

CIRCULAR DATED 11 JANUARY 2016

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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 ordinary shares in the capital of Pacific Healthcare Holdings Ltd. (the "**Company**"), you should immediately forward this Circular together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form to the purchaser or transferee or to the bank, stockbroker or other 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 of the statements made, reports contained or opinions expressed in this Circular.



PACIFIC HEALTHCARE HOLDINGS LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 200100544H)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

THE PROPOSED DISPOSAL OF THE BUSINESS AND ASSETS OF A SOLE PROPRIETORSHIP CARRIED ON BY PACIFIC CANCER CENTRE PTE. LTD. AS A MAJOR TRANSACTION

Independent Financial Advisor

nra capital
NRA Capital Pte. Ltd.

IMPORTANT DATES AND TIMES:

Last date and time for lodgement of Proxy Form	:	25 January 2016 at 2.00 p.m.
Date and time of Extraordinary General Meeting	:	27 January 2016 at 2.00 p.m.
Place of Extraordinary General Meeting	:	The Elizabeth Hotel Windsor I & II, Level 2 24 Mount Elizabeth Singapore 228518

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DEFINITIONS

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

“Act”	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
“Agreement”	:	The asset transfer agreement dated 3 August 2015 entered into between PCCPL and the Purchaser relating to the Proposed Disposal as supplemented by the First Supplemental Agreement and the Second Supplemental Agreement
“Announcement”	:	The announcement by the Company dated 3 August 2015 that PCCPL had entered into the Agreement with the Purchaser in respect of the Proposed Disposal on the SGXNET
“Announcement Date”	:	3 August 2015
“Board”	:	The board of Directors of the Company
“Business Day”	:	Means a day (other than a Saturday, a Sunday or a gazetted public holiday in Singapore) when banks in Singapore are open for business and “Business Days” shall be construed accordingly
“CDP”	:	The Central Depository (Pte) Limited
“Circular”	:	This circular dated 11 January 2016 issued by the Company
“Company”	:	Pacific Healthcare Holdings Ltd.
“Completion”	:	The completion of the Proposed Disposal in accordance with the terms of the Agreement
“Completion Date”	:	The completion date of the Proposed Disposal shall be three (3) business days after the Purchaser has notified PCCPL that they are satisfied that all of the conditions precedent set out in the Agreement have been fulfilled (or waived), or such other date as may be mutually agreed by the parties pursuant to the Agreement in relation to the Proposed Disposal, provided that the Completion shall not take place after the Long Stop Date, unless otherwise mutually agreed by the parties
“Consideration”	:	The aggregate consideration of S\$2,300,000 payable by the Purchaser to PCCPL for the Sale Assets
“CT”	:	Computerised tomography
“Directors”	:	The directors of the Company for the time being
“EGM”	:	Extraordinary general meeting
“EPS”	:	Earnings per share
“Existing Premises”	:	290 Orchard Road, #07-13/13A Paragon, Singapore 238859

“First Supplemental Agreement”	:	The first supplemental agreement dated 1 September 2015 whereunder the Transfer Date was amended from 1 September 2015 to 15 September 2015 and the deadline for certain conditions precedent to be fulfilled by the Purchaser was extended
“FY”	:	The financial year ended or ending 31 December
“Group”	:	The Company and its subsidiaries
“IFA”	:	NRA Capital Pte. Ltd., the independent financial adviser appointed by the Company to advise the independent directors of the Company on the Proposed Disposal
“IFA Letter”	:	The letter from the IFA addressed to the independent directors of the Company as set out in Appendix B of this Circular
“Imaging Business”	:	The medical diagnostic imaging and radiology business operating under the name of PHI and carried on by PCCPL as the sole proprietor
“Independent Valuation Report”	:	The independent valuation report from the Independent Valuer on the valuation of the medical equipment as set out in Appendix A of this Circular
“Independent Valuer”	:	Robert Khan & Co Pte Ltd, the independent valuer appointed by the Company to value the medical equipment to be sold to the Purchaser, such medical equipment constituting the majority of the Sale Assets
“Latest Practicable Date”	:	The latest practicable date prior to the printing of this Circular, being 4 January 2016
“Listing Manual”	:	The listing manual of the SGX-ST
“Long Stop Date”	:	1 March 2016
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“MRI”	:	Magnetic resonance imaging
“NAV”	:	Net asset value, being total assets less total liabilities
“NTA”	:	Net tangible assets, being net assets less intangible assets
“Notice of EGM”	:	The notice of the EGM set out on page N-1 of this Circular
“PCCPL”	:	Pacific Cancer Centre Pte. Ltd.
“PHI”	:	Pacific Healthcare Imaging
“Previous Offer”	:	The offer by Royal Medical & Imaging Pte Ltd for the sale and purchase of all the shares in PCCPL along with its assets for S\$5 million
“Proposed Disposal”	:	The proposed disposal by PCCPL of the Sale Assets

“Proposed Disposal Resolution”	:	The ordinary resolution relating to the Proposed Disposal in the Notice of EGM
“Proxy Form”	:	The proxy form in respect of the EGM as set out in this Circular
“Purchaser”	:	Lifescan Imaging Pte. Ltd.
“Rule 1006”	:	Rule 1006 of the Listing Manual
“Sale Assets”	:	The assets of PHI to be sold to the Purchaser pursuant to the Agreement, details of which are set out in paragraph 2.3 of this Circular
“Second Supplemental Agreement”	:	The second supplemental agreement dated 13 November 2015 whereunder the Long Stop Date was extended to 1 March 2016
“Securities Account”	:	A securities account maintained by a Depositor with CDP (but does not include a securities sub-account)
“SGXNET”	:	The corporate announcement system maintained by the SGX-ST for the submission of announcements by listed companies
“SGX-ST”	:	The Singapore Exchange Securities Trading Limited
“Shareholders”	:	The registered holders of the Shares, except that where the registered holder is CDP, the term “Shareholders” shall, in the relation to such Shares, mean the Depositors in the Depository Register and whose Securities Accounts maintained with CDP are credited with those Shares
“Shares”	:	Ordinary shares in the issued share capital of the Company
“SMG”	:	Singapore Medical Group Limited
“Transfer Date”	:	The date on which the Purchaser agreed to be responsible for the liabilities and costs of PHI, and to be entitled to any profits from the Imaging Business, such date being 15 September 2015
“Undertaking Shareholders”	:	The Shareholders who have undertaken to vote in favour of the Proposed Disposal
“S\$” and “cents”	:	Singapore dollars and cents respectively, being the lawful currency of Singapore
“%” or “per cent.”	:	Percentage or per centum

The terms **“Depositor”**, **“Depository Register”** and **“Depository Agent”** shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore or any statutory modification thereof, as the case may be.

The terms **“associate”** and **“controlling shareholders”** shall have the meanings ascribed to them respectively in the Listing Manual.

The terms **“subsidiaries”**, **“Substantial Shareholders”** and **“related corporations”** shall have the meanings ascribed to them respectively in the Act.

Except where specifically defined, the terms “**we**”, “**us**” and “**our**” in this Circular refer to the Group.

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

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

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

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act or any statutory modification thereof and not otherwise defined in this Circular shall have the same meaning assigned to it under the Act or any statutory modification thereof, as the case may be.

Any reference to a time of day and date in this Circular is made by reference to Singapore time and date unless otherwise stated.

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PACIFIC HEALTHCARE HOLDINGS LTD.

(Incorporated in the Republic of Singapore)
(Company Registration Number 200100544H)

Directors:

Mr. Lew Oon Yew (Non-Independent, Non-Executive Chairman)
Mr. Lien Kait Long (Non-Independent, Non-Executive Director)
Mr. Pang Yoke Min (Non-Independent, Non-Executive Director)
Mr. Hudson Chua Jain (Lead Independent Director)
Mr. Chong Fook Choy, Christopher (Independent Non-Executive Director)
Ms. Yeo Su-Lynn (Independent Non-Executive Director)
Mr. Pang Wei Kuan, James (Alternate Director to Mr. Pang Yoke Min)

Registered Office:

290 Orchard Road
#19-01 The Paragon
Singapore 238859

11 January 2016

To: The Shareholders of Pacific Healthcare Holdings Ltd.

Dear Sir/Madam

THE PROPOSED DISPOSAL OF THE BUSINESS AND ASSETS OF A SOLE PROPRIETORSHIP CARRIED ON BY PACIFIC CANCER CENTRE PTE. LTD. AS A MAJOR TRANSACTION

1. INTRODUCTION

1.1 **Proposed Disposal.** On the Announcement Date, the Board announced that Pacific Cancer Centre Pte. Ltd. (a wholly-owned subsidiary of the Company, referred to in this circular as “PCCPL”) had, on 3 August 2015, entered into a sale and purchase agreement with Lifescan Imaging Pte. Ltd. (referred to in this Circular as the “Purchaser”) in respect of the Proposed Disposal, which was subsequently supplemented by the First Supplemental Agreement and the Second Supplemental Agreement (together, referred to as the “Agreement”). The Proposed Disposal will be effected via the disposal of the Sale Assets which are owned by Pacific Healthcare Imaging (referred to in this Circular as “PHI”, being a medical diagnostic imaging and radiology centre carried on by PCCPL as the sole proprietor) at 290 Orchard Road, #07-13A Paragon, Singapore 238859 for an aggregate sum of S\$2,300,000. The Sale Assets comprise the following principal assets owned by PHI which are necessary for the conduct of the medical diagnostic imaging and radiology business (the “Imaging Business”):-

- (a) the Physical Assets (as defined in the Agreement) being medical equipment owned by PHI including medical diagnostic imaging equipment such as x-ray machines and computerised tomography (“CT”) scanners;
- (b) the Contracts (as defined in the Agreement) being contracts entered into between PHI and various vendors for the maintenance and service of the medical equipment (including but not limited to, Siemens for the maintenance of the CT scanner, Philips for the maintenance of the x-ray and ultrasound machine and Medical Imaging Systems for the ultrasound and mammogram machine);
- (c) employees;
- (d) the Inventory (as defined in the Agreement) being stocks and materials, supplies, work in progress, parts and components and finished goods which relate to the business; and
- (e) the Relevant Records (as defined in the Agreement) being, to the extent permissible by law, records and registers relating to the business including but not limited to stock, payroll and income records as well as information relating to PHI’s employees, customers, suppliers and patients.

More details of the Sale Assets can be found in paragraph 2.3 of this Circular.

