

CIRCULAR DATED 13 OCTOBER 2017

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

This Circular is circulated to the shareholders of Health Management International Ltd (the “**Company**”) together with the Company’s annual report for the financial year ended 30 June 2017 (the “**Annual Report 2017**”). The notice of annual general meeting (the “**Notice of AGM**”) and the Proxy Form are enclosed with the Annual Report 2017.

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

If you have sold or transferred all your shares in the capital of the Company, you should immediately forward the Annual Report 2017, the Notice of AGM, the Proxy Form and this Circular to the purchaser or transferee of the shares or to the bank, stockbroker or agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

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



HEALTH MANAGEMENT INTERNATIONAL LTD

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

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

(1) THE PROPOSED ADOPTION OF THE HMI PERFORMANCE SHARE PLAN 2017;

**(2) THE PROPOSED PARTICIPATION BY DR GAN SEE KHEM,
A CONTROLLING SHAREHOLDER, AND MS CHIN WEI JIA AND MR CHIN WEI YAO,
ASSOCIATES OF A CONTROLLING SHAREHOLDER,
IN THE HMI PERFORMANCE SHARE PLAN 2017;**

**(3) THE PROPOSED AWARD OF SHARES TO DR GAN SEE KHEM,
A CONTROLLING SHAREHOLDER, AND MS CHIN WEI JIA AND MR CHIN WEI YAO,
ASSOCIATES OF A CONTROLLING SHAREHOLDER, PURSUANT TO
THE HMI PERFORMANCE SHARE PLAN 2017; AND**

(4) THE PROPOSED RENEWAL OF THE SHARE BUY BACK MANDATE.

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	28 October 2017 at 4.00 p.m.
Date and time of Annual General Meeting	:	30 October 2017 at 4.00 p.m.
Place of Annual General Meeting	:	Hall 1, Level 1 Devan Nair Institute for Employment and Employability 80 Jurong East Street 21 Singapore 609607

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DEFINITIONS

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

“ACRA”	:	Accounting and Corporate Regulatory Authority.
“Act”	:	The Companies Act, Chapter 50 of Singapore, as may be amended, modified or supplemented from time to time.
“AGM”	:	The annual general meeting of the Company to be held on 30 October 2017 at 4.00 p.m. at Hall 1, Level 1, Devan Nair Institute for Employment and Employability, 80 Jurong East Street 21, Singapore 609607.
“Annual Report 2017”	:	The Company’s annual report for the financial year ended 30 June 2017.
“Associate”	:	Has the meaning ascribed to it in the Listing Manual.
“Associated Companies”	:	Companies in which at least 20% but not more than 50% of its shares are held by the Company or by the Group.
“Auditors”	:	The auditors of the Company for the time being.
“Award”	:	A contingent award of Ordinary Shares granted under the HMI Performance Share Plan 2017.
“Board”	:	The board of Directors of the Company as at the date of this Circular.
“CDP”	:	The Central Depository (Pte) Limited.
“Circular”	:	This circular to Shareholders dated 13 October 2017.
“Company”	:	Health Management International Ltd.
“Committee”	:	The Remuneration Committee, comprising Independent Directors of the Company from time to time.
“Constitution”	:	The constitution of the Company.
“Controlling Shareholder”	:	A Shareholder who: (a) holds directly or indirectly 15% or more of the total number of Ordinary Shares (excluding treasury shares and subsidiary holdings) in the Company. The SGX-ST may determine that a person who satisfies this paragraph is a controlling shareholder; or (b) in fact exercises control over the Company.

DEFINITIONS

“Date of Grant”	:	In relation to an Award, the date on which the Award is granted pursuant to Rule 6 of the rules of the HMI Performance Share Plan 2017.
“Director”	:	A person holding office as a director of the Company for the time being.
“Dividend”	:	A dividend (including any interim, final, special or other dividend) to be paid on the issued Ordinary Shares as resolved or proposed by the Directors or the Company in general meeting.
“EBIT”	:	Earnings before interest and tax.
“EPS”	:	Earnings per Share.
“Exchange Rate”	:	The exchange rate of S\$1:RM3.10837 as at the Latest Practicable Date.
“Executive Director”	:	A director of the Company and/or any of its subsidiaries, as the case may be, who performs an executive function.
“FY”	:	The financial year ended or ending 30 June.
“Group”	:	The Company and its subsidiaries.
“Group Employee”	:	A full time confirmed employee of the Company, and/or any of its subsidiaries, as the case may be, including any Executive Director.
“HMI ESOS 2008”	:	The Health Management International Ltd employee share option plan dated 23 October 2008, as amended on 14 November 2014.
“HMI Performance Share Plan 2017”	:	The proposed Health Management International Ltd Performance Share Plan, the terms and conditions of which are set out in Appendix 1 to this Circular, as amended from time to time.
“HMI Performance Share Plan 2008”	:	The Health Management International Ltd performance share plan dated 23 October 2008, as amended on 14 November 2014.
“Independent Director”	:	An independent director of the Company and/or any of its subsidiaries, as the case may be.
“Latest Practicable Date”	:	2 October 2017, being the latest practicable date prior to the printing of this Circular.

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“Listing Manual”	:	The Listing Manual of the SGX-ST, as may be amended, modified or supplemented from time to time.
“Listing Rules”	:	The listing rules of the SGX-ST, as set out in the Listing Manual.
“Market Day”	:	A day on which the SGX-ST is open for trading in securities.
“new Shares”	:	The new Shares which may be allotted and issued from time to time pursuant to the vesting of Awards under the HMI Performance Share Plan 2017.
“Notice of AGM”	:	The notice of AGM.
“Non-Executive Director”	:	A director of the Company and/or any of its subsidiaries, as the case may be, who performs a non-executive function. An Independent Director is a Non-Executive Director.
“NTA”	:	Net tangible assets.
“Ordinary Shares”	:	Ordinary shares in the capital of the Company.
“Participant”	:	Any eligible person who is selected by the Committee to participate in the HMI Performance Share Plan 2017, in accordance with the rules of the HMI Performance Share Plan 2017.
“Proposals”	:	The proposed adoption of the HMI Performance Share Plan 2017; the proposed participation by Dr Gan See Khem, a controlling shareholder, and Ms Chin Wei Jia and Mr Chin Wei Yao, associates of a controlling shareholder, in the HMI Performance Share Plan 2017; the proposed award of shares to Dr Gan See Khem, a controlling shareholder, and Ms Chin Wei Jia and Mr Chin Wei Yao, associates of a controlling shareholder, pursuant to the HMI Performance Share Plan 2017; and the proposed renewal of the Share Buy Back Mandate.
“Securities Account”	:	A securities account maintained by a Depositor with CDP but does not include a securities sub-account maintained with a Depository Agent.
“SGX-ST”	:	Singapore Exchange Securities Trading Limited.
“Share Buy Back Mandate”	:	The general mandate to authorise the Directors to exercise all the powers of the Company to purchase or acquire its issued Shares upon and subject to the terms of such mandate.

DEFINITIONS

“Shareholders”	:	Registered holders of Shares, except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the Depositors into whose Securities Accounts those Shares are credited. Any reference to Shares held by Shareholders shall include Shares standing to the credit of the respective Shareholders’ Securities Accounts.
“Shares”	:	Shares in the capital of the Company.
“Substantial Shareholder”	:	A person who has an interest in the voting shares in the Company representing not less than five percent (5%) of all the voting shares.
“Take-over Code”	:	The Singapore Code on Take-overs and Mergers, and all practice notes, rules and guidelines thereunder, as may from time to time be issued or amended.
“treasury shares”	:	Issued Shares which were (or are treated as having been) purchased or acquired by the Company in circumstances in which Section 76H of the Act applies and have been held by the Company continuously since such Shares were so purchased or acquired.
“\$” or “S\$” and “cents”	:	Singapore dollars and cents respectively, being the lawful currency of Singapore.
“RM” and “sen”	:	Ringgit and sen respectively, being the lawful currency of Malaysia.
“%”	:	Per centum or percentage.

The terms **“Depositor”**, **“Depository Agent”** and **“Depository Register”** shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore. The term **“subsidiary”** shall have the meaning ascribed to it in Section 5 of the Act.

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

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

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

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

LETTER TO SHAREHOLDERS

HEALTH MANAGEMENT INTERNATIONAL LTD

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

Board of Directors:

Dr Gan See Khem (*Executive Chairman and Managing Director*)
Ms Chin Wei Jia (*Executive Director*)
Mr Chin Wei Yao (*Executive Director*)
Professor Annie Koh (*Lead Independent Director*)
Dr Cheah Way Mun (*Independent Non-Executive Director*)
Professor Tan Chin Tiong (*Independent Non-Executive Director*)

Registered Office:

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

13 October 2017

To: The Shareholders of Health Management International Ltd

Dear Sir/Madam

1. INTRODUCTION

The Directors refer to (i) the Notice of AGM accompanying the Annual Report 2017, convening the AGM, and (ii) Resolutions 7, 8, 9, 10, 11, 12, 13 and 19 set out in the Notice of AGM, being the ordinary resolutions for the proposed adoption of the HMI Performance Share Plan 2017; ordinary resolutions for the proposed participation by Dr Gan See Khem, a Controlling Shareholder, and Ms Chin Wei Jia and Mr Chin Wei Yao, Associates of a Controlling Shareholder, in the HMI Performance Share Plan 2017; the ordinary resolutions for Award to be made to Dr Gan See Khem, a Controlling Shareholder, Ms Chin Wei Jia and Mr Chin Wei Yao, Associates of a Controlling Shareholder, under the HMI Performance Share Plan 2017; and an ordinary resolution for the proposed renewal of the Share Buyback Mandate.

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

2. THE PROPOSED ADOPTION OF THE HMI PERFORMANCE SHARE PLAN 2017

2.1 Rationale for the HMI Performance Share Plan 2017

The Company has undertaken a review of employee remuneration and benefits and wishes to introduce a new remuneration system that will promote high performance goals, recognise exceptional achievement and attract and retain talents within the Group. The review was undertaken with the assistance of Mercer (Singapore) Pte. Ltd., a global consulting firm specialising in remuneration. The HMI Performance Share Plan 2017, which forms an integral and important component of the new remuneration system, is designed to reward, attract, and retain Group Employees whose services are vital to the well-being and success of the Group.

LETTER TO SHAREHOLDERS

The Company intends to terminate the HMI Performance Share Plan 2008, which will be replaced by the HMI Performance Share Plan 2017. The Company also intends to terminate the HMI ESOS 2008. These two plans will be replaced by the HMI Performance Share Plan 2017.

Subject to the approval of the Committee, Group Employees (including Executive Directors) and Controlling Shareholders and/or their Associates will be eligible to participate in the HMI Performance Share Plan 2017. Non-Executive Directors (including Independent Directors who will be responsible for administering the HMI Performance Share Plan 2017) will not be eligible to participate in the HMI Performance Share Plan 2017.

For the avoidance of doubt, directors and employees of the Associated Companies will not be eligible to participate in the HMI Performance Share Plan 2017.

The HMI Performance Share Plan 2017 contemplates the award of fully-paid Shares to Participants after certain pre-determined performance targets have been met. The Company believes that the HMI Performance Share Plan 2017 will be more effective and rewarding than pure cash bonuses in motivating employees and aligning them with Shareholders' interests to work towards pre-determined goals of the Company.

The HMI Performance Share Plan 2017 is based on the principle of pay-for-performance and is designed to enable the Company to reward, attract, retain and motivate employees to achieve superior performance. Adopting the HMI Performance Share Plan 2017 will give the Company greater flexibility in aligning the interests of employees with the interests of Shareholders.

The HMI Performance Share Plan 2017 will:

- (a) provide an opportunity for Participants to participate in the equity of the Company, thereby inculcating a stronger sense of identification with the long term prosperity of the Group and promoting organisational commitment, dedication and loyalty of Participants towards the Group;
- (b) motivate Participants to strive towards performance excellence and to maintain a high level of contribution to the Group;
- (c) give recognition to contributions made or to be made by Participants by introducing a variable component into their remuneration package; and
- (d) make employee remuneration sufficiently competitive to recruit new Participants and/or to retain existing Participants whose contributions are important to the long term growth and profitability of the Group.

Key differences between the HMI Performance Share Plan 2017 and the HMI Performance Share Plan 2008

The HMI Performance Share Plan 2017 includes an annual limit whereby not more than one percent (1%) of the number of issued Shares (excluding treasury shares and subsidiary holdings) may be granted nor vest each year. No such annual limit restricting the number of issued Shares to be granted or vested under the HMI Performance Share Plan 2008 is imposed.

LETTER TO SHAREHOLDERS

Non-Executive Directors (including Independent Directors who will be responsible for administering the HMI Performance Share Plan 2017) will not be eligible to participate in the HMI Performance Share Plan 2017. Non-Executive Directors (including Independent Directors) are eligible to participate in the HMI Performance Share Plan 2008.

2.2 Participation of Controlling Shareholders and their Associates

Rationale and justification for participation

The employees of the Group and the Directors who are also Controlling Shareholders and/or their Associates shall be eligible to participate in the HMI Performance Share Plan 2017 if: (a) their participation in the HMI Performance Share Plan 2017, and (b) the actual number and terms of the Awards to be granted to them, have been approved by independent Shareholders of the Company in separate resolutions for each such person.

The relevant employee and/or Director who is a Controlling Shareholder or an Associate of a Controlling Shareholder, is required to abstain from voting on, and shall refrain from making any recommendation on, the resolutions in relation to the HMI Performance Share Plan 2017.

It is the intention of the Company that employees of the Group and the Directors who are Controlling Shareholders and/or their Associates should be remunerated for their contribution to the Group on the same basis as other employees. Although Controlling Shareholders already have shareholding interests in the Company, the extension of the HMI Performance Share Plan 2017 to allow the Controlling Shareholders to participate in the HMI Performance Share Plan 2017, will ensure that they are equally entitled, with the other employees, to participate in and benefit from, this system of remuneration. The HMI Performance Share Plan 2017 is intended to be part of a system of remuneration for Group Employees, and the Company is of the view that Group Employees who are Controlling Shareholders should not be unduly discriminated against by virtue only of their shareholding in the Company. The Company is also of the view that the extension of the HMI Performance Share Plan 2017 to Controlling Shareholders and/or their Associates will enhance the long term commitment of these parties to the Company. In addition, to deny participation by the Controlling Shareholders and their Associates may serve to demotivate them and undermine the objectives of the HMI Performance Share Plan 2017.

