MASNET No. 118 OF 28.02.2003
Announcement No. 118

HEALTH MANAGEMENT INTERNATIONAL LTD (COMPANY NO. 199805241E)

ACQUISITION OF A 65% EQUITY INTEREST IN PREMIER HEALTH CORPORATION (M) SDN BHD

1. Further to the announcements made by Health Management International Ltd ("HMI" or the "Company") on 10 September 2002, 13 September 2002, 5 November 2002, 8 January 2003 and 4 February 2003, the Board of Directors of the Company wishes to announce that the Company, its wholly-owned subsidiary, HMI Balestier Hospital Pte Ltd ("HMIBH") and Premier Health Corporation International Pte Ltd ("PHCI") have on 28 February 2003 entered into a supplemental deed ("SD") to vary the sale and purchase agreement dated 9 September 2002 ("SPA") entered into between HMIBH as purchaser and PHCI as vendor in respect of the acquisition of a 65% equity interest in Premier Health Corporation (M) Sdn Bhd ("PHCM") (the "Acquisition").

2. Pursuant to the SD, the parties have agreed, *inter alia*, as follows:

(a) the SPA will be novated by HMIBH in favour of HMI;

(b) the completion date for the Acquisition will be 9 June 2003 (the "Completion Date");

(c) the completion of the Acquisition is subject, *inter* alia, to the following conditions precedent: (i) the receipt of the Malaysian Foreign Investment Committee ("FIC")'s approval, (ii) the approval of Bank Negara Malaysia for the transfer of the 65% equity interest in PHCM from PHCI to HMI, and (iii) the approval of the shareholders of the Company and HMIBH (if necessary). The parties have to fulfill the conditions precedent on or before the Completion Date.

(d) the balance purchase consideration of RM10.8 million will be satisfied on the Completion Date;

(e) PHCI has agreed to release the Company from the obligation to deliver a bank guarantee to PHCI, as previously required under the terms of the SPA, in consideration of the Company agreeing to pay a non-refundable sum of RM162,000 to PHCI on the execution of the SD;

(f) in the event that completion of the Acquisition is deferred due to the inability of the Company to complete the Acquisition on the Completion Date, HMI will pay interest at the rate of 6.8% on, respectively, the sum of RM1.2 million from 10 February 2003 and, the sum of RM10.8 million from 10 April 2003, to the date when completion of the Acquisition finally takes place or the date when the SPA is terminated due to the inability of the Company to complete. Any claim for such interest will be without prejudice to any other rights or remedies PHCI may have against the Company; and

(g) in the event that completion of the Acquisition does not take place due to any reason whatsoever, the Company will pay an amount equivalent to the aggregate of the extension fee paid by Regency Medical Centre (Seri Alam) Sdn. Bhd. ("RMCSA"), a subsidiary of PHCI, for the extension of the facilities granted to it by Bumiputra Commerce Bank Berhad ("BCB") up to RM63,000 and the commitment fees, if any, paid by RMCSA to BCB in relation thereto.

3. The Acquisition is not expected to have any significant impact on the net tangible assets and loss per share of the Company and its subsidiaries (the "Group") in the short term. However, the Acquisition is expected to contribute positively to the income of the Group in the long term.

4. None of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Acquisition.

BY ORDER OF THE BOARD
Dr Gan See Khem
Chairman / Managing Director
28 February 2003

Submitted by Dr Gan See Khem, Chairman / Managing Director on 28/02/2003 to the SGX