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1. Proposed acquisition of remaining 50% stake in CapitaLand-Raffles Properties Pte Ltd
 2. Placement of 50,000,000 new Raffles Medical Group Ltd shares
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1. INTRODUCTION

Raffles Medical Group Ltd ("**RMG**" or the "**Company**") is pleased to announce that its wholly-owned subsidiary, Raffles Medical Properties Pte Ltd ("**RMP**"), has on 16 June 2007 entered into a conditional sale and purchase agreement ("**Agreement**") with CapitaLand Raffles Investment Pte Ltd ("**CR IPL**"), a wholly-owned subsidiary of CapitaLand Limited ("**CapitaLand**") to acquire the remaining 50% stake in CapitaLand-Raffles Properties Pte Ltd ("**CRPPL**") for a total cash consideration of S\$66.86 million (the "**Acquisition**"). CRPPL owns the Raffles Hospital building located at 585 North Bridge Road, Singapore 188770.

In conjunction with the Acquisition, RMG has also entered into a placement agreement to place out 50,000,000 new ordinary shares in the capital of RMG ("**RMG Shares**") to raise net proceeds of approximately S\$63 million.

2. THE ACQUISITION

2.1 Background to CRPPL

RMP and CR IPL had entered into an agreement on 12 September 1997 to incorporate a 50-50 joint venture, CRPPL, with a view to acquire and develop a medical centre and hospital. CRPPL completed the development of the Raffles Hospital ("**RH**") building in 2001.

The RH building is a 13-storey hospital standing on a site area of 6,810.7 sq. m. and has a gross floor area of 46,233.2 sq. m. (including car park of 17,628.3 sq. m.). The land tenure of RH building is 99 years, commencing from 1 March 1979.

The RH building is leased to Raffles Hospital Pte Ltd ("**RHPL**"), a wholly-owned subsidiary of RMG, for an initial 6 year term (which lease expired in April 2007 and has since been extended to 30 September 2007), and RHPL has an option to renew the lease for another 6+6 years for a total term of 18 years.

2.2 Rationale

The Directors are of the view that the Acquisition is a good opportunity for RMG to acquire 100% ownership and control of the RH building. The RH building currently houses the key operations of RMG, including a tertiary hospital licensed for 380 beds, general and specialist clinics, 12 operating theatres, a 20-bed intensive care unit, a 24-hour emergency care centre, as well as diagnostic imaging and laboratory services. The RH building is conveniently located in the heart of Singapore's downtown commercial area at North Bridge Road and is now the flagship hospital of RMG.

100% ownership of CRPPL will give RMG assurance over its continued use of the RH building and also full flexibility to achieve better operating efficiency by improving or altering the use of various parts of and/or to further develop the RH building to meet the demands of RMG's growing businesses. RMG will also have full flexibility to refinance the loans of CRPPL and leverage on CRPPL to fund future strategic acquisitions when the opportunity arises.

2.3 Consideration

Under terms of the Agreement, RMP will acquire CRIPL's 50% equity interest in CRPPL for a cash consideration of S\$66.86 million (the **'Consideration'**), subject to a post-completion adjustment of the audited net asset value of CRPPL on the date of completion of the Acquisition, currently expected to be on or about 30 September 2007 (**'Completion'**). The Consideration was arrived at on an arm's length, willing-buyer willing-seller basis taking into account, *inter alia*, the valuation of the RH building at S\$215 million as at 15 June 2007 (**'Valuation'**).

The Valuation, appraised by DTZ Debenham Tie Leung (SEA) Pte Ltd, which had been commissioned by RMG, is based mainly on the capitalization approach.

The net asset value (**'NAV'**) as well as net tangible assets (**'NTA'**) of CRPPL as at 31 December 2006, before taking into account the Valuation, was S\$107.95 million while the net profit before income tax, minority interests and extraordinary items (**'PBT'**) of CRPPL for the year ended 31 December 2006 (**'FY2006'**) was S\$1.89 million. Accordingly, the NAV/NTA and PBT attributable to the 50% stake in CRPPL are S\$53.98 million and S\$0.95 million respectively.

After taking into consideration the Valuation, the adjusted NAV/NTA of CRPPL as at 31 December 2006 will be S\$132.95 million and the corresponding NAV/NTA attributable to the 50% stake in CRPPL will be S\$66.48 million.