Pursuant to the Agreement and to stem the continued losses incurred by PHI, the Purchaser agreed to be responsible for the liabilities and the costs, and to be entitled to any profits from PHI's Imaging Business from 15 September 2015 (the "**Transfer Date**"), although legal completion of the sale would take place later, after all the conditions precedent have been satisfied. Accordingly, all the liabilities and costs incurred in relation to the operations of PHI will be paid by the Purchaser from the Transfer Date. This includes, *inter alia*, all utility charges and employee wages. Renovations were carried out to divide the space at 290 Orchard Road, #07-13/13A Paragon, Singapore 238859 (the "**Existing Premises**") so that the Purchaser may carry on the Imaging Business after completion of the Proposed Disposal (which takes up less than half of the Existing Premises).

1.2 **Circular.** The purpose of this Circular is to provide Shareholders with relevant information relating to the Proposed Disposal and to seek Shareholders' approval at the EGM for the Proposed Disposal Resolution, to be proposed at the EGM, the notice of which is set out on page N-1 of this Circular.

1.3 **The Proposed Disposal being independent from the proposed delisting of the Company:** The Company had, on 3 June 2015 announced that the SGX had informed the Company, *inter alia*, that:-

- (a) the Company is unable to meet the requirements under Listing Rule 1314 for its removal from the Watchlist. Hence, the Exchange will proceed to delist the Company pursuant to Listing Rule 1315; and
- (b) pursuant to Listing Rule 1306, the issuer or its controlling shareholder(s) must comply with Listing Rule 1309 which requires the Company or its controlling shareholder(s) to provide a reasonable exit offer to shareholders.

In accordance with Rule 1306 of the Listing Manual, one of the options available may be an exit offer proposal offered to the Shareholders. The Company understands that this is being considered and as such, no such terms have been finalised and there is no assurance that such exit offer will be made. The Company will provide an update when there is further clarity on such an exit offer proposal as and when the information is available.

The Proposed Disposal does not form part of and is independent of the delisting of the Company. The proposed disposal of the Company's non-core assets and businesses and restructuring of its business units were planned and disclosed as far back as August 2014 in various announcements of the Company's quarterly results. It is the intention of the Group to focus on only two core component businesses which did not include the Imaging Business. Please refer to paragraph 2.7 of the Circular for more details on the rationale for the Proposed Disposal.

2. THE PROPOSED DISPOSAL AS A MAJOR TRANSACTION

2.1 Information on PHI

PHI is a sole proprietorship carried on by PCCPL as the sole proprietor, a private company limited by shares incorporated in Singapore on 6 September 1995 and having its registered office at 290 Orchard Road, #19-01, The Paragon, Singapore 238859.

As at the date of this Circular, the Company holds 1,000,000 issued and paid-up ordinary shares in the share capital of PCCPL, representing 100% of the issued and paid-up share capital of PCCPL. PHI is in the business of providing diagnostic imaging and radiology services. The medical diagnostic imaging and radiology services provided by PHI are generally for patients requiring x-rays, CT scans and MRI scans.

In FY2014, PHI's turnover was S\$1.7 million and it recorded a pre-tax loss of S\$1.8 million. This compares to the Group's revenues of S\$52.9 million and losses attributable to owners of the Company of S\$2.4 million. This means that PHI contributed only 3.2% of the total Group's revenues but 75% of the Group's losses.

The Group is principally in the business of providing specialist medical services which is its core business. Centres such as PHI which provide support facilities such as medical diagnostic imaging and radiology services are ancillary to and supportive of the Group's core business. Accordingly, PHI is not part of the Group's core business. PHI has a staff strength of two radiologists and six radiographers (five full time and one part time). In recent years, the performance of PHI has deteriorated despite slight improvements in its revenues as a result of increased costs. In the past three financial years, PHI has recorded increased costs and increased losses, such losses having risen from a low of S\$1.4 million to a high of S\$1.8 million.

The NAV of the Sale Assets is S\$323,145, which is relatively large when compared to the Group's NAV of S\$510,531. However, as mentioned above, this is because the Group's core business is in providing specialist medical services. The Group's core assets are its doctors and not any of its equipment.

As a result, the Board is of the opinion that it is in the best interests of the Company to dispose of the loss-making business.

2.2 Information on the Purchaser

(The information relating to the Purchaser is based on publicly available information)

As at the date of the Agreement and this Circular, the Purchaser is Lifescan Imaging Pte. Ltd., a company incorporated in Singapore on 26 June 2015 with its principal activities being that of operating an x-ray laboratory and diagnostic imaging clinic.

The Purchaser has an issued and paid-up share capital of S\$3,500,000 comprising 3,500,000 ordinary shares. The shareholders consist of Singapore Medical Group Limited (a controlling shareholder holding 40% shares in the Purchaser) ("**SMG**"), Mr. Tony Tan Choon Keat, Dr. Beng Teck Liang, Dr. Wong Seng Weng, Mr. Cheng Yong Liang, Mr. Ong Wee Song and Mr. Chong Wei Wen (each holding 10% shares in the Purchaser). The directors of the Purchaser are Dr. Beng Teck Liang, Dr. Wong Seng Weng, Mr. Cheng Yong Liang and Mr. Chong Wei Wen.

The following are details on some of the shareholders and directors of the Purchaser:-

Singapore Medical Group Limited was incorporated in 2005 and is listed on the Catalist Board of the SGX-ST. It is a private specialist and primary healthcare provider with a total of 16 clinics located in various medical centres around Singapore. It is thus a competitor to the Company. The Company has had previous dealings with SMG involving cross-referrals of patients for specialist services that the other party does not provide. SMG has also, in the past, utilised the Company's day surgery facility to provide services to its patients.

Mr. Tony Tan Choon Keat is the non-executive chairman of SMG and being a 20.3% shareholder, is a controlling shareholder of SMG.

Dr. Beng Teck Liang is the chief executive officer and an executive director of SMG. Being a 17.8% shareholder, he is a controlling shareholder of SMG.

Dr. Wong Seng Weng is an executive director of SMG and is a 1.96% shareholder of SMG. He is also an oncologist at the Cancer Centre, an SMG clinic.

Mr. Cheng Yong Liang is a 2.69% shareholder of SMG.

Save for the Proposed Disposal and the above-mentioned dealings with SMG, the Company does not have any relationships with the Purchaser, SMG or its directors.

2.3 Information on the Sale Assets

The Sale Assets are located at 290 Orchard Road, #07-13A Paragon, Singapore 238859, (being the space remaining after the division of the Existing Premises referred to in paragraph 1.1 of this Circular) where PHI carries on the Imaging Business. The Sale Assets are the principal assets which are necessary for the conduct of the Imaging Business and which comprise the following:-

- 2.3.1 the Physical Assets (as defined in the Agreement) being medical equipment owned by PHI including medical diagnostic imaging equipment such as x-ray machines and CT scanners;
- 2.3.2 the Contracts (as defined in the Agreement), being contracts entered into between PHI and various vendors for the maintenance and service of the medical equipment (including but not limited to, Siemens for the maintenance of the CT scanner, Philips for the maintenance of the x-ray and ultrasound machine and Medical Imaging Systems for the ultrasound and mammogram machine);
- 2.3.3 employees;
- 2.3.4 the Inventory (as defined in the Agreement), being stocks and materials, supplies, work in progress, parts and components and finished goods which relate to the business; and
- 2.3.5 the Relevant Records (as defined in the Agreement), being, to the extent permissible by law, records and registers relating to the business including but not limited to stock, payroll and income records as well as information relating to PHI's employees, customers, suppliers and patients.

Prior to the Agreement, the Company was leasing the Existing Premises amounting to approximately 15,000 square feet, of which the Imaging Business takes up approximately 7,000 square feet. As mentioned in paragraph 1.1 of this Circular, renovations were carried out to divide the Existing Premises so that the Purchaser may carry on the Imaging Business after completion of the Proposed Disposal. It is thus a condition precedent to completion that the Existing Premises be divided and that the Company and the Purchaser enter into all agreements necessary for the lease of each of the subdivided premises. The Purchaser has since entered into a new lease with the landlord for its subdivided part of the Existing Premises while the Company's lease for the other subdivided part of the Existing Premises was terminated by mutual agreement with the landlord on 15 October 2015 as the Company no longer needs the space. Save for the above, there are no real estate properties to be transferred as part of the Proposed Disposal.

2.4 Consideration for the Proposed Disposal

- 2.4.1 The aggregate consideration for the Sale Assets is S\$2,300,000. The Consideration will be fully satisfied by payment in cash or immediately available funds in the following manner:-
 - (i) S\$700,000 paid by 3 August 2015 as a refundable deposit; and
 - (ii) the balance S\$1,600,000 to be paid by Completion Date.
- 2.4.2 The Consideration was arrived at on a willing-buyer, willing-seller basis taking into consideration (i) an independent valuation of approximately S\$1.4 million for the medical equipment (details of which are set out below in this paragraph 2.4.2); (ii) the fact that the business is not part of the core business of the Group and (iii) the operating losses of S\$1.776 million and S\$1.419 million in FY2014 and FY2013 respectively. The Proposed Disposal is in line with the Company's plan to streamline and restructure its operations so as to return to profitability. The Proposed Disposal will enable the Company to divest a loss-making business and reduce its rental expenses. Further, the proceeds from the Proposed Disposal will provide an injection of fresh working capital for ongoing operational expenses.

On 2 January 2015, the Company announced that it had entered into a sale and purchase

agreement with Royal Medical & Imaging Pte Ltd to sell all the shares in PCCPL along with its assets for S\$5 million (the “**Previous Offer**”). The parties did not reach completion as the purchaser could not fulfil its payment obligations. In addition to the PHI business, PCCPL also owns a medical centre (being Adam Road Medical Centre) housing its medical psychiatry business which comprises two psychiatrists and five employees with a turnover of approximately S\$1.5 million per annum. By contrast, the Proposed Disposal is only in relation to its Imaging Business. Hence, the consideration for the Proposed Disposal is lower. Upon completion of the Proposed Disposal, the Group will continue to own Adam Road Medical Centre through PCCPL, as well as businesses held through its other subsidiaries which involve, amongst others, (a) nursing homes and elder care services; (b) medical services focused on dentistry and aesthetics; and (c) Pacific Surgical and Endoscopy Centre Pte Ltd.