The Controlling Shareholders and/or their Associates shall be treated equally for the purposes of the HMI Performance Share Plan 2017. Accordingly, the HMI Performance Share Plan 2017 should not unduly favour Controlling Shareholders, and the terms and conditions of the Share Plan do not differentiate Controlling Shareholders and/or their Associates from other Participants in determining the eligibility of such persons to participate in the HMI Performance Share Plan 2017 and be granted Awards thereunder. As such, the Controlling Shareholders and/or their Associates will be subject to the same rules as those applicable to other Participants. The HMI Performance Share Plan 2017 does not therefore unduly favour Controlling Shareholders and/or their Associates, over other Participants.

The Directors are of the view that the grant of Awards to Controlling Shareholders and/or their Associates will act as an additional incentive for the Controlling Shareholders who are employees and Directors of the Group to improve their performance, as the value of the Awards will be best realised when the result of their performance correlates directly with a higher Share price for the Company.

LETTER TO SHAREHOLDERS

The Directors (except for those who are Controlling Shareholders and/or their Associates) are of the view that the participation in the HMI Performance Share Plan 2017 by the Controlling Shareholders is in the best interests of the Company as the Controlling Shareholders are able to set the direction of the Company, define objectives and roles of management and influence decisions made by the Company and thus stand in a unique position to contribute to the growth and prosperity of the Group.

The Executive Directors (Dr Gan See Khem, Ms Chin Wei Jia and Mr Chin Wei Yao) are family members. Dr Gan See Khem is the mother of Ms Chin Wei Jia and Mr Chin Wei Yao. They collectively hold approximately 39.77% of the total issued share capital of the Company (excluding treasury shares and subsidiary holdings). Dr Gan See Khem is a Controlling Shareholder of the Company, and Ms Chin Wei Jia and Mr Chin Wei Yao are Associates of Dr Gan See Khem.

Rationale for participation of Dr Gan See Khem

Dr Gan See Khem is the Executive Chairman and Managing Director of the Company. She has led the management in pursuing the Group's mission and objectives and has been instrumental to the growth of the Group since 1999. Notably, she was principally involved in developing and driving the growth of the Group's core healthcare business through strategic entry into the underserved healthcare markets in Malacca and Iskandar Malaysia, Johor, via investments in Mahkota Medical Centre Sdn Bhd ("Mahkota") and Regency Specialist Hospital Sdn Bhd ("Regency"). These investments have since delivered strong business growth and positive results for the Group. As the Executive Chairman and Managing Director, Dr Gan See Khem provides leadership, management skills, business networks and market contacts to the Group. The Directors believe that the strategic leadership of Dr Gan See Khem will be critical to the growth of the Company. For these reasons, the Directors consider her experience in and contribution towards the growth of the Company to be invaluable and therefore wish to allow Dr Gan See Khem to participate in the HMI Performance Share Plan 2017.

The Directors are of the view that the remuneration package of Dr Gan See Khem is appropriate given her contributions to the Group. The extension of the HMI Performance Share Plan 2017 to Dr Gan See Khem is consistent with the Company's objectives to motivate its employees to achieve and maintain a high level of performance and contribution which is vital to the success of the Company. Although Dr Gan See Khem already has a shareholding interest in the Company, the extension of the HMI Performance Share Plan 2017 to her will ensure that she is equally entitled, with the other employees who are not Controlling Shareholders, to take part in and benefit from this system of remuneration, thereby enhancing her long term commitment to the Company. For the above reasons, the Directors believe that Dr Gan See Khem deserves, and should be allowed to participate in, the HMI Performance Share Plan 2017.

As at the Latest Practicable Date, Dr Gan See Khem is, directly and indirectly, interested in 326,492,181 Shares, representing approximately 39.77% of the total number of issued Shares (excluding treasury shares and subsidiary holdings).

LETTER TO SHAREHOLDERS

Rationale for participation of Ms Chin Wei Jia

Ms Chin Wei Jia is the Executive Director and Group Chief Executive Officer (“CEO”) of the Company. She is also the Managing Director of Mahkota and Regency. As Group CEO, she is responsible for the overall management and operations of the Group. Ms Chin Wei Jia joined the Company in 2002 and has played a key role in the development of the Company into a SGX mainboard listed healthcare company. She had contributed to the start of the Company’s education business via the launch of HMI Institute of Health Sciences (“HMI-IHS”). Ms Chin Wei Jia was also previously the CEO of Regency from 2013 to early 2016 and led the breakthrough of the hospital from early gestation losses into a profitable entity. Her extensive experience in hospital management and business development has significantly contributed to the development of the Group. In recognising Ms Chin Wei Jia’s valuable contribution to the Group thus far and her leading role to execute the growth initiatives planned for the Group, the Company therefore wishes to allow Ms Chin Wei Jia to participate in the HMI Performance Share Plan 2017.

Ms Chin is the daughter of the Executive Chairman, Dr Gan See Khem and the sister of the Executive Director and Group Chief Financial Officer (“CFO”), Mr Chin Wei Yao.

The Directors are of the view that the remuneration package of Ms Chin Wei Jia is appropriate given her contributions to the Group. The extension of the HMI Performance Share Plan 2017 to Ms Chin Wei Jia is consistent with the Company’s objectives to motivate its employees to achieve and maintain a high level of performance and contribution which is vital to the success of the Company. Although Ms Chin Wei Jia already has a shareholding interest in the Company, the extension of the HMI Performance Share Plan 2017 to her will ensure that she is equally entitled, with the other employees who are not Controlling Shareholders, to take part in and benefit from this system of remuneration, thereby enhancing her long term commitment to the Company. For the above reasons, the Directors believe that Ms Chin Wei Jia deserves, and should be allowed to participate in, the HMI Performance Share Plan 2017.

As at the Latest Practicable Date, Ms Chin Wei Jia is, directly and indirectly, interested in 10,320,432 Shares, representing approximately 1.26% of the total number of issued Shares (excluding treasury shares and subsidiary holdings).

Rationale for participation of Mr Chin Wei Yao

Mr Chin Wei Yao is the Executive Director and the Group CFO of the Company. He is also an Executive Director of Mahkota. As Group CFO, he is responsible for the Group’s financial reporting, corporate development and investor relations. Mr Chin Wei Yao joined the Company in 2015 and played a leading role in the Group’s consolidation exercise in 2016, where the Company consolidated its ownership in its two hospitals, 48.9%-owned Mahkota and 60.8%-owned Regency, to 100% each, for an aggregate purchase price of RM 556.5 million. During his tenure, the Group has seen substantial improvements in returns to its shareholders, including the improvement of the Company’s year-to-date market capitalisation by more than 250%. The Company recognises his valuable contribution to the Group thus far and in consideration of his role to execute the growth initiatives planned for the Group wishes to allow Mr Chin Wei Yao to participate in the HMI Performance Share Plan.

Mr Chin is the son of the Executive Chairman, Dr Gan See Khem and the brother of the Executive Director and Group CEO, Ms Chin Wei Jia.

LETTER TO SHAREHOLDERS

The Directors are of the view that the remuneration package of Mr Chin Wei Yao is appropriate given his contributions to the Group. The extension of the HMI Performance Share Plan 2017 to Mr Chin Wei Yao is consistent with the Company's objectives to motivate its employees to achieve and maintain a high level of performance and contribution which is vital to the success of the Company. Although Mr Chin Wei Yao already has a shareholding interest in the Company, the extension of the HMI Performance Share Plan 2017 to him will ensure that he is equally entitled, with the other employees who are not Controlling Shareholders, to take part in and benefit from this system of remuneration, thereby enhancing his long term commitment to the Company. For the above reasons, the Directors believe that Mr Chin Wei Yao deserves, and should be allowed to participate in, the HMI Performance Share Plan 2017.

As at the Latest Practicable Date, Mr Chin Wei Yao is, directly and indirectly, interested in 2,265,718 Shares, representing approximately 0.28% of the total number of issued Shares (excluding treasury shares and subsidiary holdings).

2.3 Rationale for non-participation of Non-Executive Directors (including Independent Directors) in the HMI Performance Share Plan 2017

Although the Non-Executive Directors are not involved in the day-to-day running of the Group, they play an invaluable role in the success of the Group by applying their experience, drawing on their knowledge and utilising their expertise for the benefit of the Group.

Non-Executive Directors include Independent Directors who comprise wholly of the Committee responsible for administering the HMI Performance Share Plan 2017. Hence, in order to minimise any possible conflicts of interest, and so as not to compromise the objectivity of independent members of the Board, Non-Executive Directors will not be eligible to participate in the HMI Performance Share Plan 2017. Non-Executive Directors will continue to be remunerated for their services and contribution by way of directors' fees.

2.4 The existing HMI Performance Share Plan 2008 and HMI ESOS 2008

Details of the awards granted under the HMI Performance Share Plan 2008 to the controlling shareholders and their associates, directors and employees of the Group, since the commencement of the HMI Performance Share Plan 2008, are as follows:

Date of Grant	Name of Director and/or Controlling Shareholder and Associates	Aggregate number of Shares comprised in Awards granted under the HMI Performance Share Plan 2008 since commencement	Aggregate number of Shares allotted and issued upon the vesting of Awards granted under the HMI Performance Share Plan 2008
14 November 2014	Dr Gan See Khem	3,528,000	3,528,000
14 November 2014	Ms Chin Wei Jia	3,528,000	3,528,000
14 November 2014	Dr Chin Koy Nam	1,764,000	1,764,000

LETTER TO SHAREHOLDERS

Details of the awards granted under the HMI ESOS 2008 to the controlling shareholders and their associates, directors and employees of the Group, since the commencement of the HMI ESOS 2008, are as follows:

Date of Grant	Name of Director and/or Controlling Shareholder and Associates	Aggregate number of Shares comprised in Options granted under the HMI ESOS 2008 since commencement	Aggregate number of Shares allotted and issued upon the exercise of Options granted under the HMI ESOS 2008
14 November 2014	Dr Gan See Khem	1,512,000	1,512,000
14 November 2014	Ms Chin Wei Jia	1,512,000	1,512,000
14 November 2014	Dr Chin Koy Nam	756,000	756,000

Since the commencement of the HMI Performance Share Plan 2008 and HMI ESOS 2008, an aggregate of 12,600,000 Shares, representing approximately 1.53% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date, were allotted and issued pursuant to the vesting of the awards and options granted under the HMI Performance Share Plan 2008 and HMI ESOS 2008 respectively to three (3) participants.

As at the Latest Practicable Date, there are no outstanding awards or unexercised options under the HMI Performance Share Plan 2008 and HMI ESOS 2008.

Termination of the HMI Performance Share Plan 2008 and the HMI ESOS 2008 conditional on the adoption of the HMI Performance Share Plan 2017

As the HMI Performance Share Plan 2008 will be replaced by the HMI Performance Share Plan 2017, the Company intends to terminate it. To this end, pursuant to Rule 12.2 of the HMI Performance Share Plan 2008, Resolution 14 will be put to Shareholders at the AGM to terminate the HMI Performance Share Plan 2008.

As the HMI ESOS 2008 will be replaced by the HMI Performance Share Plan 2017, the Company intends to terminate it. To this end, pursuant to Rule 17.2 of the HMI ESOS 2008, Resolution 15 will be put to Shareholders at the AGM to terminate the HMI ESOS 2008.

Termination of the HMI Performance Share Plan 2008 and the HMI ESOS 2008 will be conditional on the passing of Resolution 7, an ordinary resolution to approve the adoption of the HMI Performance Share Plan 2017 at the AGM.

Continued effect of HMI Performance Share Plan 2008 and the HMI ESOS 2008 if the HMI Performance Share Plan 2017 is not adopted

In the event that the HMI Performance Share Plan 2017 is not approved by shareholders at the AGM, pursuant to the passing of Resolution 17, the HMI Performance Share Plan 2008 and the HMI ESOS 2008 will continue to be in force until they both expire on 22 October 2018.

LETTER TO SHAREHOLDERS

2.5 Overview of the HMI Performance Share Plan 2017

The HMI Performance Share Plan 2017 is designed to reward its Participants by the issue and/or transfer of fully-paid Shares according to the extent to which they achieve their performance targets over set performance periods or complete certain time-based service conditions.

Awards granted under the HMI Performance Share Plan 2017 may be performance-related or time-based, and in each instance, shall vest only:–

- (a) where the Award is performance-related, after the Participant achieves a pre-determined performance target (such Awards being “performance-related Awards”); or
- (b) where the Award is time-based, after the satisfactory completion of time-based service conditions, that is, after the Participant has served the Group for a specified number of years (such Awards being “time-based Awards”).

A performance-related Award may be granted, for example, with a performance condition based on the successful completion of a project or the successful achievement of certain quantifiable performance conditions, such as achieving pre-determined financial targets or productivity enhancement. A time-based Award may be granted, for example, as a supplement to the cash component of the remuneration packages of senior executive officers, whom the Company seeks to attract and recruit.

On 29 September 2017, the Company received a listing and quotation notice (the “LQN”) from the SGX-ST in relation to the listing and quotation of the new Shares issued and allotted from time to time pursuant to the HMI Performance Share Plan 2017, on the Mainboard of the SGX-ST, subject to:

- (a) compliance with the SGX-ST’s listing requirements and guidelines; and
- (b) Shareholders’ approval for the proposed adoption of the HMI Performance Share Plan 2017 at the general meeting to be convened.

The issuance of the LQN by the SGX-ST for the listing and quotation of the new Shares on the Mainboard of the SGX-ST is not to be taken as an indication of the merits of the HMI Performance Share Plan 2017, the new Shares, the Company and/or its subsidiaries.

2.6 Limitation on the size of the HMI Performance Share Plan 2017

The aggregate number of new Shares over which the Committee may grant Awards on any date, when added to the number of new Shares issued and issuable in respect of all Shares granted under the HMI Performance Share Plan 2017 and any other share schemes implemented, or to be implemented, by the Company shall not exceed fifteen percent (15%) of the total issued share capital of the Company (excluding treasury shares and subsidiary holdings) on the day preceding that date of grant (the “Plan Limit”).

The Company is of the view that the Plan Limit is sufficient to give the Committee flexibility to grant Awards in view of the likely number of Participants, the total number of Shares in the capital of the Company and the duration of the HMI Performance Share Plan 2017.

