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 and paragraph 10.3 of the Offeror's Letter as set out in Appendix C to the Scheme Document, 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 per new Offeror Share 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 share certificates in respect of the Offeror Shares 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).

APPENDIX O – THE SCHEME

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 Clause 2 of this Scheme:

(a) **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, in the case of Overseas Shareholders, be despatched in or into any overseas jurisdiction.

(b) **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 at 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.

3.5. The encashment of any cheque or the crediting by CDP of the aggregate Scheme Consideration in such other manner as the Entitled HMI Shareholder may have agreed with CDP, and the sending of the Offeror Share Certificates of the securities component of the Securities Consideration by post pursuant to the terms of this Scheme, for payment of any Scheme Consideration as referred to in Clauses 3.3 and 3.4 of this Scheme shall be deemed as good discharge to the Offeror, the Company and CDP for the moneys represented thereby.

3.6. (a) 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.

(b) 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 this Scheme 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 this Scheme 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 this Scheme.

APPENDIX O – THE SCHEME

- (c) 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 this Scheme 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.
 - (d) Clause 3.6(c) of this Scheme shall take effect subject to any prohibition or condition imposed by law.
- 3.7. From the Effective Date, each existing share certificate representing a former holding of HMI Shares by an Entitled HMI Shareholder (not being a Depositor) will cease to be evidence of title to the HMI Shares represented thereby. The Entitled HMI Shareholders (not being Depositors) shall be 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.

4. EFFECTIVE DATE

- 4.1. Subject to the satisfaction of the conditions precedent set out in Clause 1 of this Scheme, this Scheme shall become effective and binding upon a copy of the order of the Court sanctioning this Scheme under Section 210 of the Companies Act being duly lodged with the Accounting and Corporate Regulatory Authority of Singapore for registration.
- 4.2. Unless this Scheme shall have become effective and binding as aforesaid on or before the Conditions Long-Stop Date (or such other date as the Court on the application of the Company or the Offeror may allow), this Scheme shall lapse.
- 4.3. The Company and the Offeror may jointly consent, for and on behalf of all concerned, to any modification of, or amendment to, this Scheme or to any condition which the Court may think fit to approve or impose.
- 4.4. In the event that this Scheme does not become effective and binding for any reason, the costs and expenses incurred by the Company in connection with this Scheme will be borne by the Company.
- 4.5. This Scheme shall be governed by, and construed in accordance with, the laws of Singapore, and the Company, the Offeror and Shareholders submit to the non-exclusive jurisdiction of the courts of Singapore. A person who is not a party to this Scheme has no rights under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore, to enforce any term or provision of this Scheme.

Dated 3 October 2019

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APPENDIX P – NOTICE OF SCHEME MEETING

IN THE HIGH COURT OF THE REPUBLIC OF SINGAPORE

HC/OS 964/2019

)

In the matter of Section 210 of the
Companies Act, Chapter 50

And

In the matter of
HEALTH MANAGEMENT INTERNATIONAL LTD
(Singapore UEN No. 199805241E)

... Applicant

SCHEME OF ARRANGEMENT

under Section 210 of the Companies Act, Chapter 50

Between

Health Management International Ltd

And

The HMI Shareholders (as defined herein)

And

PanAsia Health Limited

APPENDIX P – NOTICE OF SCHEME MEETING

NOTICE OF SCHEME MEETING

NOTICE IS HEREBY GIVEN that by an Order of Court made in the above matter, the High Court of the Republic of Singapore (the “**Court**”) has directed a meeting (the “**Scheme Meeting**”) of the holders of issued and paid-up ordinary shares in the capital of Health Management International Ltd (the “**Company**”) (“**HMI Shares**” and each holder of HMI Shares shall hereafter be referred to as a “**HMI Shareholder**”) to be convened and such Scheme Meeting shall be held at Devan Nair Institute for Employment and Employability, Hall 3, Level 1, 80 Jurong East Street 21, Singapore 609607 on 18 October 2019 at 3.00 p.m., for the purpose of considering and, if thought fit, approving (with or without modification) the following resolution:

RESOLUTION

RESOLVED THAT the scheme of arrangement dated 3 October 2019 proposed to be made pursuant to Section 210 of the Companies Act, Chapter 50 of Singapore, between (i) the Company, (ii) HMI Shareholders and (iii) PanAsia Health Limited, a copy of which has been circulated with this Notice of Scheme Meeting convening this Scheme Meeting, be and is hereby approved.