The Agreement was arrived at after the Company had discussed and negotiated the Proposed Disposal with various potential buyers including the buyer from the Previous Offer.

In addition, to show that the Consideration is reflective of fair valuation, the Company has commissioned the Independent Valuer, Robert Khan & Co Pte Ltd to value the Physical Assets (being the medical equipment) that constitute the majority of the Sale Assets.

According to the Independent Valuation Report set out in Appendix A of this Circular, the market value of the medical equipment as at 16 November 2015 is S\$1,414,300. The Independent Valuer adopted the Depreciated Replacement Cost¹ and Market Comparison methods in arriving at the market value of the medical equipment.

Please refer to the full text of the Independent Valuation Report set out in Appendix A of this Circular.

Based on the above factors and the Company’s assessment, the Company accepted the offer as it is of the view that the Consideration is reflective of fair valuation and is in the best interests of the Company.

2.4.3 Based on the Consideration, the relative figures in relation to the Proposed Disposal, computed on the applicable bases set out in Rule 1006 are as follows:

		31 December 2014	30 September 2015
Rule 1006(a)	NAV of the Sale Assets, compared with the Group’s NAV		
	NAV of the Group (S\$)	510,531	(2,891,910)
	NAV of the Sale Assets (S\$)	323,145	329,626
	Size of relative figure	63.29% ²	11.40% ³

1 Depreciated Replacement Cost (“**DRC**”) is defined and described by the International Valuation Standards Committee in “IVS 2 – Valuation Bases Other Than Market Value” as follows: DRC is considered an acceptable method used in financing reporting to arrive at a surrogate for the Market Value of specialised and limited market properties, for which market evidence is unavailable. DRC is based on an estimate of the current Market Value – In Continued Use, plus the current gross replacement (or reproduction) costs of the improvements, less allowances for physical deterioration and all relevant forms of obsolescence and optimisation.

2 The NAV of the Sale Assets is made up of (i) S\$6,197 for the costs of inventory, and (ii) S\$316,948 for the fixed assets as net book value. No impairment/provision has been made against these figures

3 The NAV of the Sale Assets is made up of (i) S\$5,620 for the costs of inventory, and (ii) S\$324,006 for the fixed assets as net book value. No impairment/provision has been made against these figures.

		31 December 2014	30 September 2015
Rule 1006(b)	Net profits attributable to the Sale Assets, compared with the Group's net profits		
	Net loss of the Group before tax and before extraordinary (S\$)	(7,956,187)	(2,640,851)
	Net loss before tax attributable to the Sale Assets (S\$)	(1,776,100)	(832,401)
	Size of relative figure	22.32%	31.52%
Rule 1006(c)	Consideration received for the Proposed Disposal compared with the Company's market capitalisation(2)		
	Aggregate value of the Consideration (S\$)	2,300,000	2,300,000
	Company's market capitalisation as at 3 July 2015, being the last market day preceding the date of the Agreement on which the Company's Shares were traded (S\$)	4,016,201	4,016,201
	Size of relative figure	57.3% ⁽¹⁾	57.3% ⁽¹⁾
Rule 1006(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable. As this is a disposal of assets.	Not applicable. As this is a disposal of assets.
Rule 1006(e)	Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves	Not applicable, as the Company is not disposing a mineral, oil and gas company.	Not applicable, as the Company is not disposing a mineral, oil and gas company.

Notes:-

- (1) The relative figures computed here are based on the results for the financial period ended 31 December 2014 and 30 September 2015 which was announced on 16 February 2015 and 13 November 2015 respectively. Using the weighted average market price on 3 July 2015, being the last market day preceding the date of the Agreement on which the Company's shares were traded, the Group's market capitalisation calculated based on the total number of issued shares excluding treasury shares is approximately S\$4.0 million.

As the relative figures computed under Rule 1006(a), Rule 1006(b) and Rule 1006(c) exceed 20%, the Proposed Disposal is considered a major transaction under Chapter 10 of the Listing Manual. Accordingly, the Proposed Disposal is subject to Shareholders' approval at the EGM.

- 2.4.4 The net book value of the Sale Assets as at 31 December 2014 was approximately S\$0.32 million. Accordingly, the excess over the net book value of the Sale Assets will be approximately S\$1.98 million.
- 2.4.5 The net loss before tax, minority interests and exceptional items attributable to the Sale Assets as at 31 December 2014 is S\$1.78 million. Based on the last audited book value of PHI, there will be a gain on disposal of approximately S\$1.98 million (as at 31 December 2014).

2.5 Conditions Precedent to the Agreement

Pursuant to the terms of the Agreement, the Proposed Disposal is conditional upon the following conditions having been fulfilled (or waived):-

- 2.5.1 the approval of the board of directors (and if required, the shareholders) of each party to the Agreement for the entering into of the Agreement and any transactions contemplated under the Agreement and other related transactions as may be required in relation thereto;
- 2.5.2 PHI having obtained by the Transfer Date, an irrevocable undertaking in writing from its shareholders holding in the aggregate more than 50% of the total issued capital of the Company to, *inter alia*, vote in favour of the transactions contemplated under the Agreement and not dispose of their shares in the Company until shareholder approval is obtained for the Proposed Disposal Resolution;
- 2.5.3 all applicable governmental or regulatory approvals (or waiver) being obtained, including but not limited to any SGX-ST requirements, for the transactions contemplated under the Agreement and other related transactions as may be required in relation thereto and such approvals not being withdrawn or revoked;
- 2.5.4 certain lease agreements relating to the Sale Assets being terminated with effect from the date upon which SMG (being the controlling shareholder of the Purchaser) obtains its shareholders' approval in relation to the lease agreements (such lease agreements relating to, *inter alia*, the lease of an MRI machine, which agreements will be separately re-negotiated between the Purchaser and the lessor)⁴;
- 2.5.5 the transfer of all the physical assets, books and inventory relating to the Sale Assets, and certain novations and assignments being effected on the Transfer Date;
- 2.5.6 the transfer of certain agreements by way of novation or assignment with effect from the Transfer Date;
- 2.5.7 the transfer of certain employees over to the Purchaser with effect from the Transfer Date;
- 2.5.8 the completion of the renovation of the premises to (a) divide the Existing Premises, and (b) create a new centre frontage to the satisfaction of the Purchaser; and the appropriate agreements being entered into for the lease of the Purchaser's part of the subdivided premises;
- 2.5.9 all applicable licences, approvals and consents being obtained; and
- 2.5.10 all PCCPL's warranties and undertakings set out in the Agreement remaining true and accurate and not misleading on the Transfer Date.

Once the Proposed Disposal Resolution in this Circular is passed, the conditions precedent in paragraph 2.5.1 (in respect of the approval of the Shareholders of the Company for the disposal of the Sale Assets) would be fulfilled. Save for the conditions precedent in paragraph 2.5.4, as at the Latest Practicable Date, the other conditions precedent have been fulfilled or obtained. Wherever necessary, PCCPL has taken steps to fulfil the conditions precedent which it is responsible for.

2.6 Financial Effects of the Proposed Disposal

- 2.6.1 The financial effects of the Proposed Disposal on the Group as set out below are for illustrative purposes only and are not intended to reflect the actual future financial performance or position of the Group immediately after the Completion of the Proposed Disposal. The financial effects of the Proposed Disposal set out below have been prepared based on the Group's latest announced consolidated financial statements for FY2014.

⁴ In the announcement dated 3 August 2015 relating to the Proposed Disposal, the Company had announced that a condition precedent to completion of the Proposed Disposal is certain lease agreements relating to the Sale Assets being terminated with effect from 1 September 2015 (such date being the original transfer date). However, by way of the First Supplemental Agreement, the deadline for the condition had been extended to 1 March 2016.

2.6.2 Net Tangible Assets

The effects of the Proposed Disposal on the latest announced consolidated NTA per share of the Group as at 31 December 2014, assuming that the Proposed Disposal had been effected on 31 December 2014, are summarised below:

	Before the Proposed Disposal	After the Proposed Disposal
Consolidated NTA ⁽¹⁾ (S\$'000)	510	2,487
Number of shares ('000)	573,743	573,743
Consolidated NTA per share (cents)	0.09	0.43

Notes:

(1) NTA is computed based on total assets less total liabilities and intangible assets.

2.6.3 Earnings per Share

The effects of the Proposed Disposal on the latest announced consolidated EPS of the Group for FY2014, assuming that the Proposed Disposal had been effected at the beginning of FY2014, are summarised below:

	Before the Proposed Disposal	After the Proposed Disposal
Profit attributable to equity holders of the Company (S\$'000)	(2,543)	1,210
Weighted average number of Shares ('000)	573,743	573,743
Basic EPS (cents)	(0.44)	0.21

2.7 Rationale for the Proposed Disposal

2.7.1 The Proposed Disposal is a good opportunity for the Company to dispose of underperforming assets for valuable consideration and is part of the Company's continuous effort to strengthen its balance sheet. The proceeds would provide an injection of working capital for ongoing operational expenses.

2.7.2 PHI requires substantial financial support from the Company in order to continue its operations. Between January 2015 and July 2015, the Company provided PHI with a loan of S\$376,186 and in August 2015, the Company provided PHI with a loan of S\$84,681, such loans being given to PHI to fund its operating costs. Part of the proceeds from the Proposed Disposal will be utilised towards the repayment of these loans provided by the Company to PHI. As such, the Proposed Disposal will reduce this financial burden on the Company and should allow the Company to improve its financial position further.

2.7.3 PHI is loss-making due to the following factors:-

- (a) high rental costs at the Premises;
- (b) high costs of engaging specialists such as radiologists and radiographers;
- (c) the highly competitive sector that PHI is operating in;
- (d) low sales volumes;
- (e) a higher volume of low value modality cases (e.g. low-priced x-rays versus highly-priced MRI scans); and
- (f) an over-reliance on in-house doctor referrals as a result of not being an independent imaging business unlike some of its competitors.