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With regard to Controlling Shareholders and their Associates, the aggregate number of new Shares which may be granted to all Controlling Shareholders and their Associates will not exceed twenty-five percent (25%) of all the new Shares available under the HMI Performance Share Plan 2017, and that the total number of new Shares issued and issuable to each of the Controlling Shareholders and their Associates shall not exceed ten percent (10%) of all the new Shares available under the HMI Performance Share Plan 2017.

As an additional comfort to Shareholders with regard to potential overdilution of Shares, the Rules of the HMI Performance Share Plan 2017 includes a limit whereby not more than one percent (1%) of the number of issued Shares (excluding treasury shares and subsidiary holdings) may be granted nor vested each year.

2.7 Safeguards in addition to annual granting and annual vesting limits

As an additional safeguard, the Committee administering the Awards shall comprise only Independent Directors (who are not eligible to participate in the HMI Performance Share Plan 2017).

Further, specific approval of the independent Shareholders is required for the grant of Awards to Controlling Shareholders and their Associates as well as the actual number and terms of such Awards. In seeking such independent Shareholders' approval, clear justification as to their participation, the number of Shares and terms of Awards to be granted to the Controlling Shareholders and their Associates will need to be provided. A separate resolution must be passed for each person and to approve the actual number of Shares and terms of Awards to be granted to each such person.

2.8 Awards granted under the HMI Performance Share Plan 2017

The Awards granted under the HMI Performance Share Plan 2017 allow a Participant to receive fully-paid Shares free of consideration upon the Participant achieving the performance target, time-based target and/or service condition prescribed by the Committee at its discretion.

The selection of a Participant and the number of Shares which are the subject of each Award granted to a Participant in accordance with the HMI Performance Share Plan 2017 shall be determined at the discretion of the Committee. The Committee plans to exercise this discretion judiciously, taking into account criteria such as his rank, job performance, years of service and potential for further development, his contribution to the success and development of the Company and the extent of effort required to achieve the performance target within the performance period. In determining the quantum of Awards, the Committee shall refer to relevant external compensation benchmarking details, where available.

The Committee shall decide, in relation to each Award to be granted:

- (a) the Participant;
- (b) the Award date;
- (c) the number of Shares which are the subject of the Award;

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- (d) in the case of a performance-related Award:–
 - (i) the performance period; and
 - (ii) the performance target(s) and/or service conditions;
- (e) the vesting period(s); and
- (f) the schedule setting out the extent to which Shares will be vested on satisfaction of the performance target(s) (the “Vesting Schedule”) (if any).

Awards may be granted at any time the HMI Performance Share Plan 2017 is in force. As soon as reasonably practicable after making an Award, the Committee shall send to each Participant an Award letter confirming the Award and specifying in relation to the Award:

- (a) the Award date;
- (b) the number of Shares which are the subject of the Award;
- (c) in the case of a performance-related Award:–
 - (i) the performance period; and
 - (ii) the performance target(s);
- (d) the vesting period(s); and
- (e) the Vesting Schedule (if any).

Special provisions apply for the vesting and lapsing of Awards, including the following:–

- (a) the termination of the employment of the Participant;
- (b) the ill health, injury, disability or death of a Participant;
- (c) the bankruptcy of a Participant;
- (d) the misconduct of a Participant; and
- (e) a take-over, winding-up or reconstruction of the Company.

Subject to the prevailing legislation and the Listing Rules, the Company will deliver Shares to Participants upon vesting of their Awards by way of an issue of new Shares and/or the transfer of treasury shares (if any) (through the purchase of existing Shares for delivery to Participants pursuant to the share buy back mandate of the Company, if any).

In determining whether to issue new Shares or to purchase existing Shares to satisfy the Awards, the Company shall have the right to take into account factors such as (but not limited to) the number of Shares to be delivered, the prevailing market price of the Shares and the cost to the Company of either issuing new Shares or purchasing existing Shares.

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New Shares allotted and issued on the vesting of an Award shall be eligible for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which is on or after the relevant vesting date, and shall in all other respects rank pari passu with other existing Shares then in issue. "Record Date" means the date fixed by the Company for the purposes of determining entitlements to Dividends or other distributions or rights of holders of Shares.

The Committee shall have the discretion to determine whether the performance target(s) have been satisfied (whether fully or partially) or exceeded, and in making any such determination, the Committee shall have the right to make reference to the audited results of the Company, or to take into account such factors as the Committee may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, the right to amend the performance target(s) if the Committee decides that a changed performance target would be a fairer measure of performance.

2.9 First Award – FY2018-FY2020 Grant

The Company proposes that a first Award grant be made to a select group of Group Employees who form part of the Company's and subsidiaries' senior management team including key personnel at Mahkota, Regency and HMI-IHS. In preparing the first Award grant, the Committee sought the assistance of Mercer (Singapore) Pte. Ltd., in structuring the performance shares framework as well as compensation benchmarking and quantification of individual Awards. The first Award grant will cover the FY2018 to FY2020 performance period.

For the eligible Group Employees eligible for the first Award grant, they will receive a single grant to cover the entire performance period. The Committee will evaluate the performance versus targets at the end of the performance period, and determine the appropriate vesting of Awards. For the first Award grant, all eligible employees will be subject to the same performance targets set by the Committee.

The performance targets for the first Award grant will be determined by the Committee, who will take into account, amongst other factors, a FY2020 Group Earnings Before Interests and Taxes ("EBIT") target and Total Shareholder Return ("TSR") target. The FY2020 Group EBIT target will be pegged to a pre-determined financial target, which will be designed as a stretch target for the senior management team to strive to achieve. The TSR, being share price appreciation plus dividends, will be compared to a hurdle rate target.

These performance measures, which are collective in nature, are designed to motivate the senior management team of the Company and its subsidiaries to work closely together and to aim for the same targets. The relative weights to be accorded to the Group EBIT target and the TSR target is 70%-30% respectively.

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The HMI Performance Share Plan 2017 seeks to reward over-performance with a higher over-achievement factor, whilst allowing limited leeway in meeting the pre-determined targets. The first Award grant is based on the below structure –

PERFORMANCE MEASURES & TARGETS PROPOSED STRUCTURE FOR FY2018-2020 GRANT

Performance Measure #1	
Group FY2020 EBIT Target Weight = 70%	

+

Performance Measure #2	
Total Shareholder Return (TSR) Weight = 30%	

FY2020 Performance Level	Achievement Factor (AF ₁) ³
Superior & Above: 20% above Target	1.2
Target: On Target	1.0
Threshold 10% below Target	0.8
Below Threshold:	Nil

Average FY2018 – FY2020 Performance Level	Achievement Factor (AF ₂) ³
Superior & Above: 12% p.a.	1.2
Target: 8% p.a.	1.0
Threshold: 4% p.a.	0.8
Below Threshold:	Nil

Overall Final Achievement Factor = AF₁ x 70% + AF₂ x 30%

Note:

- (1) Any intermediate performance achieved between “Threshold” and “Target” and between “Target” and “Superior” will be interpolated on a straight line basis.

If either the Group EBIT target or the TSR target are exceeded, or if both are exceeded, an Award can be proportionately increased up to a cap of 1.2 times of the quantum of awards for meeting the target. Any increase will be subject to limits imposed by the Committee or as set out in the HMI Performance Share Plan 2017.

If either the Group EBIT target or TSR target falls below target but is above a pre-determined minimum target (the “Threshold” target), an Award will be proportionately reduced down to 0.8 times of the quantum of awards for meeting the target. If the Group EBIT or the TSR Target falls below the Threshold amount, then no Shares will be eligible for Award in connection with that particular target.

In respect of the above, a first Award grant is proposed in respect of the Company's Executive Directors, Dr Gan See Khem, Ms Chin Wei Jia, and Mr Chin Wei Yao. For the purpose of calculation, the aggregate number of Shares granted under each proposed Award to Dr Gan See Khem, Ms Chin Wei Jia, and Mr Chin Wei Yao, where expressed as an approximate percentage of the total number of issued Shares of the Company at Sections 2.9.1, 2.9.2 and 2.9.3 of this Circular, excludes treasury shares and subsidiary holdings from the total number of issued Shares of the Company.

For the avoidance of doubt, the Committee retains the discretion to adapt the above performance share framework as required when considering a future Award grant.

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2.9.1 **Proposed Award grant to Dr Gan See Khem, Executive Chairman, Managing Director and a Controlling Shareholder of the Company, pursuant to the HMI Performance Share Plan 2017**

Subject to the approval of independent Shareholders, the Company proposes to grant Awards under the HMI Performance Share Plan 2017 to Dr Gan See Khem on the following terms:

Date of Grant: Anytime within four (4) weeks from the date of the AGM.

Aggregate number of Shares granted under the Award: Up to 1,320,000 Shares (being approximately 0.16% of the total number of issued Shares and approximately 1.19% of the total number of new Shares available under the HMI Performance Share Plan 2017 as at the Latest Practicable Date).⁽¹⁾

Performance Condition(s): The Award will only be vested to Dr Gan See Khem upon the achievement of the Group EBIT threshold level and TSR threshold level, and subject to any other terms and conditions set out in the Award letter.

Vesting Date of the Award: Anytime within four (4) weeks from the Group's FY2020 AGM.

Note:

- (1) The aggregate number of Shares to be awarded to Dr Gan See Khem will be based on the achievement of certain predetermined performance targets (including the achievement of a Group EBIT target and TSR) as determined by the Committee administering the HMI Performance Share Plan 2017 or otherwise in accordance with the rules of the HMI Performance Share Plan 2017.

2.9.2 **Proposed Award grant to Ms Chin Wei Jia, Executive Director, Group CEO and an Associate of a Controlling Shareholder of the Company, pursuant to the HMI Performance Share Plan 2017**

Subject to the approval of independent Shareholders, the Company proposes to grant Awards under the HMI Performance Share Plan 2017 to Ms Chin Wei Jia on the following terms:

Date of Grant: Anytime within four (4) weeks from the date of the AGM.

Aggregate number of Shares granted under the Award: Up to 1,440,000 Shares (being approximately 0.18% of the total number of issued Shares and approximately 1.30% of the total number of new Shares available under the HMI Performance Share Plan 2017 as at the Latest Practicable Date).⁽¹⁾

Performance Condition(s): The Award will only be vested to Ms Chin Wei Jia upon the achievement of the Group EBIT threshold level and TSR threshold level, and subject to any other terms and conditions set out in the Award letter.

Vesting date of the Award: Anytime within four (4) weeks from the Group's FY2020 AGM.

Note:

- (1) The aggregate number of Shares to be awarded to Ms Chin Wei Jia will be based on the achievement of certain predetermined performance targets (including the achievement of a Group EBIT target and TSR target) as determined by the Committee administering the HMI Performance Share Plan 2017 or otherwise in accordance with the rules of the HMI Performance Share Plan 2017.

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2.9.3 **Proposed Award grant to Mr Chin Wei Yao, Executive Director, Group CFO and an Associate of a Controlling Shareholder of the Company, pursuant to the HMI Performance Share Plan 2017**

Subject to the approval of independent Shareholders, the Company proposes to grant Awards under the HMI Performance Share Plan 2017 to Mr Chin Wei Yao on the following terms:

Date of Grant: Anytime within four (4) weeks from the date of the AGM.

Aggregate number of Shares granted under the Award: Up to 840,000 Shares (being approximately 0.10% of the total number of issued Shares and approximately 0.76% of the total number of new Shares available under the HMI Performance Share Plan 2017 as at the Latest Practicable Date).⁽¹⁾

Performance Condition(s): The Award will only be vested to Mr Chin Wei Yao upon the achievement of the Group EBIT threshold level and TSR threshold level, and subject to any other terms and conditions set out in the Award letter.

Vesting date of the Award: Anytime within four (4) weeks from the Group's FY2020 AGM.

Note:

- (1) The aggregate number of Shares to be awarded to Mr Chin Wei Yao will be based on the achievement of certain predetermined performance targets (including the achievement of a Group EBIT target and TSR target) as determined by the Committee administering the HMI Performance Share Plan 2017 or otherwise in accordance with the rules of the HMI Performance Share Plan 2017.

2.10 **Summary of the Rules of the HMI Performance Share Plan 2017**

2.10.1 **Operation**

Subject to the prevailing legislation and the Listing Rules, the Company shall on the date of vesting of an Award do any one or more of the following as it deems fit in its sole and absolute discretion:

- (a) allot and issue the relevant new Shares to the Participant, and apply to the SGX-ST, for permission to deal in and for quotation of such Shares; and/or
- (b) deliver existing Shares to the Participant, whether such existing Shares are acquired pursuant to a share buyback mandate or (to the extent permitted by law) held as treasury shares; and/or
- (c) subject to the prior approval of the Committee and at the Committee's absolute discretion, pay the Equivalent Value in Cash (after deduction of any applicable taxes) to the Participant, in lieu of issuing or delivering all or some of the Shares to be issued or delivered to the Participant.

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“Equivalent Value in Cash” to be paid to a Participant in lieu of the new Shares to be issued or delivered upon vesting of an Award, shall be calculated in accordance with the following formula:

$$A = B \times C$$

Where:

“A” is the Equivalent Value in Cash to be paid to the Participant in lieu of all or some of the new Shares to be issued or delivered upon the vesting of an Award;

“B” is equal to the average of the last dealt prices for a Share, as determined by reference to the daily official list or other publication published by the SGX-ST for the first five (5) Market Days on which there were transactions done for the new Shares on the SGX-ST immediately preceding the date of vesting of an Award in accordance with the rules of the HMI Performance Share Plan 2017; and

“C” is such number of new Shares (as determined by the Company in its sole and absolute discretion) in respect of which cash will be paid to a Participant in lieu of new Shares to be issued or delivered to the Participant upon the vesting of an Award in accordance with the rules of the HMI Performance Share Plan 2017.

In determining whether to issue new Shares or to purchase existing Shares or to pay the Equivalent Value in Cash to Participants to satisfy Awards, the Committee shall have the right to take into account factors such as (but not limited to) the number of new Shares to be delivered, the prevailing market price of the new Shares and the cost to the Company of the various modes of settlement.

