

PACIFIC HEALTHCARE HOLDINGS LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No. 200100544H)

ANNOUNCEMENT

**THE PROPOSED DISPOSAL OF 100% OF THE ISSUED AND PAID-UP ORDINARY SHARES
IN THE SHARE CAPITAL OF PACIFIC CANCER CENTRE PTE. LTD. AS A DISCLOSEABLE
TRANSACTION**

1. INTRODUCTION

Pacific Healthcare Holdings Ltd. (the "**Company**", together with its subsidiaries, collectively the "**Group**") wishes to announce that it has on 2 January 2015 entered into a sale and purchase agreement (the "**Agreement**") with Royal Medical & Imaging Pte Ltd (the "**Purchaser**") for the proposed disposal by the Company of 1,000,000 issued and paid-up ordinary shares in the share capital of Pacific Cancer Centre Pte. Ltd. ("**PCCPL**") (hereinafter referred to as the "**Sale Shares**") to the Purchaser (the "**Proposed Disposal**"). Upon completion of the Proposed Disposal ("**Completion**"), the Company will cease to have any shareholding interest in PCCPL.

2. INFORMATION ON PCCPL AND THE PURCHASER

- 2.1 As at the date of this announcement, the Company holds 1,000,000 issued and paid-up shares in the share capital of PCCPL, representing 100% of the issued and paid-up share capital of PCCPL. PCCPL is a company primarily involved in the business of providing imaging and/or radiology services.
- 2.2 The Purchaser is not related to the Company, its directors or substantial shareholders.

3. RATIONALE FOR THE PROPOSED DISPOSAL

The Proposed Disposal is a good opportunity for the Company to dispose of an underperforming asset 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.

4. PRINCIPAL TERMS OF THE PROPOSED DISPOSAL

The terms of the Proposed Disposal are set out in the Agreement. A summary of the principal terms of the Proposed Disposal is set out in this section.

4.1 Consideration

- 4.1.1 The aggregate consideration for the Sale Shares is S\$5,000,000 (the "**Consideration**"). The Consideration will be fully satisfied by payment in cash in the manner set out in the Agreement.
- 4.1.2 The Consideration was arrived at through a tender process. The Company decided to accept the highest offer following the conclusion of the tender process.

4.2 Conditions Precedent under the Agreement

Pursuant to the terms of the Agreement, the Proposed Disposal is conditional upon:-

- 4.2.1 the approval of directors of the Company and the Purchaser for the entering into of this Agreement and any transactions contemplated by this Agreement and other related transactions as may be required in relation thereto;
- 4.2.2 all applicable governmental or regulatory approvals being obtained, including but not limited to any Singapore Exchange Securities Trading Limited ("**SGX-ST**") requirements, for the sale of the Sale Shares to the Purchaser prior to Completion; and
- 4.2.3 in principle approval from the management of Paragon in writing, whether in the form of a letter or an email, relating to the transfer or novation of the lease agreement or the signing of a fresh lease agreement for the lease of office space on the 7th level of Paragon by the Purchaser.

4.3 Completion under the Agreement

The Completion date will be 2 business days after the conditions precedent to the Agreement have been fulfilled, 1 April 2015 or such other date as may be agreed in writing between the Company and the Purchaser.

5. FINANCIAL EFFECTS

- 5.1 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 audited consolidated financial statements for the financial year ended 31 December 2013 ("**FY2013**").

5.1.1 Net tangible assets ("**NTA**")

The effects of the Proposed Disposal on the audited consolidated NTA per share of the Group as at 31 December 2013, assuming that the Proposed Disposal had been effected on 31 December 2013, are summarised below:

	Before the Proposed Disposal	After the Proposed Disposal
Consolidated NTA ⁽¹⁾ (S\$'000)	466	4,283
Number of shares ('000)	573,743	573,743
Consolidated NTA per share (cents)	0.08	0.75

Notes:

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

5.1.2 Earnings per Share ("**EPS**")

The effects of the Proposed Disposal on the audited consolidated EPS of the Group for FY2013, assuming that the Proposed Disposal had been effected at the beginning of FY2013, are summarised below:

	Before the Proposed Disposal	After the Proposed Disposal
Profit (Loss) attributable to equity holders of the Company (S\$'000)	(8,791)	(3,294)
Weighted average number of Shares ('000)	478,975	478,975
Basic EPS (cents)	(1.84)	(0.69)

5.2 Other financial information

Based on the audited consolidated financial statements of the Group for FY2013, the net asset value attributable to the Sale Shares is approximately S\$1.2 million. Accordingly, the excess of the proceeds for the Proposed Disposal over the net asset value attributable to the Sale Shares will be approximately S\$3.8 million.