As a result, this affects the profits of the Group. In the past financial year, PHI lost S\$1.8 million and this will likely continue to be the same for 2015. The completion of the Proposed Disposal will mean that the Group will have a stronger balance sheet and profit and loss statement going forward. The following is a summary of PHI's contributions to the Group's and Singapore operations' losses for the past 3 financial years:-

Losses	FY2014 (S\$'000)		FY2013 (S\$'000)		FY2012 (S\$'000)	
Group	(3,780)	100%	(11,056)	100%	(11,468)	100%
Group excluding extraordinary items	(8,055)		(9,787)		(13,677)	
By country						
Singapore	(368)	10%	(6,328)	57%	(7,089)	62%
China	(8)	0%	(2,204)	20%	(1,413)	12%
Indonesia	(3,404)	90%	(2,524)	23%	(2,966)	26%
By business segment						
PHI as % of Group losses	(1,776)	47%	(1,419)	13%	(1,579)	14%
PHI as % of Group losses excluding extraordinary items	(1,776)	22%	(1,419)	14%	(1,579)	12%

2.7.4 PHI's business is not considered to be part of the Group's core business. The Group's core business is the provision of medical and dental services. However, PHI, which provides a facility for the Group to carry out imaging-related services (such as X-rays, CT and MRI), is not necessary for the provision of such medical and dental services and should, at most, be considered as complementary to the Group's core business, especially since the Group's patients can be referred out to other medical facilities to obtain such services from other service providers that are in the immediate vicinity.

3. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors and the controlling Shareholders of the Company have any interest or are deemed to be interested in the Proposed Disposal, or have any relationship with the Purchaser.

4. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

5. DIRECTORS' RECOMMENDATIONS

Proposed Disposal Resolution. Having considered the terms of and the rationale for the Proposed Disposal, the Directors are of the opinion that the Proposed Disposal is in the best interest of the Shareholders. Accordingly, the Directors recommend that Shareholders vote in favour of the Proposed Disposal Resolution set out in the Notice of EGM.

6. EXTRAORDINARY GENERAL MEETING

The EGM, the notice of which is given on page N-1 of this Circular, will be held at The Elizabeth Hotel, Windsor I & II, Level 2, 24 Mount Elizabeth, Singapore 228518 on 27 January 2016 at 2.00 p.m., for the purpose of considering and, if thought fit, passing with or without any modifications, the Proposed Disposal Resolution set out in the Notice of EGM.

7. IRREVOCABLE UNDERTAKINGS BY THE SUBSTANTIAL SHAREHOLDERS

The following Shareholders (the "Undertaking Shareholders") have irrevocably and unconditionally undertaken to vote in favour of the Proposed Disposal:-

- 7.1 Al-Faiz Fund I Limited⁵, being deemed to be interested in 128,579,692 shares held by Valuecare Limited, representing 22.41% of the total issued and paid up capital of the Company;
- 7.2 Affluent Healthcare Holdings Pte. Ltd.⁶, holding 147,033,802 shares through HSBC (Singapore) Nominees Pte. Ltd. representing 25.63% of the total issued and paid up capital of the Company;
- 7.3 Radiance Investment Pte. Ltd.⁷, holding 72,117,379 shares representing 12.57% of the total issued and paid up capital of the Company;
- 7.4 Pacific Investments Pte Ltd⁸ holding 35,919,000 shares representing 6.26% of the total issued and paid up capital of the Company; and
- 7.5 Chong Lai Leong William, holding 9.54% of the total issued and paid up capital of the Company in the following manner:-
 - (i) direct shareholding of 16,000,684 shares;
 - (ii) deemed interest in 35,919,000 shares held by Pacific Investments Pte Ltd (wholly owned by Chong Lai Leong William); and
 - (iii) 2,822,000 shares held through United Overseas Bank Nominees (Private) Limited.

8. OPINION AND ADVICE OF THE IFA

In relation to the Proposed Disposal, NRA Capital Pte. Ltd. has been appointed as the Independent Financial Adviser to the Independent Directors to advise them on whether the Proposed Disposal is on normal commercial terms and whether it is prejudicial to the interests of the Company and its minority Shareholders. The IFA Letter to the Independent Directors dated 4 January 2016 is set out in Appendix B of this Circular. After having carefully considered the information available to it, and based upon the financial, industry, market, economic and other relevant conditions subsisting on the Latest Practicable Date as well as the considerations set out in the IFA Letter in its entirety, the IFA is of the opinion that, on balance, the financial terms of the Proposed Disposal are (i) fair and reasonable; and (ii) not prejudicial to the interests of the minority Shareholders. Accordingly, the IFA has advised the Independent Directors to recommend that the minority Shareholders vote in favour of the Proposed Disposal.

9. INDEPENDENT DIRECTORS' RECOMMENDATION

Having taken into consideration the rationale for and benefits of the Proposed Disposal, the IFA Letter and the Independent Valuation Report, the Independent Directors are of the unanimous opinion that the Proposed Disposal are in the best interests of the Company. Accordingly, the Independent Directors recommend that the Shareholders vote in favour of the Proposed Disposal Resolution to approve the Proposed Disposal.

5 Al-Faiz Fund I Limited is a private equity fund domiciled in Labuan, Malaysia with Kuwait Finance House (Labuan) Bhd and Al-Aman Investments Company K.S.C.C. as co-manager and general partners. Mr. Lew Oon Yew, who is also Chairman of the Board of the Company is also a director of the Fund.

6 Affluent Healthcare Holdings Pte Ltd is wholly-owned by Sri Widati Ernawan Putri who is also the sole director of the company. Mr. Lien Kait Long who is a director of the Company is a nominee of Affluent Healthcare Holdings Pte Ltd

7 Radiance Investment Pte Ltd is wholly-owned by Mr. Pang Yoke Min. The directors of Radiance Investment Pte Ltd are Pang Yoke Min, Pang Wei Kuan, James and Ng En Swee. Mr. Pang Yoke Min sits on the Company's Board and his son, Pang Wei Kuan, James is an alternate director to him.

8 Pacific Investments Pte Ltd is wholly-owned by Chong Lai Leong, William, the founder and former deputy chairman, executive director and chief executive officer of the Company. Chong Lai Leong, William stepped down from the Company's Board in July 2014.

10. ACTIONS TO BE TAKEN BY SHAREHOLDERS

- 10.1 **Appointment of Proxies.** If a Shareholder is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the attached Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623 not later than 48 hours before the time appointed for the EGM. Completion and return of the Proxy Form by a Shareholder will not prevent him from attending and voting at the EGM if he so wishes. An appointment of a proxy or proxies shall be deemed to be revoked if a Shareholder attends the EGM in person and, in such event, the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the EGM.
- 10.2 **When Depositor regarded as Shareholder.** A Depositor shall not be regarded as a Shareholder entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register at least 48 hours before the EGM.

11. RESPONSIBILITY STATEMENT BY THE DIRECTORS

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 Proposed Disposal and the Group and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this 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 this Circular in its proper form and context.

12. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the Company's secretarial agent office at 80 Robinson Road, #02-00, Singapore 068898 during normal business hours from the date of this Circular up to and including the date of the EGM:-

- (a) the Agreement (including the First Supplemental Agreement and the Second Supplemental Agreement);
- (b) the Independent Valuation Report;
- (c) the IFA Letter;
- (d) the Memorandum and Articles of Association of the Company; and
- (e) the Annual Report of the Company for FY2014.

Yours faithfully
For and on behalf of
the Board of Directors of
PACIFIC HEALTHCARE HOLDINGS LTD.

Lew Oon Yew
Director

APPENDIX A – INDEPENDENT VALUATION REPORT



P&M/3715/1511/RK/SKT/SA

20 November 2015

Pacific Healthcare Holdings Ltd
#19-01 Paragon
Singapore 238859

Attention: Mr Andrew Wong

Dear Sirs

**PACIFIC HEALTHCARE HOLDINGS LTD
VALUATION OF MEDICAL AND IMAGING EQUIPMENT LOCATED AT 290
ORCHARD ROAD #07-13A PARAGON, SINGAPORE 238859**

In accordance with your instruction, we have attended at 290 Orchard Road, #07-13A Paragon, Singapore 238859 on 16 November 2015, in order to inspect and value the medical and imaging equipment, which we understand to be the property of the Group or held by them under finance agreements.

We understand that the purpose of the valuation is for Sale Purpose and Submission to SGX, and to shareholders at an EGM to be convened.

As a result of our inspection, we are of the opinion that the value of the assets are as follows as at 16 November 2015:

	Market Value – In Continued Use (S\$)
Medical and Imaging Equipment	1,414,300
MARKET VALUE - IN CONTINUED USE	SINGAPORE DOLLARS ONE MILLION FOUR HUNDRED FOURTEEN THOUSAND AND THREE HUNDRED ONLY

- Chartered Surveyors
- Valuers of
 - Plant & Machinery
 - Real Estate
 - Businesses
 - Fine Arts
- Auctioneers & Agents
- Facilities & Project Managers
- Capital Allowance Claims Consultants



Kindly note the following points in connection with our valuation:

1. Goods and Services Tax has not been taken into account.
2. In arriving at the valuation no deduction has been made in respect of any grant either available or received, neither has any adjustment been made for any outstanding amounts owing under financing agreements.
3. Market Value is defined as the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

When Market Value is established on the premise of continued use, it is assumed that the buyer and seller would be contemplating retention of the property at its present location as part of the current operations. An estimate of Market Value arrived at on the premise of in continued use does **not** represent the amount that might be realised from piecemeal disposition of the assets in the open market or from an alternative use of the assets.

4. In arriving at the valuation of the assets, we have adopted the Depreciated Replacement Cost (DRC) and Market Comparison methods.

Depreciated Replacement Cost, is defined by International Valuation Standards Committee (IVSC) in IVS 2 – Valuation Bases Other Than Market Value.

Para 3.8 - “*Depreciated Replacement Cost*” is considered an acceptable method used in financing reporting to arrive at a surrogate for the *Market Value of specialised and limited market properties*, for which market evidence is unavailable. DRC is based on an estimate of the current *Market Value - In Continued Use*, plus the current gross replacement (or reproduction) costs of the improvements, less allowances for physical deterioration and all relevant forms of obsolescence and optimization.

These respective current replacement costs were then depreciated over the remaining useful lives from the year of commissioning or year of manufacture, whichever is appropriate. The remaining useful lives adopted are considered reasonable based on our interview with key personnel and our experience of assets of similar nature.

The Market Comparison Method considers prices recently paid for similar assets, with adjustments made to the indicated market prices to reflect condition and utility of the appraised assets relative to the market comparative.

5. We have not undertaken or commissioned a technical survey of condition. During our inspection, we observed that the assets were in a fair working condition.

6. The following items have been excluded from the valuation:
 - (a) registered trademarks, patents and goodwill;
 - (b) stocks & stores, materials-in-trade, work-in-progress and finished products;
 - (c) administration and computer records;
 - (d) drawings, designs and technical records;
 - (e) office furniture & equipment;
 - (f) motor vehicles

7. In accordance with our usual practice, this Report is for the use only of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or part of its contents.