2.10.2 Adjustments and Alterations

(a) Variation of Capital

- (i) If a variation in the issued ordinary share capital of the Company (whether by way of a capitalisation of profits or reserves, rights issue, issue of shares for nil consideration, reduction, sub-division, consolidation, distribution or otherwise) shall take place, then:
 - (a) the class and/or number of Shares which are the subject of an Award to the extent not yet vested;
 - (b) the class and/or number of Shares over which future Awards may be granted under the HMI Performance Share Plan 2017; and/or
 - (c) the maximum number of new Shares which may be issued pursuant to Awards under the HMI Performance Share Plan 2017,

shall be adjusted in such manner as the Committee may determine to be appropriate (at its sole discretion), which will not result in a Participant receiving a benefit that a Shareholder does not receive.

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- (ii) Unless the Committee considers an adjustment to be appropriate, each of the following events shall not normally be regarded as a circumstance requiring adjustment:
 - (a) the issue of securities as consideration for an acquisition or a private placement of securities;
 - (b) the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share buyback mandate granted by Shareholders (including any renewal of such mandate) is in force;
 - (c) an issue of Shares, or other securities convertible into or with rights to acquire or subscribe for Shares, to Group Employees or Directors of the Company pursuant to purchases approved by Shareholders in general meeting, including the HMI Performance Share Plan 2017;
 - (d) an issue of Shares or securities convertible into or with rights to acquire or subscribe for Shares, in any such case in consideration or part consideration for the acquisition of any other securities, assets or business;
 - (e) any issue of Shares arising from the exercise of any warrants or the conversion of any convertible securities issued by the Company;
 - (f) any issue of Shares pursuant to any scrip dividend scheme for the time being of the Company; or
 - (g) upon the exercise of any options or conversion of any loan stock or any other securities convertible into Shares or subscription rights of any warrants.
 - (iii) Every adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the Auditors (acting only as experts and not arbitrators) to be in their opinion, fair and reasonable. No adjustment shall be made if the result of the adjustment would be that a Participant would receive a benefit that a Shareholder does not receive.
- (b) Modifications or Amendments to the HMI Performance Share Plan 2017
- The rules of the HMI Performance Share Plan 2017 may be modified and/or altered from time to time by a resolution of the Committee, subject to compliance with the Listing Manual and such other regulatory authorities as may be required.
- No modification or amendment shall be made to the rules of the HMI Performance Share Plan 2017 to the advantage of the Participants except with the prior approval of Shareholders in general meeting.

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2.10.3 Disclosures in Annual Report

In accordance with the Listing Manual, the following shall be disclosed by the Company in its annual report as long as the HMI Performance Share Plan 2017 continues in operation:

- (a) the names of the members of the Committee administering the HMI Performance Share Plan 2017;
- (b) the information required below for Participants (other than those who are Directors of the Company or who are Controlling Shareholders of the Company and their Associates) who have received Shares pursuant to the vesting of Awards under the HMI Performance Share Plan 2017, which, in aggregate, represent five percent (5%) or more of the total number of new Shares available under the HMI Performance Share Plan 2017:
 - (i) name of Participant;
 - (ii) aggregate number of Shares comprised in Awards granted during the financial year under review (including terms);
 - (iii) aggregate number of Shares comprised in Awards which have been granted since the commencement of the HMI Performance Share Plan 2017 to the end of the financial year under review;
 - (iv) aggregate number of Shares issued or transferred pursuant to the vesting of Awards under the HMI Performance Share Plan 2017 since the commencement of the HMI Performance Share Plan 2017 to the end of the financial year under review; and
 - (v) aggregate number of Shares comprised in Awards which have not been vested as at the end of the financial year under review.
- (c) that Executive Directors (including Controlling Shareholders and/or their Associates) are eligible to participate in the HMI Performance Share Plan 2017; and
- (d) such other information that may be required under the Listing Manual and the Act,

provided that if any of the above requirements are not applicable, an appropriate negative statement should be included therein.

2.11 Financial Effects of the HMI Performance Share Plan 2017

Details of the costs to the Company of granting Awards pursuant to the HMI Performance Share Plan 2017 would be as follows:

Financial Reporting Standard 102 ("FRS 102") relating to share-based payments will apply to the Company. The Awards if settled by way of issue of new Shares or the purchase of existing Shares, would be accounted for as equity-settled share-based transactions, as described in the following paragraphs.

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The fair value of employee services received in exchange for the grant of the Awards would be recognised as a charge to the profit and loss account over the period between the Date of Grant and the vesting date of an Award. The total amount of the charge over the vesting period is determined by reference to the fair value of each Award granted at the Date of Grant and where there are non-market conditions attached (see the following paragraph), the number of Shares vested at the vesting date, with a corresponding credit to the reserve account. Before the end of the vesting period, at each accounting year end, the estimate of the number of Awards that are expected to vest by the vesting date is subject to revision, and the impact of the revised estimate will be recognised in the income statement with a corresponding adjustment to the reserve account. After the vesting date, no adjustment to the charge to the income statement will be made.

The amount charged to the profit and loss account would be the same whether the Company settles the Awards by issuing new Shares or by purchasing existing Shares. The amount of the charge to the profit and loss account also depends on whether or not the performance target attached to an Award is a “market condition”, that is, a condition which is related to the market price of the Shares. If the performance target is a market condition, the probability of the performance target being met is taken into account in estimating the fair value of the Shares granted at the Date of Grant, and no adjustments to amounts charged to the profit and loss account is made if the market condition is not met. On the other hand, if the performance target is not a market condition, the probability of the target being met is not taken into account in estimating the fair value of the Shares granted at the Date of Grant. Instead, it is subsequently considered at each accounting date in assessing whether the Awards would vest. Thus, where the vesting conditions do not include a market condition, there would be no charge to the profit and loss account if the Awards do not ultimately vest.

(a) Share Capital

The HMI Performance Share Plan 2017 will result in an increase in the Company’s issued share capital when new Shares are issued to Participants. The number of new Shares issued will depend on, inter alia, the number of Shares comprised in the Awards, and the prevailing market price of the Shares on the SGX-ST. If, instead of issuing new Shares to the Participants, existing Shares are purchased for delivery to the Participants, the HMI Performance Share Plan 2017 will have no impact on the Company’s issued share capital. Likewise, in the event that the Committee elects to pay the equivalent value in cash instead of issuing or delivering Shares, there will also not be any impact on the Company’s issued share capital.

(b) NTA

The HMI Performance Share Plan 2017 will result in a charge to the Company’s and Group’s income statements which is equal to the fair value of the Awards over the period from the Date of Grant to the vesting date. In addition, when new Shares are issued under the HMI Performance Share Plan 2017, there would be no effect on the NTA of the Group and the Company. If existing Shares are purchased for delivery to Participants, the NTA of the Group and the Company would decrease by the cost of Shares purchased.

Although the HMI Performance Share Plan 2017 will result in a charge to the income statements of the Company and the Group, it should be noted that Awards are granted only on a selective basis and will be granted to Participants whom the Company

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believes would have contributed or will contribute to its success including financial performance. In particular, the grant of Awards and delivery of Shares to Participants of the HMI Performance Share Plan 2017 are contingent upon the Participants meeting prescribed performance targets. Therefore, Participants would have contributed to or will contribute to value add to the NTA of the Company and the Group before the Awards are granted and Shares delivered.

(c) EPS

The Share Plan will result in a change to earnings equivalent to the fair value of the Awards at the Date of Grant over the period from the Date of Grant to the vesting date.

Although the HMI Performance Share Plan 2017 will have a dilutive impact on the EPS of the Company and the Group, the delivery of Shares to Participants in respect of Awards granted under the Share Plan, is contingent upon meeting prescribed performance targets. Presumably, the earnings of the Company and the Group would have grown before the Awards are vested and Shares delivered.

(d) Dilutive Impact

While the actual impact on the NTA per Share and EPS will be dependent on many factors such as actual vesting period and the fair value of each Award granted at the Date of Grant and the number of Shares vested at the vesting date, the HMI Performance Share Plan 2017 provides that the aggregate number of new Shares to be issued under (i) the HMI Performance Share Plan 2017, and (ii) any other share-based incentive schemes of the Company will be subject to the maximum annual limit of one per cent (1%) of the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings) for the entire ten (10) year duration of the HMI Performance Share Plan 2017. It is therefore expected that the dilutive impact of the HMI Performance Share Plan 2017 on the NTA per Share and the EPS should not be significant.

3. THE PROPOSED RENEWAL OF THE SHARE BUY BACK MANDATE

3.1 Background

At the Company's annual general meeting held on 24 October 2016, Shareholders approved the renewal of the Share Buy Back Mandate, such mandate being expressed to take effect until the conclusion of the next annual general meeting or the date by which such annual general meeting is required by law to be held; unless prior thereto, buy backs of Shares are carried out to the full extent mandated or the Share Buy Back Mandate is varied or revoked by Shareholders in a general meeting. Accordingly, the Directors propose that the Share Buy Back Mandate be renewed at the forthcoming AGM.

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

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3.2 Rationale for the Share Buy Back Mandate

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

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

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

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

3.3 Authority and Limits on the Share Buy Back Mandate

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

3.3.1 Maximum Number of Shares

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

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

For illustrative purposes only, based on the existing issued and paid-up share capital of the Company as at the Latest Practicable Date comprising 820,862,008 Shares (excluding 1,209,600 treasury shares and 0 subsidiary holdings) and assuming that no further Shares are issued on or prior to the AGM, not more than 82,086,200 Shares (representing ten percent (10%) of the issued Shares (excluding treasury shares and subsidiary holdings) as at that date) may be purchased or acquired by the Company pursuant to the Share Buy Back Mandate.

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3.3.2 Duration of Authority

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

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

whichever is the earliest.

3.3.3 Manner of Purchase or Acquisition of Shares

Purchases or acquisitions of Shares may be made by way of:

- (a) on-market purchases ("**Market Purchases**"), transacted on the SGX-ST through the SGX-ST's ready market trading system or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
- (b) off-market purchases ("**Off-Market Purchases**") in accordance with any equal access scheme(s) which scheme(s) shall satisfy all the conditions prescribed by the Act and the Listing Manual. The Directors may impose such terms and conditions which are not inconsistent with the Share Buy Back Mandate, the Listing Manual and the Act as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme(s). Under the Act, an Off-Market Purchase must, however, satisfy all the following conditions:
 - (i) the offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
 - (ii) all of those persons shall be given a reasonable opportunity to accept the offers made to them; and
 - (iii) the terms of all the offers shall be the same, except that there shall be disregarded:
 - (aa) differences in consideration attributable to the fact that the offers relate to Shares with different accrued dividend entitlements;
 - (bb) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid; and

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- (cc) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

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

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

3.3.4 Maximum Purchase Price

The purchase price per Share (excluding brokerage, commission, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors. However, the maximum purchase price to be paid for a Share (the “**Maximum Price**”) as determined by the Directors must not exceed:

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

in either case, excluding related expenses of the purchase.

For the above purposes:

“**Average Closing Price**” means the average of the closing market prices of a Share over the last five (5) Market Days, on which the Shares are transacted on the SGX-ST or, as the case may be, such other stock exchange on which the Shares are listed or quoted, immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the

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Off-Market Purchase, and deemed to be adjusted, in accordance with the rules of the SGX-ST, for any corporate action that occurs after the relevant five (5) day period; and

“**date of the making of the offer**” means the date on which the Company makes an offer for the purchase or acquisition of Shares from Shareholders, stating therein the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

3.4 Status of Shares Purchased or Acquired by the Company

3.4.1 Cancellation

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

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

3.4.2 Treasury shares

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

(a) Maximum Holdings

The number of Shares held as treasury shares cannot at any time exceed ten percent (10%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings).

(b) Voting and Other Rights

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

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

(c) Disposal and Cancellation

Where Shares are held as treasury shares, the Company may at any time but subject always to the Take-over Code:

- (i) sell the treasury shares for cash;
- (ii) transfer the treasury shares for the purposes of or pursuant to any share scheme;
- (iii) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (iv) cancel the treasury shares; or
- (v) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

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

- (i) the date of the sale, transfer, cancellation and/or use;
- (ii) the purpose of such sale, transfer, cancellation and/or use;
- (iii) the number of treasury shares sold, transferred, cancelled and/or used;
- (iv) the number of treasury shares before and after such sale, transfer, cancellation and/or use;
- (v) the percentage of the number of treasury shares against the total number of Shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and
- (vi) the value of the treasury shares if they are used for a sale or transfer, or cancelled.

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3.5 Source of Funds for the Share Buy Back

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

When Shares are purchased or acquired, and cancelled:

- 3.5.1 if the Shares are purchased or acquired entirely out of the capital of the Company, the Company shall reduce the amount of its share capital by the total amount of the purchase price paid by the Company for the Shares (excluding brokerage, commission, applicable goods and services tax and other related expenses) (the "**Purchase Price**");
- 3.5.2 if the Shares are purchased or acquired entirely out of profits of the Company, the Company shall reduce the amount of its profits by the total amount of the Purchase Price; or
- 3.5.3 where the Shares are purchased or acquired out of both the capital and the profits of the Company, the Company shall reduce the amount of its share capital and profits proportionately by the total amount of the Purchase Price.

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

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

3.6 Take-over Implications under the Take-over Code

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

3.6.1 Obligation to make a Take-over Offer

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

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3.6.2 Persons Acting in Concert

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

- (a) a company with its parent company, subsidiaries, its fellow subsidiaries, any Associated Companies of the above companies, any company whose Associated Companies include any of the above companies and any person who has provided financial assistance (other than a bank in its ordinary course of business) to any of the above companies for the purchase of voting rights;
- (b) a company with any of its directors, together with their close relatives, related trusts and any companies controlled by any of the directors, their close relatives and related trusts;
- (c) a company with any of its pension funds and employee share schemes;
- (d) a person with any investment company, unit trust or other fund in respect of the investment account which such person manages on a discretionary basis but only in respect of the investment account which such person manages;
- (e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total ten percent (10%) or more of the client's equity share capital (excluding treasury shares and subsidiary holdings);
- (f) directors of a company, (together with their close relatives, related trusts and companies controlled by any of them), which is subject to an offer or where they have reason to believe a bona fide offer for their company may be imminent;
- (g) partners; and
- (h) an individual, his close relatives, his related trusts, any person who is accustomed to act according to his instructions, companies controlled by any of the above persons and any person who has provided financial assistance (other than a bank in its ordinary course of business) to any of the above for the purchase of voting rights.