All references to the Scheme Document in this Notice of Scheme Meeting shall mean the Company’s Scheme Document to HMI Shareholders dated 3 October 2019. All capitalised terms not otherwise defined herein shall have the meanings given to them in the Scheme Document.

By the said Order of Court, the Court has appointed Professor Annie Koh, or failing her, any director of the Company (save for Dr. Gan See Khem, Ms. Chin Wei Jia and Mr. Chin Wei Yao), to act as Chairman of the Scheme Meeting and has directed the Chairman to report the results thereof to the Court.

The said scheme of arrangement will be subject to, inter alia, the subsequent sanction of the Court.

Notes

1. A copy of the said scheme of arrangement and a copy of the Explanatory Statement required to be furnished pursuant to Section 211 of the Companies Act, Chapter 50 of Singapore, are incorporated in the Scheme Document of which this Notice forms part.
2. In the case of joint holders of HMI Shares, any one of such persons may vote, but if more than one of such persons be present at the Scheme Meeting, the person whose name stands first in the Register of Members of the Company or, as the case may be, the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore) shall alone be entitled to vote.
3. **A HMI SHAREHOLDER, WHO IS ENTITLED TO ATTEND, SPEAK AND VOTE AT THE SCHEME MEETING, IS ENTITLED TO APPOINT ONE (AND NOT MORE THAN ONE) PROXY TO ATTEND AND VOTE AT THE SCHEME MEETING.**
4. A proxy need not be a member of the Company.
5. **EACH HMI SHAREHOLDER ENTITLED TO ATTEND AND VOTE AT THE SCHEME MEETING, AND WHO VOTES IN PERSON OR BY PROXY AT THE SCHEME MEETING, MAY ONLY CAST ALL THE VOTES IT USES AT THE SCHEME MEETING IN ONE WAY, NAMELY, EITHER FOR OR AGAINST THE SCHEME.**
6. A form of proxy applicable for the Scheme Meeting is enclosed with the printed document of which this Notice of Scheme Meeting forms part.
7. It is requested that Proxy Forms be lodged with the Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 in accordance with the instructions contained therein not less than 48 hours before the time appointed for the Scheme Meeting.
8. Please see the Scheme Document and the notes to the Proxy Form for more information.

APPENDIX P – NOTICE OF SCHEME MEETING

Personal data privacy

By submitting an instrument appointing a proxy and/or representative to attend, speak and vote at the Scheme Meeting and/or any adjournment thereof, a HMI Shareholder (i) consents to the collection, use and disclosure of the HMI Shareholder's personal data by the Company (and/or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (and/or its agents or service providers) of its proxy and/or representative appointed for the Scheme Meeting (including any adjournment thereof), and the preparation and compilation of the attendance lists, minutes and other documents relating to the Scheme Meeting (including any adjournment thereof), and in order for the Company (and/or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"); (ii) warrants that where the HMI Shareholder discloses the personal data of the HMI Shareholder's proxy and/or representative to the Company (and/or its agents or service providers), the HMI Shareholder has obtained the prior consent of such proxy and/or representative for the collection, use and disclosure by the Company (and/or its agents or service providers) of the personal data of such proxy and/or representative for the Purposes; and (iii) agrees that the HMI Shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the HMI Shareholder's breach of warranty.

Dated this 3rd day of October 2019

Rajah & Tann Singapore LLP
9 Battery Road
#25-01 MYP Centre
Singapore 049910

Solicitors for
Health Management International Ltd

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PROXY FORM FOR SCHEME MEETING

HEALTH MANAGEMENT INTERNATIONAL LTD

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

**FORM OF PROXY FOR USE AT THE SCHEME MEETING
(OR ANY ADJOURNMENT THEREOF) OF THE HMI SHAREHOLDERS**

IN THE HIGH COURT OF THE REPUBLIC OF SINGAPORE

HC/OS 964/2019

)

In the matter of Section 210 of the
Companies Act, Chapter 50

And

In the matter of
HEALTH MANAGEMENT INTERNATIONAL LTD
(Singapore UEN No. 199805241E)

... Applicant

SCHEME OF ARRANGEMENT

under Section 210 of the Companies Act, Chapter 50

Between

Health Management International Ltd

And

The HMI Shareholders (as defined herein)

And

PanAsia Health Limited

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PROXY FORM FOR SCHEME MEETING

IMPORTANT:

1. For investors who have used their CPF/SRS moneys 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.
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 Agent Banks or 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 Jurong 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 hereunder indicated.