8. The Report has been prepared on the basis that full disclosure of all information and facts which may affect the valuation has been made to ourselves and we cannot accept any liability or responsibility, in any event, unless such full disclosure has been made.

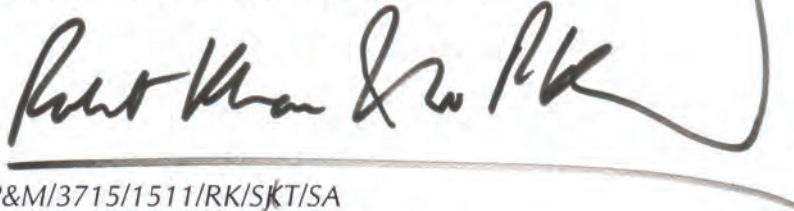
9. We should point out that neither the whole, nor any part of this Report or any reference thereto, may be included in any document, circular or statement without our approval of the form and context in which it will appear.

10. The valuer is not required to give testimony or to appear in court by reason of this report unless specific arrangement has been made therefor.

P&M/3715/1511/RK/SKT/SA
20 November 2015
Page 5

11. Our maximum liability to the client relating to our services rendered (regardless of action whether in contract, negligence or otherwise) shall be limited to the fees paid for engaging our services. Under no circumstances will we be liable for consequential, incidental, punitive or special losses, damage or expenses (including opportunity costs and loss of profits) despite being advised of their possible existence.

Yours faithfully
on behalf of **ROBERT KHAN & CO PTE LTD**



P&M/3715/1511/RK/SKT/SA

More Than a Decade of Valuable Consultancy (1997 - 2015)

PACIFIC HEALTHCARE HOLDINGS LTD

290 ORCHARD ROAD #07-13A PARAGON, SINGAPORE 238859

Schedule
of
Medical and Imaging Equipment
showing
Market Value – In Continued Use
as at
16 November 2015

**ROBERT KHAN & CO PTE LTD
261 WATERLOO STREET
#04-24 WATERLOO CENTRE
SINGAPORE 180261**

20 NOVEMBER 2015

P&M/3715/15/RK/SKT/SA
20 November 2015

Market Value -
In Continued Use
(S\$)

"HOLOGIC" Selenia 3D digital mammography system:-)	
)	
<i>with</i>)	
)	
- model ASY-01656 Selenia Ganty)	
mammographic scanning station)	
No. 29412095366W (12/2009))	
)	
- model ASY-01419 Selenia Acquisition Workstation)	
No. 28112095289 (12/2009))	
)	
- doctor's workstation set with SecurView Dx)	
5V200 software)	
)	
- digital image receptor)	200,000
)	
)	
"HOLOGIC" Discovery Ci QDR Series X-ray bone)	
densitometer)	
No. 87255 (02-2013))	
)	
<i>with</i>)	
)	
- complete set of computer assembly)	
system with CPU system, "PHILIPS" LCD)	
monitor, mouse & keyboard, related software)	
and "HP" Laserjet CP1025W colour printer)	65,000

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20 November 2015

	Market Value - In Continued Use (S\$)
<hr/>	
"PHILIPS" iU22 diagnostic ultrasound system)	
No. 039VTL (2009))	
)	
<i>with</i>)	
)	
- four units transducers)	
)	
- adjustable patient bed and related accessories)	80,000
"AIXPLORER" Supersonic Image ultrasound system)	
No. SIF2120 (05/2013))	
)	
<i>with</i>)	
)	
- two units transducers)	
)	
- adjustable patient bed and related accessories)	35,000

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Market Value -
 In Continued Use
 (\$\$)

"PHILIPS" BuckyDiagnost general X-ray system)	
)	
<i>with</i>)	
)	
- Bucky Diagnost VS type 9890-010-83641)	
upright X-ray scanner)	
No. 09000872(12/2009))	
)	
- Bucky Diagnost FS type 9890-010-83651)	
horizontal X-ray scanner with patient bed)	
No. 09000157(12/2009))	
)	
- "PHILIPS" PCR Eleva S Plus cassette imaging reader)	
reader)	
No. 96328812 (12/2009))	
)	
- "PHILIPS" operator controls)	
)	
- "PHILIPS" Optimus 50 transformer cabinet)	200,000

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20 November 2015

	Market Value - In Continued Use (S\$)
"SIEMENS" Somatom Definition Flash CT scanning system Model No.: 10430603 No. 73060 (12/2009) <i>with</i> - generator cabinet - operator computer console system and related ancillary equipment	715,000
"SECA" digital column scale, No. 5769284093187 (2009)	200
Oxygen cylinder, cap. 4.6 litres 3.4kg with regulator	100
"MERAD" Stellant CT power contrast injection system with operator touch-screen control system No. 32027 (2009)	9,000

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	Market Value - In Continued Use (S\$)
"PHILIPS" Heartstart XL defibrillator No. US00581167 (2010)	2,000
"HERMAN MILLER" mobile emergency cart with five drawers	1,000
"MERAD" Veris MRI contrast injection system with operator controls and related accessories Year: 2014	45,000
"CRITICARE SYSTEM" 506DN vital sign patient monitor No. 409720011(2010)	2,000

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20 November 2015

	Market Value - In Continued Use (S\$)
<hr/>	
"HOLOGIC" Multicare Platinum biopsy prone table) No. 31512092413 (12/2009)) <i>(valued unseen)</i>)	
<i>with</i>)	
- elevating table assembly)	
- computer processing system with DSM system) and DSM chart)	
- handheld controller with LCD screen)	
- related accessories and software)	
"HOLOGIC" Atec Sapphire upright or table vacuum) assisted biopsy system) No. 500659 (12/2009)) <i>(valued unseen)</i>)	60,000
TOTAL	<u>1,414,300</u>

P&M/3715/1511/RK/SKT/SA
20 November 2015



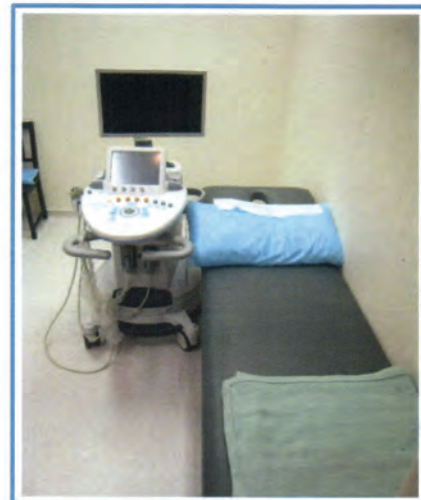
"HOLOGIC" Selenia 3D digital mammography system



"HOLOGIC" Discovery Ci QDR Series X-ray bone densitometer



"PHILIPS" iU22 diagnostic ultrasound system



"AIXPLORER" Supersonic Imagine ultrasound system

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20 November 2015



"PHILIPS" Bucky Diagnost X-ray system



"SIEMENS" Somatom Definition Flash
CT scanning system



"SECA" digital column scale



Oxygen cylinder with regulator

P&M/3715/1511/RK/SKT/SA
20 November 2015



"MERAD" Stellant CT power
contrast injection system



"PHILIPS Heartstart XL defibrillator



"HERMAN MILLER" mobile
emergency cast



"HOLOGIC" prone
stereotactic biopsy table

APPENDIX B – IFA LETTER

LETTER FROM NRA CAPITAL PTE. LTD. TO THE INDEPENDENT DIRECTORS OF PACIFIC HEALTHCARE HOLDINGS LTD

nra capital

04 January 2016

The Independent Directors
Pacific Healthcare Holdings Ltd
80 Robinson Road #02-00
Singapore 068898

Dear Sirs

THE PROPOSED DISPOSAL OF THE BUSINESS AND ASSETS OF A SOLE PROPRIETORSHIP CARRIED ON BY PACIFIC CANCER CENTRE PTE. LTD. AS A MAJOR TRANSACTION

Unless otherwise defined or the context otherwise requires, all terms defined in the circular dated 11 January 2016 issued by Pacific Healthcare Holdings Ltd (the “Company”) (the “Circular”) shall have the same meanings herein.

1. INTRODUCTION

The Company (together with its subsidiaries, collectively the “Group”) announced on the 03 August 2015 that its wholly-owned subsidiary, Pacific Cancer Centre Pte. Ltd. (“PCCPL”), had on the same date entered into a sale and purchase agreement (the “Agreement”) with Lifescan Imaging Pte. Ltd. (the “Purchaser”) for the proposed disposal by the Company of the business and assets owned by Pacific Healthcare Imaging (“PHI”, being a medical diagnostic imaging and radiology centre carried on by PCCPL as the sole proprietor) (the “Sale Assets”) to the Purchaser (the “Proposed Disposal”).

NRA Capital Pte. Ltd. (“NRA Capital”) was appointed Independent Financial Adviser (the “IFA”) to provide its opinion on whether the Proposed Disposal is prejudicial to the interest of the independent Shareholders and this letter (the “Letter”) sets out, *inter alia*, our views and evaluation of the Proposed Disposal and our recommendation thereon, and forms part of the Circular providing, *inter alia*, the details of the Proposed Disposal and the recommendation of the Independent Directors (as defined below) in respect thereof.

2. TERMS OF REFERENCE

The directors that are deemed independent of the Proposed Disposal (the “Independent Directors”) have appointed NRA Capital to advise them on the financial terms of the Proposed Disposal. Accordingly, we do not, by this Letter, warrant the merits, long term or otherwise, and/or commercial risks and/or commercial merits (if any) of the Proposed Disposal or the future prospects and earnings potential of the Group or of the industry in which the Group operates or intends to operate in, and we have not made such evaluation or comment. Such evaluation or comment, if any, remains solely the responsibility of the Directors and/or the management of the Company (the “Management”). However, we may draw upon the views of the Directors and/or the Management or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this Letter.

We were not privy or responsible to the negotiations in relation to the Proposed Disposal, nor were we involved in the deliberations leading up to the decision on the part of the Directors to propose the Proposed Disposal.

In the course of our evaluation, we have relied on publicly available information collated by us as well as information provided and representations made, both written and verbal, by the Directors, the Management and the professional advisers of the Company. We have not independently verified such information or representations, whether written or verbal, and therefore cannot and do not make any representation or warranty, express or implied, in respect of, and do not accept any responsibility for the accuracy, completeness or adequacy of such information or representations. However, we have made such enquiries and exercised our judgment, as we deemed necessary and have found no reason to doubt the reliability of such information and representations.