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

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

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

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

3.6.4 Mandatory take-over obligation for Concert Parties

Dr Gan See Khem is the Executive Chairman and Managing Director of the Company. Dr Chin Koy Nam is a shareholder of the Company and is Dr Gan's husband. Their children, Ms Chin Wei Jia and Mr Chin Wei Yao are also Executive Directors and Shareholders of the Company (collectively, "**Chin Family**").

At the Latest Practicable Date, Dr Chin's indirect interest in 322,225,761 Shares includes the interests in Shares held by his children and his wife, Dr Gan. Similarly, Dr Gan's indirect interest in 315,726,328 Shares includes the interests of her children and those of her husband, Dr Chin. As at the Latest Practicable Date, Dr Chin and Dr Gan are deemed to be interested in the 297,359,283 Shares held by Nam See Investment (Pte) Ltd, in the capital of the Company, by virtue of Section 7 of the Companies Act.

At the Latest Practicable Date, the members of the Chin Family are presumed under the provisions of the Take-over Code to be acting in concert in relation to 326,492,181 Shares, representing approximately 39.77% of the issued share capital of the Company (excluding treasury shares and subsidiary holdings).

For illustrative purposes only, assuming that:

- (a) the Company purchases the maximum of 82,086,200 Shares (being 10% of its issued Shares excluding treasury shares and subsidiary holdings as at the Latest Practicable Date) pursuant to the Share Buy Back Mandate and that such Shares are cancelled upon purchase; and
- (b) there is no change in the number of Shares held or deemed to be held by the Chin Family as at the Latest Practicable Date,

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the aggregate interests of the Chin Family would increase from 39.77% to 44.19% of the issued share capital of the Company as follows:–

	Before Share Buyback			After Share Buyback		
	Direct Interest (%)	Indirect Interest (%)	Total Interest ⁽¹⁾ (%)	Direct Interest (%)	Indirect Interest (%)	Total interest ⁽²⁾ (%)
Dr Gan See Khem	1.31%	38.46%	39.77%	1.46%	42.73%	44.19%
Dr Chin Koy Nam	0.52%	39.25%	39.77%	0.58%	43.61%	44.19%
Ms Chin Wei Jia	1.26%	–	1.26%	1.40%	0.00%	1.40%
Mr Chin Wei Yao	0.28%	–	0.28%	0.31%	0.00%	0.31%

Notes:

- (1) As a percentage of the issued share capital of the Company as at the Latest Practicable Date, comprising 820,862,008 Shares (excluding treasury shares and subsidiary holdings).
- (2) As a percentage of the issued share capital of the Company, comprising 738,775,808 Shares (excluding existing treasury shares and subsidiary holdings) on the assumption that the Company has undertaken Share Buy Backs up to the maximum limit of 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings), and that the 82,086,200 Shares bought back are cancelled.

As shown above, in the event that the Company should, pursuant to the renewed Share Buy Back Mandate, purchase up to 10% of its issued Shares (excluding treasury shares and subsidiary holdings), the voting rights of the Chin Family would increase by 4.42% from a total of 39.77% to 44.19% (on the assumption that there is no change in the number of Shares held by each of the parties concerned). Thus, under the Take-over Code, each member of the Chin Family will become obliged under the Code to make a general offer under Rule 14 of the Take-over Code, unless exempted by the Securities Industry Council, since their interest in the voting rights of the Company increases by more than one per cent (1%) in any period of six (6) months.

In the event that the Chin Family anticipates that their interest in the voting rights of the Company and that of any other parties acting in concert with them will increase by more than one per cent (1%) in any period of six (6) months as a result of the Share Buy Back, the Company may seek the Shareholders' approval in waiving their rights to a mandatory general offer from the Chin Family.

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

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

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3.7 Financial Impact

3.7.1 General

Shareholders should note that the financial effects illustrated below are for illustration purposes only. In particular, it is important to note that the financial analyses set out below are based on the audited financial statements of the Group and the Company for FY2017 and are not necessarily representative of the future financial performance of the Group and the Company. Although the proposed Share Buy Back Mandate would authorise the Company to buy back up to ten percent (10%) of the Company's issued Shares (excluding treasury shares and subsidiary holdings), the Company may not necessarily buy back or be able to buy back ten percent (10%) of the issued Shares (excluding treasury shares and subsidiary holdings) in full.

3.7.2 Financial Effects of the Share Buy Back Mandate

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

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

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

As at the Latest Practicable Date, the Company has 820,862,008 issued Shares (excluding 1,209,600 treasury shares and 0 subsidiary holdings).

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

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

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

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

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

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

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

(d) *Number of Shares Acquired or Purchased*

Based on the 822,071,608 issued and paid-up Shares as at the Latest Practicable Date, disregarding the 1,209,600 Ordinary Shares held in treasury, and assuming no further Shares are issued and no Shares are held by the Company as treasury shares on or prior to the AGM, the purchase or acquisition by the Company of up to the maximum limit of ten percent (10%) of its issued Shares (excluding treasury shares and subsidiary holdings) will entail a purchase or acquisition of 82,086,200 Shares.

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

In the case of Market Purchases by the Company and assuming that the Company purchases or acquires 82,086,200 Shares (representing 10% of its issued Shares excluding treasury shares and subsidiary holdings) at the Maximum Price of S\$0.670 per Share (being the price equivalent to 105% of the Average Closing Price of the Shares traded on the SGX-ST for the five (5) consecutive Market Days immediately preceding the Latest Practicable Date), the maximum amount of funds required is S\$54,997,754 excluding brokerage, commission, applicable goods and services tax and other related expenses.

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In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 82,086,200 Shares (representing ten percent (10%) of its issued Shares excluding treasury shares and subsidiary holdings) at the Maximum Price of S\$0.770 per Share (being the price equivalent to one hundred twenty percent (120%) of the Average Closing Price of the Shares traded on the SGX-ST for the five (5) consecutive Market Days immediately preceding the Latest Practicable Date), the maximum amount of funds required is S\$63,206,374 excluding brokerage, commission, applicable goods and services tax and other related expenses.

(f) *Illustrative Financial Effects*

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

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

on the audited financial results of the Group and the Company for FY2017 (based on the Exchange Rate), are set out below:

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

Market Purchases

RM'000	Group		Company	
	Before Buy Back	After Buy Back	Before Buy Back	After Buy Back
Share Capital	557,270	557,270	557,270	557,270
Treasury shares	(1,022)	(171,976)	(1,022)	(171,976)
Other Reserves	(465,273)	(465,273)	22,018	22,018
Accumulated Losses	77,661	77,661	12,886	12,886
Total Shareholders' Equity	168,636	(2,318)	591,152	420,198
Shareholders' Funds/Net Assets	168,647	(2,307)	591,152	420,198
Current Assets	138,457	(32,497)	53,870	(117,084)
Current Liabilities	149,847	149,847	68,157	68,157
Total Borrowings	163,748	163,748	137,264	137,264
Profits attributable to Shareholders	20,590	20,590	18,345	18,345
No. of Shares ('000)	820,862	738,776	820,862	738,776
Financial Ratios				
Net Tangible Assets per Share (sen)	20.55	(0.31)	72.02	56.88
Gearing Ratio (times) ⁽¹⁾	0.97	(70.97)	0.23	0.33
Current Ratio (times) ⁽²⁾	0.92	(0.22)	0.79	(1.72)
Earnings per Share (sen) ⁽³⁾	3.18	3.64	2.84	3.25

Notes:

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

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Off-Market Purchases

RM'000	Group		Company	
	Before Buy Back	After Buy Back	Before Buy Back	After Buy Back
Share Capital	557,270	557,270	557,270	557,270
Treasury shares	(1,022)	(197,490)	(1,022)	(197,490)
Other Reserves	(465,273)	(465,273)	22,018	22,018
Accumulated Losses	77,661	77,661	12,886	12,886
Total Shareholders' Equity	168,636	(27,832)	591,152	394,684
Shareholders' Funds/Net Assets	168,647	(27,821)	591,152	394,684
Current Assets	138,457	(58,011)	53,870	(142,598)
Current Liabilities	149,847	149,847	68,157	68,157
Total Borrowings	163,748	163,748	137,264	137,264
Profits attributable to Shareholders	20,590	20,590	18,345	18,345
No. of Shares ('000)	820,862	738,776	820,862	738,776
<u>Financial Ratios</u>				
Net Tangible Assets per Share (sen)	20.55	(3.77)	72.02	53.42
Gearing Ratio (times) ⁽¹⁾	0.97	(5.89)	0.23	0.35
Current Ratio (times) ⁽²⁾	0.92	(0.39)	0.79	(2.09)
Earnings per Share (sen) ⁽³⁾	3.18	3.64	2.84	3.25

Notes:

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

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(ii) Purchases made entirely out of capital and cancelled

Market Purchases

RM'000	Group		Company	
	Before Buy Back	After Buy Back	Before Buy Back	After Buy Back
Share Capital	557,270	386,316	557,270	386,316
Treasury shares	(1,022)	(1,022)	(1,022)	(1,022)
Other Reserves	(465,273)	(465,273)	22,018	22,018
Accumulated Losses	77,661	77,661	12,886	12,886
Total Shareholders' Equity	168,636	(2,318)	591,152	420,198
Shareholders' Funds/Net Assets	168,647	(2,307)	591,152	420,198
Current Assets	138,457	(32,497)	53,870	(117,084)
Current Liabilities	149,847	149,847	68,157	68,157
Total Borrowings	163,748	163,748	137,264	137,264
Profits attributable to Shareholders	20,590	20,590	18,345	18,345
No. of Shares ('000)	820,862	738,776	820,862	738,776
Financial Ratios				
Net Tangible Assets per Share (sen)	20.55	(0.31)	72.02	56.88
Gearing Ratio (times) ⁽¹⁾	0.97	(70.97)	0.23	0.33
Current Ratio (times) ⁽²⁾	0.92	(0.22)	0.79	(1.72)
Earnings per Share (sen) ⁽³⁾	3.18	3.64	2.84	3.25

Notes:

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

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Off-Market Purchases

RM'000	Group		Company	
	Before Buy Back	After Buy Back	Before Buy Back	After Buy Back
Share Capital	557,270	360,802	557,270	360,802
Treasury shares	(1,022)	(1,022)	(1,022)	(1,022)
Other Reserves	(465,273)	(465,273)	22,018	22,018
Accumulated Losses	77,661	77,661	12,886	12,886
Total Shareholders' Equity	168,636	(27,832)	591,152	394,684
Shareholders' Funds/Net Assets	168,647	(27,821)	591,152	394,684
Current Assets	138,457	(58,011)	53,870	(142,598)
Current Liabilities	149,847	149,847	68,157	68,157
Total Borrowings	163,748	163,748	137,264	137,264
Profits attributable to Shareholders	20,590	20,590	18,345	18,345
No. of Shares ('000)	820,862	738,776	820,862	738,776
Financial Ratios				
Net Tangible Assets per Share (sen)	20.55	(3.77)	72.02	53.42
Gearing Ratio (times) ⁽¹⁾	0.97	(5.89)	0.23	0.35
Current Ratio (times) ⁽²⁾	0.92	(0.39)	0.79	(2.09)
Earnings per Share (sen) ⁽³⁾	3.18	3.64	2.84	3.25

Notes:

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

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

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3.8 Taxation

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

3.9 Interested Persons

The Company is prohibited from knowingly buying Shares on the SGX-ST from an interested person, that is, a Director, the Chief Executive Officer or a Controlling Shareholder of the Company, or any of their Associates, and an interested person is prohibited from knowingly selling his Shares to the Company.

3.10 Reporting Requirements under the Act

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

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

3.11 Applicable Rules of the Listing Manual

3.11.1 The Company is required under Rule 723 of the Listing Manual to ensure that at least ten percent (10%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) is at all times held by the public. The "public" is defined under "Definitions and Interpretation" of the Listing Manual as persons other than the Directors, Chief Executive Officer, Substantial Shareholders or Controlling Shareholders of the Company or its subsidiary companies, as well as the Associates of such persons.

As at the Latest Practicable Date, 253,916,240 Shares representing approximately 30.93% of the issued share capital of the Company are held in the hands of the public. For illustrative purposes only, assuming that the Company repurchased the maximum of ten percent (10%) of its issued share capital (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date from members of the public by way of a Market Purchase, the percentage of Shares held by the public would be approximately 23.26%.

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

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3.11.2 Under Rule 884 of the Listing Manual, a listed company may only purchase or acquire shares by way of a market acquisition at a price per share which is not more than five percent (5%) above the average closing market price. The term “average closing market price” is defined as the average of the closing market prices of shares over the last five (5) Market Days, on which transactions in the shares were recorded, before the day on which purchases or acquisitions are made. The Maximum Price for a Share in relation to Market Purchases by the Company, referred to in Section 3.3.4 of this Circular, conforms to this restriction.

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

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

Such announcement shall include, *inter alia*, details of the total number of Shares authorised for purchase, the date of purchase, the total number of Shares purchased, the purchase price per Share or (in the case of Market Purchases), the purchase price per Share or the highest price and lowest price per Share, the total consideration paid for the Shares and the number of issued Shares excluding treasury shares and subsidiary holdings after purchase, in the form prescribed under Appendix 8.3.1 of the Listing Manual.

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

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

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

In the last 12 months preceding the Latest Practicable Date, the Company had not purchased any Shares by way of Market Purchases pursuant to the Share Buy Back Mandate granted at the AGM held on 24 October 2016.

