MASNET No. 22 OF 12.09.2003
Announcement No. 22

HEALTH MANAGEMENT INTERNATIONAL LTD (COMPANY NO. 199805241E)

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

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, 4 February 2003, 28 February 2003, 18 March 2003 and 13 June 2003, the Board of Directors of the Company wishes to announce that the Company has, on 12 September 2003 entered into a third supplemental agreement (the "SA3") with Premier Health Corporation International Pte Ltd ("PHCI") to vary the sale and purchase agreement dated 9 September 2002 and the supplemental agreements dated 28 February 2003 and 13 June 2003 (collectively, the "SPA") in respect of the acquisition of a 65% equity interest in PHCM (the "Acquisition").

2. Pursuant to the SA3, the parties have agreed, *inter alia*, as follows:

   (a) the Completion Date for the Acquisition will be 31 December 2003 (the "Completion Date");

   (b) the balance acquisition consideration of RM10.8 million to be paid in the following instalments: (i) RM250,000 on 30 September 2003, (ii) RM200,000 on 31 October 2003, and (iii) RM10,350,000 on Completion Date;

   (c) HMI has agreed to pay, on the execution of the SA3, a sum of RM405,910 being the interest accrued on the sum of RM10.8 million from 10 June 2003 to 31 August 2003 and the interest payable on the balance consideration for the period from 1 September 2003 to 31 December 2003, at the rate of 6.8% per annum to PHCI. All interest payments are non-refundable;

   (d) the completion of the Acquisition is subject, *inter* alia, to the following conditions precedent: (i) the receipt of the Malaysian Foreign Investment Committee's approval, and (ii) the approval of the shareholders of the Company. The parties have to fulfil the conditions precedent on or before the Completion Date;

   (e) in the event that the conditions precedent are met on or before the Completion Date and:

(i) 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% per annum on the balance consideration from Completion Date 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

(ii) the SPA is rescinded by PHCI due to no fault of PHCI, PHCI may retain all the moneys paid by HMI whether on account of the acquisition consideration or otherwise and if the instalments as set out in 2(b) above shall not have been paid at the time PHCI elects to rescind the SPA, the amount or part thereof payable or remaining payable shall attract interest at the rate of 6.8% per annum from the date of rescission until the date of payment.

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
12 September 2003

Submitted by Dr Gan See Khem, Chairman / Managing Director on 12/09/2003 to the SGX