We have relied upon the assurances of the Directors and the Management that, upon making all reasonable enquiries and to the best of their respective knowledge, information and belief, all material information in connection with the Proposed Disposal, the Company and the Group has been disclosed to us, that such information is true, complete and accurate in all material respects and that there is no other information or fact, the omission of which would cause any information disclosed to us or the facts of or in relation to the Company or the Group to be inaccurate, incomplete or misleading in any material respect. The Directors have jointly and severally accepted full responsibility for such information described herein.

In our assessment and evaluation of the Proposed Disposal and in arriving at our opinion thereon, we do not express any view on the growth prospects and earnings potential of the Company or the Group in connection with our opinion herein. Such view or comment, if any, remains the responsibility of the Directors and Management, although we may draw upon their views or make such comments in respect thereof (to the extent required or deemed necessary or appropriate by us) in arriving at our advice as set out in this Letter.

Our opinion as set out in this Letter is based upon market, economic, industry, monetary and other conditions prevailing as at 04 January 2016 (the "Latest Practicable Date"), and the information provided and representations made available to us as at the Latest Practicable Date. Such conditions may change significantly over a relatively short period of time. We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein.

In rendering our opinion, we have not considered the specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any individual shareholder. As different shareholders would have different investment profiles and objectives, we recommend that any individual shareholder who may require specific advice in relation to his investment portfolio or objectives should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

The Company has been separately advised by its own professional advisers in the preparation of the Proposed Disposal (other than this Letter). We have no role or involvement and have not provided any advice, financial or otherwise, whatsoever in the preparation, review and verification of the Circular (other than this Letter). Accordingly we take no responsibility for and express no views, express or implied, on the contents of the Circular (other than this Letter).

Our opinion is addressed to the Independent Directors for their benefit and deliberation of the Proposed Disposal. The recommendations made by them shall remain the responsibility of the Independent Directors. Our recommendation to the Independent Directors in relation to the Circular should be considered in the context of the entirety of this Letter and the Circular.

3. THE PROPOSED DISPOSAL

Shareholders should have, by now, received a copy of the Circular dated 11 January 2016 issued by the Company, setting out, *inter alia*, the financial terms and conditions of the Proposed Disposal. We recommend that the Independent Directors advise Shareholders to read the terms and conditions contained in the Proposed Disposal carefully.

3.1 Information on the Sale Assets

(As extracted from the Circular under paragraph 2.3)

“The Sale Assets are located at the Existing Premises where PHI carries on the Imaging Business, being the principal assets which are necessary for the conduct of the Imaging Business and which comprise the following:-

2.3.1 the Physical Assets (as defined in the Agreement) being medical equipment owned by PHI including medical diagnostic imaging equipment such as x-ray machines, CT scanners and MRI machines;

2.3.2 the Contracts (as defined in the Agreement), being contracts entered into between PHI and various vendors for the maintenance and service of the medical equipment (including but not limited to, Siemens for the maintenance of the CT scanner, Philips for the maintenance of the x-ray and ultrasound machine and Medical Imaging Systems for the ultrasound and mammogram machine);

2.3.3 employees;

2.3.4 the Inventory (as defined in the Agreement), being stocks and materials, supplies, work in progress, parts and components and finished goods used or owned by PHI which relate to the business; and

2.3.5 the Relevant Records (as defined in the Agreement), being, to the extent permissible by law, records and registers relating to the business including but not limited to stock, payroll and income records as well as information relating to PHI's employees, customers, suppliers and patients.

Prior to the Agreement, the Company was leasing the Existing Premises amounting to approximately 15,000 square feet, of which the Imaging Business takes up approximately 7,000 square feet. Renovations will be carried out to divide the Existing Premises so that the Purchaser may carry on the Imaging Business after completion of the Proposed Disposal. It is thus a condition precedent to completion that the Existing Premises be divided and that the Company and the Purchaser enter into all agreements necessary for the lease of each of the subdivided premises. The Purchaser has since entered into a new lease with the landlord for its subdivided part of the Existing Premises while the Company's lease for the other subdivided part of the Existing Premises was terminated by mutual agreement with the landlord on 15 October 2015 as the Company no longer needs the space. Save for the above, there are no real estate properties to be transferred as part of the Proposed Disposal.”

3.2 Consideration for the Proposed Disposal

The aggregate consideration for the Sale Assets is S\$2,300,000 (the “Consideration”) payable for the disposal of PHI's business and assets. The Consideration will be fully paid in cash or immediately available funds in the manner provided in the Agreement.

Further details of the Consideration for the Proposed Disposal are set out in paragraph 2 of the Circular.

3.3 Condition

(As extracted from the Circular under paragraph 2.5)

"Pursuant to the terms of the Agreement, the Proposed Disposal is conditional upon the following conditions having been fulfilled (or waived):-

- 2.5.1 the approval of the board of directors (and if required, the shareholders) of each party to the Agreement for the entering into of the Agreement and any transactions contemplated under the Agreement and other related transactions as may be required in relation thereto;*
- 2.5.2 PHI having obtained by the Transfer Date, an irrevocable undertaking in writing from its shareholders holding in the aggregate more than 50% of the total issued capital of the Company to, inter alia, vote in favour of the transactions contemplated under the Agreement and not dispose of their shares in the Company until shareholder approval is obtained for the Proposed Disposal Resolution;*
- 2.5.3 all applicable governmental or regulatory approvals (or waiver) being obtained, including but not limited to any SGX-ST requirements, for the transactions contemplated under the Agreement and other related transactions as may be required in relation thereto and such approvals not being withdrawn or revoked;*
- 2.5.4 certain lease agreements relating to the Sale Assets being terminated with effect from the date upon which SMG (being the controlling shareholder of the Purchaser) obtains its shareholders' approval in relation to the lease agreements (such lease agreements relating to, inter alia, the lease of an MRI machine, which agreements will be separately re-negotiated between the Purchaser and the lessor)¹;*
- 2.5.5 the transfer of all the physical assets, books and inventory relating to the Sale Assets, and certain novations and assignments being effected on the Transfer Date;*
- 2.5.6 the transfer of certain agreements by way of novation or assignment with effect from the Transfer Date;*
- 2.5.7 the transfer of certain employees over to the Purchaser with effect from the Transfer Date;*
- 2.5.8 the completion of the renovation of the premises to (a) divide the Existing Premises, and (b) create a new centre frontage to the satisfaction of the Purchaser; and the appropriate agreements being entered into for the lease of the Purchaser's part of the subdivided premises;*
- 2.5.9 all applicable licences, approvals and consents being obtained; and*
- 2.5.10 all PCCPL's warranties and undertakings set out in the Agreement remaining true and accurate and not misleading on the Transfer Date.*

Once the Proposed Disposal Resolution in this Circular is passed, the conditions precedent in paragraph 2.5.1 (in respect of the approval of the Shareholders of the Company for the disposal of the Sale Assets) would be fulfilled. Save for the conditions precedent in paragraph 2.5.4, as at the Latest Practicable Date, the other conditions precedent have been fulfilled or obtained. Wherever necessary, PCCPL has taken steps to fulfil the conditions precedent which it is responsible for."

(As extracted from paragraph 1.1 of the Circular)

¹ In the announcement dated 3 August 2015 relating to the Proposed Disposal, the Company had announced that a condition precedent to completion of the Proposed Disposal is certain lease agreements relating to the Sale Assets being terminated with effect from 1 September 2015 (such date being the original transfer date). However, by way of the First Supplemental Agreement, the deadline for the condition had been extended to 1 March 2016.

In addition, *“Pursuant to the Agreement and to stem the continued losses incurred by PHI, the Purchaser agreed to be responsible for the liabilities and the costs, and to be entitled to any profits from PHI’s Imaging Business from 15 September 2015 (the “Transfer Date”), although legal completion of the sale would take place later after all the conditions precedent have been satisfied. Accordingly, all the liabilities and costs incurred in relation to the operations of PHI will be paid by the Purchaser from the Transfer Date. This includes, inter alia, all utility charges and employee wages. Renovations will be carried out to divide the Existing Premises so that the Purchaser may carry on the Imaging Business after completion of the Proposed Disposal (which takes up less than half of the Existing Premises).”*

3.4 Irrevocable undertakings by the substantial Shareholders

Substantial Shareholders consisting of Al-Faiz Fund I Limited, Affluent Healthcare Holdings Pte. Ltd., Radiance Investment Pte. Ltd., Pacific Investments Pte. Ltd. and Mr. Chong Lai Leong William together holding an aggregate of approximately 76.41% of the total issued and paid up capital of the Company have irrevocably and unconditionally undertaken to vote in favour of the Proposed Disposal.

4. INFORMATION ON THE COMPANY

The Company is an integrated healthcare provider offering a comprehensive range of services in specialist medical care, dentistry and general practice medicine. The Company was incorporated on 26 January 2001. On 11 November 2005, the Group was listed on the mainboard of the Singapore Stock Exchange (“SGX”). As of the date of this Letter, the Company has outstanding Shares of 573,742,933. There are no treasury shares.

On the 03 June 2015, the Company received a notification from the SGX informing the Company that the Company was unable to meet the requirements of Rule 1314 of the SGX Listing Manual (the “SGX-ST Notification of Delisting”) stating that the Company or its controlling shareholder(s) shall have to comply with Rules 1306 and 1309 of the Listing Manual to provide a reasonable exit offer to the Shareholders. Trading in the Company’s Shares has also been suspended since 9.00 am, 06 July 2015 until the completion of the exit offer. On 03 September 2015, the Company has announced that the Company is in the midst of arranging an exit offer proposal which shall be offered to the Shareholders once the terms of the exit offer can be finalised.

5. INFORMATION ON PCCPL AND PHI

PCCPL is a company incorporated in Singapore with its registered office at 290 Orchard Road, #19-01. Its principal activities involves the provision of psychiatric and imaging/radiology services and management of hospitals. The Company holds 1,000,000 issued and paid-up ordinary shares in the share capital of PCCPL, representing 100% of the issued and paid-up share capital of PCCPL. PHI is a sole proprietorship carried on by PCCPL as the sole proprietor, a private company limited by shares incorporated in Singapore on 06 September 1995 and having its registered office at 290 Orchard Road, #19-01, The Paragon, Singapore 238859. PHI is in the business of providing diagnostic imaging and radiology services. The medical diagnostic imaging and radiology services provided by PHI are generally for patients requiring x-rays, CT scans and MRI scans. In addition, PCCPL also owns a medical centre (being Adam Road Medical Centre) housing its medical psychiatry business, with a turnover of approximately S\$1.5 million per annum.