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4. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

4.1 **Directors' Interests.** The interests of the Directors in the Ordinary Shares, as extracted from the Register of Directors' Shareholdings, as at the Latest Practicable Date are set out below:

Directors	Direct Interest		Deemed Interest		Total Interest		Post Share Buy Back ⁽⁴⁾	
	No. of Ordinary Shares	% ⁽¹⁾	No. of Ordinary Shares	% ⁽¹⁾	No. of Ordinary Shares	% ⁽¹⁾	No. of Ordinary Shares	%
Dr Gan See Khem ⁽²⁾	10,765,853	1.31	315,726,328	38.46	326,492,181	39.77	326,492,181	44.19
Ms Chin Wei Jia	10,320,432	1.26	–	–	10,320,432	1.26	10,320,432	1.40
Mr Chin Wei Yao	2,265,718	0.28	–	–	2,265,718	0.28	2,265,718	0.31
Dr Cheah Way Mun ⁽³⁾	28,207,688	3.44	648,628	0.08	28,856,316	3.52	28,856,316	3.91
Professor Tan Chin Tiong	2,411,336	0.29	–	–	2,411,336	0.29	2,411,336	0.33
Professor Annie Koh	–	–	–	–	–	–	–	–

Notes:

- (1) Based on the total number of issued Shares of 820,862,008 (excluding 1,209,600 treasury shares and 0 subsidiary holdings) as at the Latest Practicable Date.
- (2) Dr Gan See Khem is deemed to have an interest in the Shares held by Nam See Investment (Pte) Ltd, her spouse, Dr Chin Koy Nam, and her children.
- (3) Dr Cheah Way Mun is deemed to have an interest in the Shares held by his spouse, Dr Fong Chiu Yan.
- (4) Based on the assumption that the Company buys back the full ten percent (10%) of its issued Shares (excluding treasury shares and subsidiary holdings) under the Share Buy Back Mandate.

4.2 **Substantial Shareholders' Interests.** The interests of the Substantial Shareholders in the Ordinary Shares as at the Latest Practicable Date are set out below:

Substantial Shareholders	Direct Interest		Deemed Interest		Total Interest		Post Share Buy Back ⁽⁶⁾	
	No. of Ordinary Shares	% ⁽¹⁾	No. of Ordinary Shares	% ⁽¹⁾	No. of Ordinary Shares	% ⁽¹⁾	No. of Ordinary Shares	%
Nam See Investment (Pte) Ltd	297,359,283	36.23	–	–	297,359,283	36.23	297,359,283	40.25
Dr Gan See Khem ⁽²⁾	10,765,853	1.31	315,726,328	38.46	326,492,181	39.77	326,492,181	44.19
Dr Chin Koy Nam ⁽³⁾	4,266,420	0.52	322,225,761	39.25	326,492,181	39.77	326,492,181	44.19
Kabouter Management, LLC ⁽⁴⁾	–	–	49,224,100	6.00	49,224,100	6.00	49,224,100	6.66
Maju Medik (Malaysia) Sdn. Bhd. ⁽⁵⁾	154,203,259	18.79	–	–	154,203,259	18.79	154,203,259	20.87

Notes:

- (1) Based on the total number of issued Shares of 820,862,008 (excluding 1,209,600 treasury shares and 0 subsidiary holdings) as at the Latest Practicable Date.
- (2) Dr Gan See Khem is deemed to have an interest in the Shares held by Nam See Investment (Pte) Ltd, her spouse, Dr Chin Koy Nam, and her children.
- (3) Dr Chin Koy Nam is deemed to have an interest in the Shares held by Nam See Investment (Pte) Ltd, his spouse, Dr. Gan See Khem, and his children.

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- (4) Kabouter Management, LLC's deemed interest in the Company is held through funds managed by Kabouter Management, LLC.
- (5) Maju Medik (Malaysia) Sdn. Bhd. is a company incorporated in Malaysia and Datuk Fakhri Yassin bin Mahiaddin is deemed to have interest in the Shares held by Maju Medik (Malaysia) Sdn Bhd.
- (6) Based on the assumption that the Company buys back the full ten percent (10%) of its issued Shares (excluding treasury shares and subsidiary holdings) under the Share Buy Back Mandate.

5. DIRECTORS' RECOMMENDATIONS

- 5.1 **The HMI Performance Share Plan 2017.** The Independent Directors are unanimously of the opinion that the proposed HMI Performance Share Plan 2017 is in the best interests of the Company.

All the Executive Directors will be eligible to participate in the proposed HMI Performance Share Plan 2017, and have therefore refrained from making any recommendation to the Shareholders on Resolutions 7 and 16. Accordingly, the Independent Directors recommend that Shareholders vote in favour of Resolution 7.

- 5.2 **The proposed participation of Dr Gan See Khem, a Controlling Shareholder, Ms Chin Wei Jia and Mr Chin Wei Yao, Associates of a Controlling Shareholder, under the HMI Performance Share Plan 2017, subject to the passing of Resolution 7.** The Independent Directors are unanimously of the opinion that the proposed participation of Dr Gan See Khem, a Controlling Shareholder, Ms Chin Wei Jia and Mr Chin Wei Yao, Associates of a Controlling Shareholder, in the HMI Performance Share Plan 2017, is in the best interests of the Company. Accordingly, Independent Directors recommend that Shareholders vote in favour of Resolutions 8, 9 and 10.

Dr Gan See Khem, Ms Chin Wei Jia, and Mr Chin Wei Yao have refrained from making any recommendation to the Shareholders on Resolutions 8, 9 and 10.

- 5.3 **The proposed first grant of Awards to Dr Gan See Khem, a Controlling Shareholder, Ms Chin Wei Jia and Mr Chin Wei Yao, Associates of a Controlling Shareholder, under the HMI Performance Share Plan 2017, subject to the passing of Resolutions 7, 8, 9, 10 and 16.** The Independent Directors are unanimously of the opinion that the proposed grant of awards to Dr Gan See Khem, a Controlling Shareholder, Ms Chin Wei Jia and Mr Chin Wei Yao, Associates of a Controlling Shareholder, under the HMI Performance Share Plan 2017, is in the best interests of the Company. Accordingly, the Independent Directors recommend that Shareholders vote in favour of Resolutions 11, 12 and 13.

Dr Gan See Khem, Ms Chin Wei Jia, and Mr Chin Wei Yao have refrained from making any recommendation to the Shareholders on Resolutions 11, 12 and 13.

- 5.4 **Termination of the HMI Performance Share Plan 2008 subject to the passing of Resolution 7.** The Independent Directors are unanimously of the opinion that, subject to the approval by Shareholders of the HMI Performance Share Plan 2017, the termination of the HMI Performance Share Plan 2008 is in the best interests of the Company. Accordingly, the Independent Directors recommend that Shareholders vote in favour of Resolution 14.

All the Executive Directors will be eligible to participate in the proposed HMI Performance Share Plan 2017, and have therefore refrained from making any recommendation to the Shareholders on Resolution 14.

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- 5.5 **Termination of the HMI ESOS 2008 subject to the passing of Resolution 7.** The Independent Directors are unanimously of the opinion that, subject to the approval by Shareholders of the HMI Performance Share Plan 2017, the termination of HMI ESOS 2008 is in the best interests of the Company. Accordingly, the Independent Directors recommend that Shareholders vote in favour of Resolution 15.

All the Executive Directors will be eligible to participate in the proposed HMI Performance Share Plan 2017, and have therefore refrained from making any recommendation to the Shareholders on Resolution 15.

- 5.6 **Authority to issue Shares under the HMI Performance Share Plan 2017 subject to the passing of Resolution 7.** The Directors are unanimously of the opinion that the proposed adoption of the authority to issue Shares under the HMI Performance Share Plan 2017 is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of Resolution 16.

- 5.7 **Authority to issue Shares under the HMI Performance Share Plan 2008 and the HMI ESOS 2008 in the event that Resolutions 14 and 15 to terminate the HMI Performance Share Plan 2008 and the HMI ESOS 2008 are not passed.** The Directors are unanimously of the opinion that the proposed renewal of the authority to issue Shares under the HMI Performance Share Plan 2008 and the HMI ESOS 2008 in the event that the resolutions to terminate the HMI Performance Share Plan 2008 and the HMI ESOS 2008 are not passed is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of Resolution 17.

- 5.8 **Renewal of Share Buy Back Mandate.** The Directors are unanimously of the opinion that the proposed renewal of the Share Buy Back Mandate is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of Resolution 19.

6. ABSTENTION FROM VOTING

Shareholders who are entitled to participate in the HMI Performance Share Plan 2017, including Directors who are also Shareholders, shall abstain from voting at the AGM in respect of the resolutions relating to (a) the proposed adoption of the HMI Performance Share Plan 2017; (b) the proposed participation of Dr Gan See Khem, Ms Chin Wei Jia and Mr Chin Wei Yao in the HMI Performance Share Plan 2017; (c) the proposed grant of Awards to Dr Gan See Khem, Ms Chin Wei Jia and Mr Chin Wei Yao; (d) the proposed termination of the HMI Performance Share Plan 2008 in the event that the resolution to adopt the HMI Performance Share Plan 2017 is passed (if applicable); (e) the proposed termination of the HMI ESOS 2008 in the event the resolution to adopt the HMI Performance Share Plan 2017 is passed (if applicable); (f) the proposed authority to issue shares under the HMI Performance Share Plan 2017; and (g) the proposed authority to issue shares under the HMI Performance Share Plan 2008 and the HMI ESOS 2008 in the event that the resolutions to terminate the HMI Performance Share Plan 2008 and the HMI ESOS 2008 are not passed (if applicable).

Shareholders who are entitled to participate in the HMI Performance Share Plan 2008 and/or the HMI ESOS 2008, including Directors who are also Shareholders, shall, where applicable, abstain from voting at the AGM in respect of the resolutions relating to (a) the proposed termination of the HMI Performance Share Plan 2008 in the event that the resolution to adopt the HMI Performance Share Plan 2017 is passed (if applicable); (b) the proposed termination of the HMI ESOS 2008 in the event the resolution to adopt the HMI Performance Share Plan 2017 is passed (if applicable); and (c) the proposed authority to

LETTER TO SHAREHOLDERS

issue shares under the HMI Performance Share Plan 2008 and the HMI ESOS 2008 in the event that the resolutions to terminate the HMI Performance Share Plan 2008 and the HMI ESOS 2008 are not passed (if applicable).

Such Shareholders are also declined to accept nomination as proxies for any other Shareholders for voting at the AGM in respect of the aforesaid resolutions, unless the Shareholder concerned has given specific instructions in his or her proxy form as to the manner in which votes are to be cast in respect of the aforesaid resolutions.

7. ANNUAL GENERAL MEETING

The AGM, notice of which is set out on pages 110 to 118 of this Annual Report 2017, will be held at Hall 1, Level 1, Devan Nair Institute for Employment and Employability, 80 Jurong East Street 21, Singapore 609607 on 30 October 2017 at 4.00 p.m. for the purpose of considering and, if thought fit, passing with or without modifications, the Ordinary Resolutions set out in the Notice of AGM.

8. ACTION TO BE TAKEN BY SHAREHOLDERS

- 8.1 **Appointment of Proxies.** Shareholders who are unable to attend the AGM and wish to appoint a proxy to attend and vote at the AGM on their behalf will find attached to this Annual Report 2017 a Proxy Form which they are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the registered office of the Company not less than forty-eight (48) hours before the time fixed for the AGM. The sending of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the AGM if he finds that he is able to do so. In such event, the relevant Proxy Forms will be deemed to be revoked.
- 8.2 **When Depositor regarded as Shareholder.** A Depositor shall not be regarded as a Shareholder entitled to attend the AGM and to speak and vote thereat unless his name appears on the Depository Register at least seventy-two (72) hours before the AGM.

9. INSPECTION OF DOCUMENTS

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

- 9.1 the consolidated accounts of the Company and its subsidiaries for the financial year ended 30 June 2017; and
- 9.2 the Circular.

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10. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposals, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in the Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context.

Yours faithfully
for and on behalf of
the Board of Directors of
Health Management International Ltd

Dr Gan See Khem
Executive Chairman and Managing Director

APPENDIX 1: THE RULES OF THE PROPOSED HMI PERFORMANCE SHARE PLAN 2017

RULES OF THE PROPOSED HMI PERFORMANCE SHARE PLAN 2017

1. NAME OF THE PERFORMANCE SHARE PLAN

This performance share plan shall be called the HMI Performance Share Plan 2017.

2. DEFINITIONS

2.1 In the HMI Performance Share Plan 2017, unless the context otherwise requires, the following words and expressions shall have the following meanings:

“Act”	:	The Companies Act, Cap. 50, of Singapore, as amended from time to time.
“Associate”	:	Has the meaning ascribed to it in the Listing Manual.
“Associated Companies”	:	Companies in which at least 20% but not more than 50% of its shares are held by the Company or by the Group.
“Auditors”	:	The auditors of the Company for the time being.
“Award”	:	A contingent award of Shares granted under the HMI Performance Share Plan 2017.
“Award Date”	:	In relation to an Award, the date on which the Award is granted under the terms of the HMI Performance Share Plan 2017.
“Board”	:	The board of directors of the Company as at the date of this Circular.
“Company’s Constitution”	:	The Company’s Constitution, as amended, varied or supplemented from time to time.
“CDP”	:	The Central Depository (Pte) Limited.
“Committee”	:	The Remuneration Committee, comprising Directors of the Company from time to time.
“Company”	:	Health Management International Ltd.
“Controlling Shareholder”	:	A Shareholder who: (a) holds directly or indirectly 15% or more of the total number of Shares excluding treasury shares and subsidiary holdings in the Company. The SGX-ST may determine that a person who satisfies this paragraph is a controlling shareholder; or (b) in fact exercises control over the Company.

APPENDIX 1: THE RULES OF THE PROPOSED HMI PERFORMANCE SHARE PLAN 2017

“CPF”	:	The Central Provident Fund.
“Date of Grant”	:	In relation to an Award, the date on which the Award is granted pursuant to Rule 6 of the rules of the HMI Performance Share Plan 2017.
“Directors”	:	A person holding office as a director for the time being of the Company or its Subsidiary, as the case may be.
“Executive Director”	:	A director of the Company who performs an executive function.
“Group”	:	The Company and its subsidiaries.
“Group Employee”	:	A full-time confirmed employee of the Company, and/or any of its Subsidiaries, as the case may be, including any Executive Director.
“Independent Director”	:	An independent director of the Company and/or any of its Subsidiaries, as the case may be.
“Listing Manual”	:	The listing manual of the SGX-ST, as amended from time to time.
“Listing Rules”	:	The listing rules of the SGX-ST as set out in the Listing Manual.
“Market Day”	:	A day on which the SGX-ST is open for trading in securities.
“new Shares”	:	The new Shares which may be allotted and issued from time to time pursuant to the exercise of Options under the HMI ESOS 2008, and the vesting of Awards under the HMI Performance Share Plan 2008 and the HMI Performance Share Plan 2017.
“Non-Executive Director”	:	A director of the Company and/or any of its subsidiaries, as the case may be, who performs a non-executive function. An Independent Director is a Non-Executive Director.
“Option”	:	The right to subscribe for Shares granted or to be granted pursuant to the HMI ESOS 2008.
“Ordinary Resolution”	:	A resolution which has been passed by a simple majority of the votes cast by such Shareholder, who, being entitled so to do, vote in person or where a corporate representative is allowed, by duly authorised corporate representative or, where proxies are allowed, by proxy, at a general meeting held in accordance with the Company’s Constitution.