6. RULE 1006

- 6.1 The relative figures in relation to the Proposed Disposal computed on the applicable bases set out in Rule 1006 of the Listing Manual of the SGX-ST (the "**Listing Manual**"), based on the Group's audited consolidated financial statements for FY2013, being the latest announced audited consolidated financial statements of the Group as at the date of the Agreement, are as follows:

Rule 1006(a)	Net asset value of the Sale Shares, compared with the Group's net asset value	-2764% (negative number) ⁽¹⁾
Rule 1006(b)	Net profits attributable to the Sale Shares, compared with the Group's net profits	12.41%
Rule 1006(c)	Consideration received for the Proposed Disposal compared with the Company's market capitalisation ⁽²⁾	29.05% ⁽¹⁾
Rule 1006(d)	Number of equity securities issued by the Company as consideration for the acquisition, compared with the number of equity securities previously in issue	Not applicable
Rule 1006(e)	Aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves	Not applicable

Notes:

- (1) The Company has received a letter from the SGX-ST dated 21 October 2014 for waiver of the requirement to obtain shareholder approval ("**Waiver**") in respect of the Proposed Disposal even though the relative figure derived under rule 1006(a) is negative and the relative figure derived under rule 1006(c) exceeds 20%.
- (2) Using the weighted average market price on 31 December 2014, being the market day immediately preceding the date of the Agreement, the Group's market capitalization calculated based on the total number of issued shares excluding treasury shares is approximately S\$17.2 million.

- 6.2 Pursuant to the Waiver, the Proposed Disposal constitutes a discloseable transaction as defined in Rule 1010 which does not require shareholder approval. More details relating to the Waiver is provided in the following section.

7. SGX-ST WAIVER

7.1 The Company wishes to announce that it has applied to the SGX-ST for a Waiver of the requirement to seek shareholders' approval for the Proposed Disposal and has received a letter from the SGX-ST dated 21 October 2014, granting the Company the Waiver, subject to the following:-

7.1.1 compliance with Rule 1010 of the Listing Manual;

7.1.2 the Company announcing the Waiver granted, the reasons for seeking the Waiver and the conditions as required under Rule 107 of the Listing Manual; and

7.1.3 submission of a written confirmation from the Company that the Waiver does not contravene any laws and regulations governing the Company and the articles of association of the Company.

7.2 The Company applied for the Waiver on the following grounds:-

7.2.1 **Gain on disposal:** The Proposed Disposal gives rise to a gain on disposal of approximately \$3.8 million which allows the Company to dispose of an underperforming asset and strengthen its balance sheet.

7.2.2 **Loss-making asset:** PCCPL is loss-making and affects the profits of the Group as a result. The Proposed Disposal will mean that the Group will have a stronger balance sheet and profit and loss statement going forward.

7.2.3 **Tender process:** The Consideration for the Proposed Disposal was determined through a tender process from a market of independent bidders instead of the commissioning of a valuation report by an independent valuer. The Purchaser is not related to the Company, its directors or substantial shareholders.

7.3 As the SGX-ST has granted the Waiver to the Company, the Company will not be convening an extraordinary general meeting to seek shareholders' approval for the Proposed Disposal and accordingly, will not be despatching a circular to Shareholders in relation thereto.

8. INTERESTS OF DIRECTORS AND CONTROLLING 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.

9. 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.

Shareholders and potential investors should note that the Proposed Disposal is subject to the fulfilment of the conditions precedent set out above and accordingly should exercise caution when trading in the shares of the Company. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

BY ORDER OF THE BOARD OF DIRECTORS

Andrew Wong
Chief Executive Officer
2 January 2015