6. INFORMATION ON THE PURCHASER

The Purchaser is a company incorporated in Singapore on 26 June 2015 with its principal activities being that of operating an x-ray laboratory and diagnostics imaging clinic.

The Purchaser has an issued and paid-up share capital of S\$3,500,000 comprising 3,500,000 ordinary shares. The shareholders consist of Singapore Medical Group Limited (a controlling shareholder holding 40% shares in the Purchaser) (“SMG”), Mr. Tony Tan Choon Keat, Dr. Beng Teck Liang, Dr. Wong Seng Weng, Mr. Cheng Yong Liang, Mr. Ong Wee Song and Mr. Chong Wei Wen (each holding 10% shares in the Purchaser). The directors of the Purchaser are Dr. Beng Teck Liang, Dr. Wong Seng Weng, Mr. Cheng Yong Liang and Mr. Chong Wei Wen.

7. EVALUATION OF THE PROPOSED DISPOSAL

In our evaluation of the Proposed Disposal, we have given due consideration to, *inter alia*, the following key factors:

- (a) Rationale for the Proposed Disposal;
- (b) Assessment of the Consideration for the Proposed Disposal
- (c) Financial effects of the Proposed Disposal on the Group
- (d) Other relevant considerations

7.1 Rationale for the Proposed Disposal

It is not within our terms of reference to comment or express an opinion on the merits of the Proposed Disposal or the future prospects of the Group. Nevertheless, we have reviewed the rationale for the Proposed Disposal.

As set out in paragraph 2.7 of the Circular, the Directors believe that the Proposed Disposal offers a good opportunity for the Company to dispose of underperforming assets for valuable consideration as well as for the following reasons as extracted from the Circular:

(As extracted from the Circular under paragraph 2.7)

“2.7.1 The Proposed Disposal is a good opportunity for the Company to dispose of underperforming assets for valuable consideration and is part of the Company’s continuous effort to strengthen its balance sheet. The proceeds would provide an injection of working capital for ongoing operational expenses.

2.7.2 PHI requires substantial financial support from the Company in order to continue its operations. Between January 2015 and July 2015, the Company provided PHI with a loan of S\$376,186 and in August 2015, the Company provided PHI with a loan of S\$84,681, such loans being given to PHI to fund its operating costs. Part of the proceeds from the Proposed Disposal will be utilised towards the repayment of these loans provided by the Company to PHI. As such, the Proposed Disposal will reduce this financial burden on the Company and should allow the Company to improve its financial position further.

2.7.3 PHI is loss-making due to the following factors:-

- (a) high rental costs at the Premises;*
- (b) high costs of engaging specialists such as radiologists and radiographers;*
- (c) the highly competitive sector that PHI is operating in;*
- (d) low sales volumes;*
- (e) a higher volume of low value modality cases (e.g. low-priced x-rays versus highly-priced MRI scans); and*
- (f) an over-reliance on in-house doctor referrals as a result of not being an independent imaging business unlike some of its competitors.*

As a result, this affects the profits of the Group. In the past financial year, PHI lost S\$1.8 million and this will likely continue to be the same for 2015. The completion of the Proposed Disposal will mean that the Group will have a stronger balance sheet and profit and loss statement going forward. The following is a summary of PHI’s contributions to the Group’s and Singapore operations’ losses for the past 3 financial years:-

Losses	FY2014 (S\$'000)		FY2013 (S\$'000)		FY2012 (S\$'000)	
Group	(3,780)	100%	(11,056)	100%	(11,468)	100%
Group excluding extraordinary items	(8,055)		(9,787)		(13,677)	
By country						
Singapore	(368)	10%	(6,328)	57%	(7,089)	62%
China	(8)	0%	(2,204)	20%	(1,413)	12%
Indonesia	(3,404)	90%	(2,524)	23%	(2,966)	26%
By business segment						
PHI as % of Group losses	(1,776)	47%	(1,419)	13%	(1,579)	14%
PHI as % of Group losses excluding extraordinary items	(1,776)	22%	(1,419)	14%	(1,579)	12%

2.7.4 *PHI's business is not considered to be part of the Group's core business. The Group's core business is the provision of medical and dental services. However, PHI, which provides a facility for the Group to carry out imaging-related services (such as X-rays, CT and MRI), is not necessary for the provision of such medical and dental services and should, at most, be considered as complementary to the Group's core business, especially since the Group's patients can be referred out to other medical facilities to obtain such services from other service providers that are in the immediate vicinity."*

7.2 Assessment of the Consideration for the Proposed Disposal

In assessing the Consideration for the Proposed Disposal, we have considered the following:

- (i) Financial information of PHI;
- (ii) Independent valuation of PHI; and
- (iii) Previous offers.

7.2.1 Financial information of PHI

A summary of the key financial figures of the Group and PHI for the financial years ("FY") from FY2012 to FY2014 are set out as follows:

Review of financial results

Net profit (S\$,000)	FY2014		FY2013		FY2012	
Group	(3,780)	100%	(11,056)	100%	(11,468)	100%
Group excluding extraordinary items	(8,055)		(9,787)		(13,677)	
PHI as % of Group losses	(1,776)	47%	(1,419)	13%	(1,579)	14%
PHI as % of Group losses excluding extraordinary items	(1,776)	22%	(1,419)	14%	(1,579)	12%
Net asset Value ("NAV") (S\$,000)						
Group	510	100%	466	100%	2,223	100%
PHI	3231	63%	945	203%	1,405	63%

Notes:

- (1) *The NAV of the PHI's Sale Assets consists of (i) S\$6,197 for the cost of inventory, and (ii) S\$316,948 for the fixed assets as net book value.*

Source: Figures for FY2012 to FY2014: The Group and PHI's audited accounts for FY2012, FY2013 and FY2014 ended on 31 December for the respective financial year.

We wish to note the following:

- (i) The Group and PHI have been making net losses for all the years from FY2012 to FY2014. In the latest financial year completed in FY2014, the Group and PHI made a net loss of approximately S\$3.8 million and S\$1.8 million, respectively. Excluding extraordinary items, the Group made a net loss of approximately S\$8.0 million. This also means that, on a consolidated basis, PHI's FY2014 net losses contributed approximately 47% to the Group's FY2014 net losses (FY2013:13% and FY2012:14%). Excluding extraordinary items, PHI's FY2014 net losses contributed approximately 22% to the Group's FY2014 net losses (FY2013:14% and FY2012:12%). Further, for the eight (8) months ended 31 August 2015, PHI has a cumulative net loss of approximately S\$0.6 million. In this regard, as provided for in the Rationale of the Proposed Disposal, the Proposed Disposal will provide a stronger balance sheet and profit and loss statement for the Group. The proceeds would also provide an injection of working capital for ongoing operational expenses.
- (ii) The Group and PHI's NAV as of the latest financial year completed in FY2014 is approximately S\$0.5 million and S\$0.3 million, respectively. Based on PHI's FY2014 NAV, the Consideration (i.e., S\$2.3 million) for the Proposed Disposal represents a premium of approximately 667% over PHI's FY2014 NAV or the equivalent of a gain on disposal for the Group at approximately S\$1.98 million. As at the Transfer Date, the NAV of PHI was approximately S\$0.3 million (inventory: S\$5,620 and fixed assets: S\$331,706), the Consideration for the Proposed Disposal represents a premium of approximately 667% over such NAV.

In our evaluation of the financial terms of the Proposed Disposal, we have considered whether there are any factors which have not been otherwise disclosed in the financial statements of the Group that are likely to reduce the unaudited book NAV as at the Transfer Date. Save as disclosed in the financial statements of the Group as at Transfer Date, the Directors have confirmed that as at the Latest Practicable Date, to the best of their knowledge, there are no contingent liabilities which are likely to have a material impact on the NAV of the Group.

7.2.2 Independent valuation of PHI

The Company had commissioned Robert Khan & Co. Pte. Ltd. (the "Valuer") to carry out an independent valuation of the Sale Assets as at the valuation date 16 November 2015 (the "Valuation Date"). The Valuer had relied on the depreciated replacement cost⁽¹⁾ and market comparison⁽²⁾ methods in its arrival of its independent valuation. Based on the results of the Valuer's investigation and analysis, the Valuer is of the opinion that the fair market value of the Sale Assets as at the Valuation Date is S\$1.41 million.

The Consideration represents approximately a 63% premium to Valuer's independent valuation of the Sale Assets.

- (1) Depreciated replacement cost method: Based on the estimate of the current market value – in continued use, plus the current gross replacement (or reproduction) costs of the improvements, less allowances for physical deterioration and all relevant forms of obsolescence and optimisation. These current replacement costs were depreciated over the remaining useful lives as appropriate.
- (2) Market comparison method: Considers prices recently paid for similar assets, with adjustments made to the indicated market prices to reflect conditions and utility of the appraised assets relative to the market comparative.

7.2.3 Previous offers

We understand from the Management of the Group that in FY2014, there was a tender process for the sale of PCCPL's business and/or assets which attracted the following bids:

List of Bids

Bidders	%	PCCPL/Sale Assets	Floor space (sqft)	Value (S\$ million)
A	100	PCCPL	15,000	5.00
A	80	PCCPL	15,000	4.60
B	100	Sale Assets	10,000	3.30
C	100	Sale Assets	7,500	2.85

The Company had subsequently entered into a conditional sales and purchase agreement with the highest bid (i.e., Bid A at S\$5.00 million) for the sale of PCCPL, but the agreement lapsed by the long-stop date as some of the conditions were not met (the "Previous Bid").

The Company has informed us that in relation to the Proposed Disposal, it had re-approached the previous bidders but there was no firm indication of interest received.

We note that the Consideration for the Proposed Disposal (i.e., for the Sale Assets at S\$2.3 million) is different from the Previous Bid as the Previous Bid also included a medical centre (being Adam Road Medical Centre) housing its medical psychiatry business, with a turnover of approximately S\$1.5 million per annum. Among the List of Bids from FY2014, Bid C, accounting for it being a bid for the Sale Assets and the proximity of Floor Space, seemingly has the closest resemblance to the Proposed Disposal. In this regard, the Consideration of S\$2.3 million for the Proposed Disposal is at a discount of approximately 19% to the Value of Bid C at S\$2.85 million. However, Bid C required that all imaging cases of the Company be referred to the bidder and it also had a prolonged due diligence period of up to 90 days.