*I/We direct *my/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 discretion, as *he/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

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Notes:

1. **A HMI SHAREHOLDER ENTITLED TO ATTEND AND VOTE AT THE SCHEME MEETING IS ENTITLED TO APPOINT ONE (AND NOT MORE THAN ONE) PROXY TO ATTEND AND VOTE INSTEAD OF SUCH HMI SHAREHOLDER.** A proxy need not be a member of the Company. The appointment of a proxy by this instrument shall not preclude a HMI Shareholder from attending and voting in person at the Scheme Meeting. If a HMI Shareholder attends the Scheme Meeting in person, the appointment of a proxy shall be deemed to be revoked, and the Company reserves the right to refuse to admit such proxy to the Scheme Meeting.
2. **EACH HMI SHAREHOLDER ENTITLED TO ATTEND AND VOTE AT THE SCHEME MEETING, AND WHO VOTES IN PERSON OR BY PROXY AT THE SCHEME MEETING, MAY ONLY CAST ALL THE VOTES IT USES AT THE SCHEME MEETING IN ONE WAY, NAMELY, EITHER FOR OR AGAINST THE SCHEME.**
3. A HMI Shareholder voting by proxy shall be included in the count of HMI Shareholders present and voting at the Scheme Meeting as if that HMI Shareholder was voting in person, such that the votes of a proxy who has been appointed to represent more than one HMI Shareholder at the Scheme Meeting shall be counted as the votes of the number of appointing HMI Shareholders.
4. The instrument appointing a proxy must be under the hand of the appointor or his attorney duly authorised in writing or, where the instrument appointing a proxy is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Any alteration made to the proxy form should be initialled by the person who signs it.
5. A corporation which is a HMI Shareholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Scheme Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
6. This instrument appointing a proxy (together with the power of attorney, if any, under which it is signed or a certified copy thereof), must be deposited at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623, not less than 48 hours before the time appointed for holding the Scheme Meeting.

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Affix
Postage
Stamp

BOARDROOM CORPORATE & ADVISORY SERVICES PTE. LTD.

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

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7. A HMI Shareholder should insert the number of HMI Shares held in this instrument of proxy and in respect of which he wishes to cast his vote. If the HMI Shareholder has HMI Shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), he should insert that number of HMI Shares. If the HMI Shareholder has HMI Shares registered in his name in the Register of Members of the Company, he should insert that number of HMI Shares. If the HMI Shareholder has HMI Shares entered against his name in the Depository Register as well as HMI Shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of HMI Shares. If no number is inserted, this instrument of proxy will be deemed to relate to all the HMI Shares held by the HMI Shareholder (in both the Register of Members of the Company and the Depository Register).
8. In the case of joint holders of HMI Shares, any one of such persons may vote, but if more than one of such persons be present at the Scheme Meeting, the person whose name stands first on the Register of Members of the Company or (as the case may be) the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore) shall alone be entitled to vote.
9. The Company shall be entitled to reject this instrument of proxy if it is incomplete, improperly completed, unexecuted or improperly executed, or illegible, or where in the Company's opinion the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this instrument of proxy or if this instrument of proxy is not submitted on time or in accordance with Note 6 above. In addition, in the case of a HMI Shareholder whose HMI Shares are entered in the Depository Register, the Company may reject any instrument appointing a proxy lodged if the HMI Shareholder, being the appointor, is not shown to have HMI Shares entered against his name in the Depository Register at least 72 hours before the time appointed for holding the Scheme Meeting as certified by The Central Depository (Pte) Limited to the Company.
10. CPF Agent Banks and/or SRS Agent Banks acting on the request of the CPF investors and/or SRS Investors who wish to attend the Scheme Meeting as observers are requested to submit in writing, a list with details of the investors' names, NRIC/Passport numbers, addresses and number of HMI Shares held. The list, signed by an authorised signatory of the Agent Bank, should reach the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623, at least 48 hours before the time appointed for holding the Scheme Meeting.
11. All capitalised terms not otherwise defined herein shall have the meanings given to them in the Company's Scheme Document dated 3 October 2019.