APPENDIX 1: THE RULES OF THE PROPOSED HMI PERFORMANCE SHARE PLAN 2017

“Participant”	:	Any eligible person who is selected by the Committee to participate in the HMI Performance Share Plan 2017, in accordance with the rules of the HMI Performance Share Plan 2017.
“Securities Account”	:	A securities account maintained by Depositors with CDP but not including a securities sub-account maintained with a Depository Agent.
“SFA”	:	The Securities and Futures Act (Chapter 289) of Singapore, as amended, supplemented or modified from time to time.
“SGX-ST”	:	Singapore Exchange Securities Trading Limited.
“Shareholders”	:	Registered holders of Shares in the Register of Members maintained by the Company, except that where the registered holder is CDP, the term “Shareholders” shall, where the context admits, mean the Depositors in the Depository Register maintained by CDP and to whose Securities Accounts are credited with Shares.
“Shares”	:	Shares in the capital of the Company.
“HMI ESOS 2008”	:	The Health Management International Ltd employee share Option plan dated 23 October 2008, as amended on 14 November 2014.
“HMI Performance Share Plan 2017”	:	The Proposed HMI Performance Share Plan 2017.
“HMI Performance Share Plan 2008”	:	The Health Management International Ltd performance share plan dated 23 October 2008, as amended on 14 November 2014.
“treasury shares”	:	Issued Shares of the Company which were purchased and held as treasury shares by the Company in accordance with the applicable provisions of the Act.
“%”	:	Per centum or percentage.

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

The terms **“Associate”** and **“subsidiary”** shall have the same meanings ascribed to them respectively in the Listing Manual and the Act.

APPENDIX 1: THE RULES OF THE PROPOSED HMI PERFORMANCE SHARE PLAN 2017

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

Any reference in this HMI Performance Share Plan 2017 to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word or term defined under the Act, the SFA, the Listing Manual or any statutory modification thereof and used in this HMI Performance Share Plan 2017 shall, where applicable, have the same meaning ascribed to it under the Act, the SFA, the Listing Manual or any statutory modification thereof, as the case may be, unless the context otherwise requires.

Any reference to a time of day and to dates in this HMI Performance Share Plan 2017 shall be a reference to Singapore time and dates, unless otherwise stated.

The headings in this HMI Performance Share Plan 2017 are inserted for convenience only and shall be ignored in construing this HMI Performance Share Plan 2017.

3. OBJECTIVES OF THE HMI PERFORMANCE SHARE PLAN 2017

The HMI Performance Share Plan 2017 is a performance-based share plan. The HMI Performance Share Plan 2017 is designed to reward, attract, motivate and retain talents within the Group whose services are vital to the well-being and success of the Group. With the HMI Performance Share Plan 2017, the Company would have greater flexibility in aligning the interest of employees with the interest of Shareholders to work towards pre-determined goals of the Company, by awarding share-based incentives instead of pure cash bonuses.

The HMI Performance Share Plan 2017 will:

- (a) provide an opportunity for Participants to participate in the equity of the Company, thereby inculcating a stronger sense of identification with the long term prosperity of the Group and promoting organisational commitment, dedication and loyalty of Participants towards the Group;
- (b) motivate Participants to strive towards performance excellence and to maintain a high level of contribution to the Group;
- (c) give recognition to contributions made or to be made by Participants by introducing a variable component into their remuneration package; and
- (d) make employee remuneration sufficiently competitive to recruit new Participants and/or to retain existing Participants whose contributions are important to the long term growth and profitability of the Group.

APPENDIX 1: THE RULES OF THE PROPOSED HMI PERFORMANCE SHARE PLAN 2017

4. ELIGIBILITY

- 4.1 Group Employees and Controlling Shareholders and/or their Associates who hold such ranks as may be designated by the Committee from time to time, who have attained the age of twenty-one (21) years on the Date of Grant and are not undischarged bankrupts and have not entered into a composition with their respective creditors and who, in the opinion of the Committee, have contributed or will contribute to the success of the Group shall be eligible to participate in the HMI Performance Share Plan 2017 at the absolute discretion of the Committee. For the avoidance of doubt, the directors and employees of the Associated Companies will not be eligible to participate in the HMI Performance Share Plan 2017.
- 4.2 Non-Executive Directors are not eligible to participate in the HMI Performance Share Plan 2017.
- 4.3 There will be no restriction on the eligibility of any Participant to participate in any other share option or share incentive schemes implemented or to be implemented by the Company or by any other companies within the Group.
- 4.4 Subject to the Act and any requirement of the SGX-ST, the terms of eligibility for participation in the HMI Performance Share Plan 2017 may be amended from time to time at the absolute discretion of the Committee, which would be exercised judiciously.

5. MAXIMUM ENTITLEMENT

Subject to Rule 4 and Rule 8, the selection of a Participant and the aggregate number of Shares which are the subject of each Award to be granted to a Participant in accordance with the HMI Performance Share Plan 2017 shall be determined at the sole and absolute discretion of the Committee, who shall take into account criteria such as *inter alia*, the Participant's rank, job performance and potential for future development, his contribution to the success and development of the Group and the extent of effort and resourcefulness required to achieve the performance target(s) within the performance period. The performance targets will be set by the Committee depending on each individual Participant's job scope and responsibilities.

6. GRANT OF AWARDS

- 6.1 Subject to Rule 8 and the Listing Manual Rules (including but not limited to Rule 853 of the Listing Manual), the granting of Awards may be made by the Committee at any time during the period when the HMI Performance Share Plan 2017 is in force.
- 6.2 Awards represent the right of a Participant to receive fully paid Shares, their equivalent cash value or combinations thereof, free of charge, upon the Participant achieving prescribed performance targets, time-based targets and/or service conditions or otherwise having performed well and/or made a significant contribution to the Group. Awards are vested and the Shares comprised in the Awards are issued at the end of performance, the time and/or service period once the Committee is, at its sole discretion, satisfied that the prescribed performance targets, time targets and/or service conditions have been achieved. The Committee may also grant an Award where, in its opinion, a Participant's performance and/or contribution to the Group warrants it. Awards granted may be performance-based, time-based and/or based on service conditions.

APPENDIX 1: THE RULES OF THE PROPOSED HMI PERFORMANCE SHARE PLAN 2017

6.3 The Committee shall in its absolute discretion, decide, in relation to each Award to be granted to a Participant:

- (a) the date on which the Award is to be granted;
- (b) the number of Shares or their Equivalent in Cash (based on the aggregate market value of the Shares which are the subject of the Award) or if a combination of both, the proportion between the Shares and the cash which are the subject of the Award;
- (c) the prescribed performance targets, time-based targets and/or service conditions (including the performance periods during which the prescribed performance targets, time-based targets and/or service conditions are to be satisfied) and/or any other basis on which the Award is to be granted;
- (d) the prescribed vesting periods which would generally be a minimum period of four weeks following such time when the prescribed performance targets, time-based targets and/or service conditions are met;
- (e) the extent to which Shares which are the subject of that Award shall be vested at the end of each prescribed vesting period or on the prescribed performance targets, time-based targets and/or service conditions, if any, being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be; and
- (f) any other condition which the Committee may determine in relation to that Award.

6.4 The Committee may amend or waive all or part of the performance targets, time-based targets and/or service conditions of the performance period during which the prescribed performance targets, time-based targets and/or service conditions are to be satisfied in respect of any Award:

- (a) if a take-over offer is made for the Shares or if, under the Act, 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 or in the event of a proposal to liquidate or sell all or substantially all of the assets of the Company; or
- (b) if any event occurs or circumstances arise which causes the Committee to conclude that:
 - (i) a changed performance target(s), time-based target(s) and/or service condition(s) would be a fairer measure of performance, and would be no less difficult to satisfy; or
 - (ii) the performance target(s), time-based target(s) and/or service condition(s) should be waived,

the Committee shall as soon as practicable, notify the Participants of such change or waiver.

APPENDIX 1: THE RULES OF THE PROPOSED HMI PERFORMANCE SHARE PLAN 2017

- 6.5 The Committee will issue an Award letter confirming the Award and specifying *inter alia*, the vesting period, the prescribed performance target(s) and/or service condition(s), the performance period during which the prescribed performance target(s), time-based target(s) and/or service condition(s) are to be attained or fulfilled and the schedule setting out the extent to which Shares will be vested on satisfaction of the prescribed performance target(s), time-based target(s) and/or service condition(s), to each Participant as soon as is reasonably practicable after the making of an Award.
- 6.6 Participants are not required to pay for the grant of the Awards.
- 6.7 An Award is personal to the Participant to whom it is granted and it may not be transferred (other than to a Participant's personal representatives on the death of the former) charged, assigned, pledged or otherwise disposed of, in whole or in part, except with the prior approval of the Committee and if a Participant shall do, suffer or permit any such act or thing as a result of which he would or might be deprived of any such rights under an Award, that Award shall immediately lapse.

7. EVENTS PRIOR TO THE VESTING OF AWARDS

- 7.1 The Awards to the extent not yet vested shall immediately lapse in the following circumstances and the Participant shall have no claim whatsoever against the Company for:
- (a) the termination of the employment of a Participant;
 - (b) the misconduct of a Participant as determined by the Committee in its absolute discretion;
 - (c) the retirement, ill-health, injury, disability or death of a Participant;
 - (d) the bankruptcy of a Participant or the occurrence of any other event which results in his being deprived of the legal or beneficial ownership of an Award;
 - (e) a winding-up of the Company; or
 - (f) any other event approved by the Committee.

Upon the occurrence of any of the events specified in paragraphs (c), (d) and (f) above, the Committee may, in its absolute discretion, preserve all or any part of any Award and decide either to vest some or all of the Shares which are the subject of the Award or to preserve all or part of any Award until the end of the relevant vesting period. In exercising its discretion, the Committee will have regard to all relevant circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant and, in the case of performance-related Awards, the extent to which the applicable performance target(s) and/or service condition(s) have been satisfied.

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8. SIZE AND DURATION

- 8.1 The total number of new Shares which may be issued pursuant to Awards granted under the HMI Performance Share Plan 2017, when added to the number of new Shares issued and issuable in respect of (a) all Awards granted under the HMI Performance Share Plan 2017; and (b) all options or awards granted under any other share option or share-based incentive schemes of the Company then in force, shall not exceed fifteen percent (15%) of the number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company on the day preceding the date of grant of the Award.
- 8.2 With regard to Controlling Shareholders and their Associates, the aggregate number of new Shares which may be granted to all Controlling Shareholders and their Associates will not exceed twenty-five percent (25%) of all the new Shares available under the HMI Performance Share Plan 2017, and that the number of new Shares issued and issuable to each of the Controlling Shareholders and their Associates shall not exceed ten percent (10%) of all the new Shares available under the HMI Performance Share Plan 2017.
- 8.3 Without prejudice to Rule 6.3, not more than one percent (1%) of the number of issued Shares (except treasury shares and subsidiary holdings) may be granted nor vest each year and the Committee shall reduce the vesting of Awards if such a condition should be breached.
- 8.4 The HMI Performance Share Plan 2017 shall continue in force at the discretion of the Committee, subject to a maximum period of ten (10) years commencing on the date on which the HMI Performance Share Plan 2017 adopted by the Company in general meeting, provided always that the HMI Performance Share Plan 2017 may continue beyond the above stipulated period with the approval of Shareholders in general meeting and of any relevant authorities which may then be required.
- 8.5 The HMI Performance Share Plan 2017 may be terminated at any time at the discretion of the Committee, or by an Ordinary Resolution passed by the Shareholders at a general meeting subject to all other relevant approvals which may be required and if the HMI Performance Share Plan 2017 is so terminated, no additional Awards shall be offered by the Company hereunder.
- 8.6 Notwithstanding the expiry or termination of the HMI Performance Share Plan 2017, any Awards made to Participants prior to such expiry or termination will continue to remain valid.

9. VESTING OF AWARDS

- 9.1 As soon as reasonably practicable after the end of each performance period, the Committee shall review the performance target(s) specified in respect of that Award and determine whether they have been satisfied and, if so, the extent to which they have been satisfied (whether fully or partially) and subject to Rule 7, shall vest to that Participant the Shares to which that Award relates on the Vesting Date.

For the purpose of this Rule 9, “**Vesting Date**” means, in relation to an Award which is the subject of vesting, the date (as determined by the Committee) on which payment of such Award is made or effected.

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The Committee shall have the discretion to determine whether the performance target(s) has been satisfied (whether fully or partially) or exceeded and in making any such determination, the Committee shall have the right to make reference to the audited results of the Company or the Group, as the case may be, to take into account such factors as the Committee may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, the right to amend the performance target(s) if the Committee decides that a changed performance target would be a fairer measure of performance.

- 9.2 Subject to the prevailing legislation and the Listing Rules, the Company shall, on the Vesting Date, do any one or more of the following as it deems fit in its sole and absolute discretion:
- (a) allot and issue the relevant Shares to the Participant, and apply to the SGX-ST, for permission to deal in and for quotation of such Shares; and/or
 - (b) deliver existing Shares to the Participant, whether such existing Shares are acquired pursuant to a share buyback mandate or (to the extent permitted by law) held as treasury shares; and/or
 - (c) subject to the prior approval of the Committee and at the Committee's absolute discretion, pay the Equivalent Value in Cash (after deduction of any applicable taxes) to the Participant.

For the purpose of this Rule 9.2:

"Equivalent Value in Cash" to be paid to a Participant in lieu of the Shares to be issued or delivered upon vesting of an Award, shall be calculated in accordance with the following formula:

$$A = B \times C$$

Where:

"A" is the Equivalent Value in Cash to be paid to the Participant in lieu of all or some of the Shares to be issued or delivered upon the vesting of an Award;

"B" is equal to the average of the last dealt prices for a Share, as determined by reference to the daily official list or other publication published by the SGX-ST for the first five (5) Market Days on which there were transactions done for the Shares on the SGX-ST immediately preceding the Vesting Date in accordance with the rules of the HMI Performance Share Plan 2017; and

"C" is such number of Shares (as determined by the Committee in its sole and absolute discretion) in respect of which cash will be paid to a Participant in lieu of Shares to be issued or delivered to the Participant upon the vesting of an Award in accordance with the rules of the HMI Performance Share Plan 2017.