7.3 Financial effects of the Proposed Disposal on the Group

The financial effects of the Proposed Disposal are set out in paragraph 2.6 of the Circular and are based on the Group's latest consolidated financial statements for FY2014 ended 31 December 2014 and various assumptions as detailed therein.

In summary, we note that the Proposed Disposal will provide an accretive financial impact to the Group as detailed in the following:

- (i) The net tangible assets ("NTA") will increase from approximately S\$0.5 million to approximately S\$2.4 million or the equivalent of an increase in NTA per Share from approximately S\$0.09 to S\$0.43.
- (ii) The earnings per Share ("EPS") will increase from approximately S\$(2.5) million to approximately S\$1.2 million or the equivalent of an increase in EPS per Share from approximately S\$(0.44) to approximately S\$0.21.

7.4 Other relevant considerations

7.4.1 Interest of Directors and substantial Shareholders

We wish to note that none of the Directors and the controlling Shareholders of the Company have any interest or are deemed to be interested in the Proposed Disposal, or have any relationship with the Purchaser.

7.4.2 PHI dependence on the Company

(As extracted from the Circular under paragraph 2.7.2)

“PHI requires substantial financial support from the Company in order to continue its operations. Between January 2015 and July 2015, the Company provided PHI with a loan of S\$376,186 and in August 2015, the Company provided PHI with a loan of S\$84,681, such loans being given to PHI to fund its operating costs. Part of the proceeds from the Proposed Disposal will be utilised towards the repayment of these loans provided by the Company to PHI. As such, the Proposed Disposal will reduce this financial burden on the Company and should allow the Company to improve its financial position further.”

7.4.3 PHI not a core business of the Group

(As extracted from the Circular under paragraph 2.7.4)

“PHI’s business is not considered to be part of the Group’s core business. The Group’s core business is the provision of medical and dental services. However, PHI, which provides a facility for the Group to carry out imaging-related services (such as X-rays, CT and MRI), is not necessary for the provision of such medical and dental services and should, at most, be considered as complementary to the Group’s core business, especially since the Group’s patients can be referred out to other medical facilities to obtain such services from other service providers that are in the immediate vicinity.”

8. OUR RECOMMENDATION

In arriving at our advice in respect of the Proposed Disposal, we have reviewed and taken into account all factors which we consider to be pertinent in our assessment, *inter alia*, the following key considerations

- (a) Rationale for the Proposed Disposal;
- (b) Assessment of the Consideration for the Proposed Disposal;
- (c) Financial effects of the Proposed Disposal on the Group;
- (d) Interest of Directors and substantial Shareholders;
- (e) PHI dependence on the Company; and
- (f) PHI not a core business of the Group.

After having carefully considered the information available to us, and based upon the financial, industry, market, economic and other relevant conditions subsisting on the Latest Practicable Date as well as the considerations set out in this Letter in its entirety, we are of the opinion that, on balance, the financial terms of the Proposed Disposal are: (i) fair and reasonable; and (ii) not prejudicial to the interests of the minority Shareholders.

This Letter is addressed to the Independent Directors for their benefit in connection with and for the purpose of their consideration of the financial terms of the Proposed Disposal. The recommendation made by them to the Board in relation to the Proposed Disposal shall remain the sole responsibility of the Independent Directors. The Independent Directors should advise the Shareholders to refer to the Circular. If in doubt, these Shareholders should also consult their respective financial adviser.

Whilst a copy of this Letter may be reproduced in the Circular, neither the Company nor the Directors may reproduce, disseminate or quote this Letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of NRA Capital in each specific case. This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully

Kevin Scully
Executive Chairman
NRA Capital Pte. Ltd.

Raymond Lee
Director
NRA Capital Pte. Ltd.

PACIFIC HEALTHCARE HOLDINGS LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 200100544H)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting (“**EGM**”) of **PACIFIC HEALTHCARE HOLDINGS LTD.** (the “**Company**”) will be held at The Elizabeth Hotel, Windsor I & II, Level 2, 24 Mount Elizabeth, Singapore 228518 on 27 January 2016 at 2.00 p.m., for the purpose of considering, and if thought fit, passing with or without modifications, the following resolution:-

ORDINARY RESOLUTION

THE PROPOSED DISPOSAL OF THE BUSINESS AND ASSETS OF A SOLE PROPRIETORSHIP CARRIED ON BY PACIFIC CANCER CENTRE PTE. LTD. AS A MAJOR TRANSACTION

That:-

- (a) the proposed disposal of the business and assets of Pacific Healthcare Imaging, a sole proprietorship carried on by Pacific Cancer Centre Pte. Ltd. (“**PCC**”), (being a wholly-owned subsidiary of the Company) pursuant to the asset transfer agreement (the “**Agreement**”) entered into between PCC and Lifescan Imaging Pte. Ltd. on 3 August 2015 be and is hereby approved, confirmed and ratified (the “**Proposed Disposal**”); and
- (b) the Directors of the Company and each of them be and is hereby authorised to complete and do all such acts and things (including executing all such documents and ancillary agreements and to make all such amendments thereto as may be required in connection with the Proposed Disposal) as they or he may consider necessary, desirable or expedient or in the interests of the Company to give effect to this Ordinary Resolution and to the Agreement as they or he may deem fit.

BY ORDER OF THE BOARD

Lew Oon Yew
Director
11 January 2016

Notes:

1. A member of the Company entitled to attend and vote at the EGM is entitled to appoint one or two proxies, in any case not more than two proxies, to attend and vote on his behalf. A proxy need not be a member of the Company.
2. The instrument appointing a proxy must be lodged at the office of the Company’s Share Registrar Boardroom Corporate & Advisory Services Pte Ltd at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623 at least 48 hours before the time appointed for the EGM. The sending of a Proxy Form by a member does not preclude him from attending and voting in person at the EGM if he so wishes. Any appointment of a proxy or proxies shall be deemed to revoked if a member attends the EGM in person and, in such event, the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the EGM.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, or by attending the EGM, a Member (a) consents to the collection, use and disclosure of the Member’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”), (b) warrants that where the Member discloses the personal data of the Member’s proxy(ies) and/or representative(s) to the Company (or its agents), the Member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (c) agrees that the Member will indemnify the Manager and the Trustee in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Member’s breach of warranty. In addition, by attending the EGM and/or any adjournment thereof, a Member consents to the collection, use and disclosure of the Member’s personal data by the Company (or its agents) for any of the Purposes.

PACIFIC HEALTHCARE HOLDINGS LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 200100544H)

IMPORTANT:

1. For investors who have used their CPF monies to buy shares in Pacific Healthcare Holdings Ltd., this Circular is forwarded to them at the request of the CPF Approved Nominees and is sent FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the EGM as OBSERVERS have to submit their requests through their respective Agent Banks so that their Agent Banks may register, in the required format with Company Secretary, by the time frame specified. (Agent Banks: Please see note 8 on the required format). Any voting instructions must also be submitted to their Agent Banks within the time frame specified to enable them to vote on the CPF investor's behalf.

PROXY FORM EXTRAORDINARY GENERAL MEETING

*I/We _____ (Name) _____ (NRIC/Passport Number)

of _____ (Address)
being a member/members of Pacific Healthcare Holdings Ltd. (the "Company"), hereby appoint:

Name	NRIC/ Passport Number	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/ Passport Number	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/them, the Chairman of the Extraordinary General Meeting ("EGM") as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the EGM of the Company to be held at The Elizabeth Hotel, Windsor I & II, Level 2, 24 Mount Elizabeth, Singapore 228518, on 27 January 2016 at 2.00 p.m., and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolution proposed at the EGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies may vote or abstain from voting at his/her discretion, as he/they may on any other matter arising at the EGM.

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided)

	No. Of Votes For*	No. Of Votes Against*
Ordinary Resolution To approve the Proposed Disposal		

*If you wish to exercise all your votes "For" or "Against" the relevant resolution, please tick [✓] within the relevant box. Alternatively, if you wish to exercise your votes for both "For" and "Against" the relevant resolution, please indicate the number of Shares in the boxes provided.

Dated this _____ day of _____ 2016

Total number of Shares held	No. of Shares
(a) CDP Register	
(b) Register of Members	

Signature of Member(s)/Common Seal of Corporate Member

* Delete where inapplicable

Important: Please read notes overleaf



NOTES:

1. A member of the Company entitled to attend the EGM and vote is entitled to appoint one or two proxies, in any case not more than two proxies, to attend and vote instead of him. A proxy need not be a member of the Company. However, Members who are providing nominee or custodial services may appoint more than two proxies so that shareholders who hold shares through such corporation can attend and participate at the EGM as proxies. The instrument appointing a proxy must be deposited with the Company's Share Registrar Boardroom Corporate & Advisory Services Pte Ltd at its office at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623 not less than 48 hours before the time appointed for holding the EGM.
2. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
3. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the EGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the EGM in person and, in such event, the Company reserves the right to refuse to admit any person or persons appointed under this instrument of proxy to the EGM.
4. If the member has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore or any statutory modification thereof, as the case may be), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the number of shares entered against his name in the Depository Register and registered in his name in the Register of Members. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
6. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof (failing previous registration with the Company) must be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on and/or attached to the Proxy Form. In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject a Proxy Form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.
8. Agent Banks acting on the request of CPF investors who wish to attend the EGM as Observers are required to submit in writing, a list with details of the investors' names, NRIC/Passport numbers, addresses and numbers of shares held. The list, signed by an authorised signatory of the Agent Bank, should reach the Company Secretary, at the registered office of the Company not later than 48 hours before the time appointed for holding the EGM.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, or by attending the EGM, a Member (a) consents to the collection, use and disclosure of the Member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (b) warrants that where the Member discloses the personal data of the Member's proxy(ies) and/or representative(s) to the Company (or its agents), the Member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (c) agrees that the Member will indemnify the Manager and the Trustee in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Member's breach of warranty. In addition, by attending the EGM and/or any adjournment thereof, a Member consents to the collection, use and disclosure of the Member's personal data by the Company (or its agents) for any of the Purposes.