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9.3 In respect of Rules 9.2(a) and 9.2(b), Shares which are allotted or delivered on the vesting of an Award shall be issued or registered (as the case may be) in the name of CDP to the credit of the Securities Account of that Participant maintained with CDP, the securities sub-account of that Participant maintained with a Depository Agent or the CPF investment account maintained with a CPF agent bank (if relevant).

9.4 New Shares allotted and issued, and existing Shares procured by the Company for transfer, on the vesting of an Award shall:

- (a) be subject to all the provisions of the Constitution of the Company; and
- (b) rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which is on or after the relevant Vesting Date, and shall in all other respects rank *pari passu* with other existing Shares then in issue, except that in the case of an existing Share, it may not carry certain dividend or other rights if that existing Share was acquired for the purpose of the HMI Performance Share Plan 2017 excluding those dividend or other rights.

“Record Date” means the date fixed by the Company for the purposes of determining entitlements to dividends or other distributions to or rights of holders of Shares.

9.5 New Shares or existing Shares that are allotted or delivered pursuant to the vesting of an Award, shall be issued in the name of or (as the case may be) be delivered to CDP for credit of the Participant’s direct Securities Account maintained by the Participant with CDP or a securities sub-account maintained by the Participant with a Depository Agent, as notified by the Participant to the Committee.

9.6 Shares which are allotted or transferred pursuant to the vesting of an Award will not (save as otherwise provided by the Listing Rules or applicable laws) be subjected to any restriction against disposal, or sale or otherwise by the Participant.

9.7 In determining whether to approve the vesting of an Award, wholly or partly, in the form of cash rather than by Shares, the Committee will take into account (but be in no way limited by) factors such as the cost to Company of an Equivalent Value in Cash (after deduction of any applicable taxes) Award. To this end, some relevant cost factors are taxation issues arising from the issue of new Shares and/or purchase of existing Shares and the payment of cash, the availability of cash for payment and the cost of funding the cash payment, if necessary.

10. ADJUSTMENTS AND ALTERATIONS

10.1 If a variation in the issued ordinary share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue, reduction, subdivision, consolidation, distribution or otherwise) shall take place, then:

- (a) the class and/or number of Shares which are the subject of Awards to the extent not yet vested; and/or

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- (b) the class and/or number of Shares in respect which future Awards may be granted under the HMI Performance Share Plan 2017,

shall be adjusted in such manner as the Committee may determine to be appropriate.

10.2 Unless the Committee considers an adjustment to be appropriate, the following events shall not normally be regarded as a circumstance requiring adjustment:

- (a) issue of securities as consideration for an acquisition or a private placement of securities;
- (b) cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share buyback mandate granted by Shareholders of the Company (including any renewal of such mandate) is in force;
- (c) an issue of Shares or other securities convertible into or with rights to acquire or subscribe for Shares to its Group Employees including Directors or Group Employees of the Company or any of its subsidiaries pursuant to purchase or Option schemes approved by Shareholders in general meeting, including the HMI Performance Share Plan 2017;
- (d) an issue of Shares or securities convertible into or with rights to acquire or subscribe for Shares, in any such case in consideration or part consideration for the acquisition of any other securities, assets or business; and
- (e) any issue of Shares arising from the exercise of any warrants or the conversion of any convertible securities issued by the Company;
- (f) any issue of Shares pursuant to any scrip dividend scheme for the time being of the Company; or
- (g) upon the exercise of any Options or conversion of any loan stock or any other securities convertible into Shares or subscription rights of any warrants.

10.3 Notwithstanding the provisions of Rule 10.1:

- (a) no adjustment shall be made if:
 - (i) as a result the Participant receives a benefit that a Shareholder does not receive; or
 - (ii) such adjustment will result in the number of Shares comprised in an Award, together with new Shares to be issued or issuable under the HMI Performance Share Plan 2017, the HMI ESOS 2008, the HMI Performance Share Plan 2008, and/or any other share option or share-based incentive schemes of the Company to exceed fifteen percent (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company for the time being; and

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- (b) any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.
- 10.4 Upon any adjustment required to be made pursuant to this Rule 10, the Company shall notify the Participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the class and/or number of Shares thereafter to be issued or delivered on the vesting of an Award. Any adjustment shall take effect upon such written notification being given.
- 10.5 Subject to the rules of the HMI Performance Share Plan 2017, the HMI Performance Share Plan 2017 may be modified and/or altered at any time and from time to time by a resolution of the Committee provided that:
 - (a) no modification or alteration shall be made without the prior approval of the SGX-ST, and such other regulatory authorities as may be required;
 - (b) no modification or alteration shall be made which would adversely affect the rights attaching to any Awards granted prior to such modification or alteration. If the modification or alteration would adversely affect the rights attaching to any Awards granted prior to such modification or alteration, consent in writing must be obtained from such number of Participants under the HMI Performance Share Plan 2017 who, if their Awards were vested to them, would thereby become entitled to Shares representing not less than three-quarters of the total voting rights (or such other requirement as prescribed by the SGX-ST) of the total votes attached to all the voting rights of all the Shares which would be issued in full for all the outstanding Awards under the HMI Performance Share Plan 2017; and
 - (c) no alteration shall be made to the advantage of the holders of the Awards, except with the prior approval of the Shareholders in general meeting.

Written notice of any modification or alteration made in accordance with this Rule 10.5 shall be given to all Participants provided that any omission to give notice to any Participants shall not invalidate any such amendment.

Notwithstanding anything herein to the contrary, the Committee may at any time by resolution (and without other formality save for the prior approval of the SGX-ST and such other regulatory authorities as may be necessary) amend or alter the HMI Performance Share Plan 2017 in any way to the extent necessary to cause the HMI Performance Share Plan 2017 to comply with any statutory provision or the requirements of any regulatory or other relevant authority or body.

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11. TAKE-OVER AND WINDING UP

- 11.1 If under any applicable laws, 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 provisions herein and the fact that the vesting period for such Award has not expired but subject to Rule 11.4, to any Shares under the Awards so determined by the 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.
- 11.2 If an order or an effective resolution is made for the winding up of the Company on the basis of its insolvency, all Awards, notwithstanding that they may have been so vested, shall be deemed or become null and void.
- 11.3 In the event of a members' voluntary winding up of the Company (other than for amalgamation or reconstruction), the Awards shall so vest in the Participant for so long as, in the absolute determination by the Committee, the Participant has met the performance targets prior to the date that the members' voluntary winding up shall be deemed to have been commenced or effective in law; provided that any Awards not released prior to the commencement of the voluntary winding up of the Company shall, upon commencement of such winding up, be null and void.
- 11.4 If in connection with the making of a take-over offer, or the scheme referred to in Rule 11.1 or the winding up referred to in Rule 11.3, arrangements are made (which are confirmed in writing by the Auditors, acting only as experts and not as arbitrators, to be fair and reasonable) for the compensation of Participants, whether by the payment of cash or by any other form of benefit, no vesting of Shares under the Award shall be made in such circumstances.

12. ADMINISTRATION

- 12.1 The HMI Performance Share Plan 2017 shall be administered by the Committee in its absolute discretion with such powers and duties as are conferred on it by the Board. As a safeguard against abuse, where Awards are proposed to be granted to or held by Executive Directors (excluding Controlling Shareholders and/or their Associates), all members of the Board of the Company (and not just members of the Committee) who are not Executive Directors or Controlling Shareholders, will be involved in deliberations on the same.
- 12.2 The Committee shall have the power, from time to time, to make and vary such regulations (not being inconsistent with the HMI Performance Share Plan 2017) for the implementation and administration of the HMI Performance Share Plan 2017 as they think fit.
- 12.3 Any decision of the Committee, made pursuant to any provision of the HMI Performance Share Plan 2017 (other than a matter to be certified by the Auditors), shall be final and binding (including any decisions pertaining to disputes as to interpretation of the HMI Performance Share Plan 2017 or any rule, regulation or procedure thereunder or as to any rights under the HMI Performance Share Plan 2017).

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13. TERMS OF APPOINTMENT OR EMPLOYMENT UNAFFECTED

- 13.1 The HMI Performance Share Plan 2017 or any Award shall not form part of any contract of employment between the Company or any subsidiary and any Participant and the rights and obligations of any individual under the terms of the office or employment with such company within the Group shall not be affected by his participation in the HMI Performance Share Plan 2017 or any right which he may have to participate in it or any Award which he may hold and the HMI Performance Share Plan 2017 or any Award shall afford such an individual no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason whatsoever.
- 13.2 The HMI Performance Share Plan 2017 shall not confer on any person any legal or equitable rights (other than those constituting the Awards themselves) against the Company and/or any subsidiary directly or indirectly or give rise to any cause of action at law or in equity against the Company and/or any of its subsidiaries.

14. NOTICES

- 14.1 Any notice required to be given by a Participant to the Company shall be sent or made to the registered office of the Company or such other address as may be notified by the Company to him in writing.
- 14.2 Any notices or documents required to be given to a Participant or any correspondence to be made between the Company and the Participant shall be given or made by the Committee (or such person or persons as it may from time to time direct) on behalf of the Company and shall be delivered to him by hand or sent to him at his home address according to the records of the Company and if sent by post, shall be deemed to have been given on the day following the date of posting.

15. TAXES

All taxes (including income tax) arising from the exercise of any Awards granted to any Participants under HMI Performance Share Plan 2017 shall be borne by the Participants.

16. COSTS AND EXPENSES

- 16.1 Each Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment or delivery of any Shares pursuant to the vesting of any Awards in CDP's name, the deposit of share certificate(s) with CDP, the Participant's Securities Account with CDP, or the Participant's securities sub-account with a CDP Depository Agent or CPF investment account with a CPF agent bank and all taxes referred to in Rule 15 which shall be payable by the relevant Participant.
- 16.2 Save for the taxes referred to in Rule 15 and such other costs and expenses expressly provided in the HMI Performance Share Plan 2017 to be payable by the Participants, all fees, costs and expenses incurred by the Company in relation to the HMI Performance Share Plan 2017 including, but not limited to, the fees, costs and expenses relating to the allotment and issue or delivery of Shares pursuant to the vesting of any Award shall be borne by the Company.

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17. DISCLAIMER OF LIABILITY

Notwithstanding any provisions herein contained and subject to the Act, the Board, the Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in respect of any matter under or in connection with the HMI Performance Share Plan 2017 including but not limited to, the Company's delay in the allotment and issue or the delivery of the Shares or its application for or the procurement of the listing of the Shares on the SGX-ST.

18. DISPUTES

Any disputes or differences of any nature arising hereunder shall be referred to the Committee and its decision shall be final and binding in all respects.

19. DISCLOSURES IN ANNUAL REPORT

The following disclosures (as applicable) will be made by the Company in its annual report for so long as the HMI Performance Share Plan 2017 continues in operation and as from time to time required by the Listing Manual:

- (a) the names of the members of the Committee administering the HMI Performance Share Plan 2017;
- (b) in respect of the following Participants:
 - (i) Participants who are Executive Directors of the Company;
 - (ii) Participants who are Controlling Shareholders and their Associates; and
 - (iii) Participants, other than those in (i) and (ii) above, who have been granted options under the HMI ESOS 2008 received Shares and/or who have received Shares pursuant to Awards granted under the HMI Performance Share Plan 2008 and HMI Performance Share Plan 2017 which, in aggregate, represent five percent (5%) or more of the aggregate of:
 - (1) the total number of new Shares available under the HMI ESOS 2008, the HMI Performance Share Plan 2008 and HMI Performance Share Plan 2017 collectively; and
 - (2) the total number of existing Shares purchased for delivery of Shares pursuant to the exercise of Options under the HMI ESOS 2008 and Awards vested under the HMI Performance Share Plan 2008 and the HMI Performance Share Plan 2017,

the following information:

- (aa) the name of the Participant;

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- (bb) the following particulars relating to Options granted under the HMI ESOS 2008:
 - (i) the aggregate Options granted during the financial year under review;
 - (ii) the aggregate number of Shares arising from Options exercised in the HMI ESOS 2008 since the commencement of the scheme to the end of the financial year under review; and
 - (iii) the aggregate number of Shares comprised in Options outstanding as at the end of the financial year under review;
- (cc) the following particulars relating to Awards vested under the HMI Performance Share Plan 2008 and HMI Performance Share Plan 2017:
 - (i) the number of new Shares issued to such Participant during the financial year under review;
 - (ii) the number of existing Shares transferred to such Participant during the financial year under review;
 - (iii) the number of new Shares issued to such Participant since the commencement of the HMI Performance Share Plan 2008 and HMI Performance Share Plan 2017 to the end of the financial year under review; and
 - (iv) the number of existing Shares transferred to such Participant since the commencement of the HMI Performance Share Plan 2008 and HMI Performance Share Plan 2017 to the end of the financial year under review;
- (c) in relation to the HMI Performance Share Plan 2017, the following particulars:
 - (i) the aggregate number of Shares comprised in Awards granted since the commencement of the HMI Performance Share Plan 2017 to the end of the financial year under review;
 - (ii) the aggregate number of Shares comprised in Awards which have vested during the financial year under review and in respect of such Awards, the proportion of:—
 - (1) new Shares issued; and
 - (2) existing Shares purchased, including the range of prices at which such Shares have been purchased, upon the vesting of the vested Awards; and
 - (iii) the aggregate number of Shares comprised in Awards which have not been vested as at the end of the financial year under review.

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20. ABSTENTION FROM VOTING

Shareholders who are eligible to participate in the HMI Performance Share Plan 2017 must abstain from voting on any shareholders' resolutions relating to the HMI Performance Share Plan 2017.

21. GOVERNING LAW

The HMI Performance Share Plan 2017 shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. The Participants, by accepting Awards in accordance with the HMI Performance Share Plan 2017 and the Company, submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

22. EXCLUSION OF CONTRACTS (RIGHTS OF THIRD PARTIES) ACT

No person other than the Company or a Participant shall have any right to enforce any provision of the HMI Performance Share Plan 2017 or any Award by virtue of the Contracts (Rights of Third Parties) Act (Chapter 53B) of Singapore.

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