2.4 Funding

The Consideration will be satisfied in cash, funded by a combination of the placement of new shares as set out in paragraph 4 below and internal resources.

3. CONDITIONS PRECEDENT AND COMPLETION

Pursuant to the Agreement, the Acquisition is conditional upon, *inter alia*, the following:-

- (a) receipt by CRIPL of the written consent for the Acquisition from the principal bank of CRPPL (the “**Bank**”);
- (b) full and unconditional discharge and release of any other security or guarantee furnished by CRIPL and CapitaLand or either of them in respect of CRPPL’s obligations to the Bank; and
- (c) provision by RMP of such guarantees and indemnities or other security as may be required by the Bank as from Completion in replacement of certain undertakings and security from CRIPL and CapitaLand.

Completion is expected to be on or about 30 September 2007.

4. SHARE PLACEMENT

In conjunction with the Acquisition, RMG is issuing 50,000,000 new RMG Shares (the “**Placement Shares**”) for cash at S\$1.30 for each Placement Share (the “**Placement**”). The Placement Shares, when issued and fully paid, will rank *pari passu* in all respects with the existing RMG Shares.

The Placement Shares have been placed with V-Sciences Investments Pte Ltd, a wholly owned subsidiary of Temasek Holdings (Private) Limited (25,000,000 Placement Shares), and Qatar Investment Authority, the investment arm of the Government of Qatar (25,000,000 Placement Shares). Each investor will own 4.87% of RMG based on RMG’s enlarged share capital of 513,539,393 shares.

In this regard, RMG has entered into a placement agreement dated 18 June 2007 (the “**Placement Agreement**”) with DBS Bank Ltd (the “**Placement Agent**”) and Raffles Medical Holdings Pte Ltd (the “**Scrip Lender**”). Pursuant to the Placement Agreement and to facilitate early settlement of the Placement Shares, the Scrip Lender has agreed to lend 50,000,000 RMG Shares to RMG. The Scrip Lender, which is the controlling shareholder of RMG, is not entitled to any profit that may accrue pursuant to such lending arrangement.

The net proceeds from the Placement, after deducting expenses, is approximately S\$63 million which will be used fully for the Acquisition. Pending deployment, the net proceeds of the Placement may be deposited with financial institutions or invested in short-term money market instruments or for any other purposes on a short term basis, as the Directors deem fit.

The subscription price of S\$1.30 for each Placement Share represents a discount of approximately 0.3 per cent to the volume weighted average price of RMG Shares on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 15 June 2007, being the last market day on which the RMG Shares were traded prior to this Announcement, of S\$1.3035.

The Placement is conditional upon, *inter alia*, the approval of the SGX-ST for the listing and quotation of the Placement Shares on the Official List of the SGX-ST. In this regard, the Company will be submitting an additional listing application to the SGX-ST for the listing and quotation of the Placement Shares.

The Placement Shares will be issued pursuant to the general share issue mandate granted by shareholders to the Directors at the Annual General Meeting of RMG held on 23 April 2007.

As at the date of this Announcement, the issued and paid up share capital of the Company is S\$105,380,636 divided into 463,539,393 RMG Shares. When completed, the Placement will increase the existing issued and paid up share capital of the Company to S\$168,430,636 divided into 513,539,393 RMG Shares. The Placement Shares represent approximately 10.79 per cent of the issued shares of RMG as at the date of this Announcement and 9.74 per cent. of the enlarged issued shares of RMG.

5. PROFORMA FINANCIAL EFFECTS

The proforma financial effects of the Placement and the Acquisition are to illustrate what the historical financial information might have been had the Placement and the Acquisition been completed at an earlier date. However, such financial information are not necessarily indicative of the results of the operations or the related effects in the financial position that would have been attained had the Placement and the Acquisition been completed at the earlier date.

	FY2006 before the Placement and the Acquisition⁽¹⁾	Proforma FY2006 after the Placement and the Acquisition
Earnings per share (" EPS ") ⁽²⁾ for FY2006 (cents)	3.50	4.76 ⁽³⁾
NTA per share ⁽⁴⁾ as at 31 December 2006 (cents)	24.83	37.28
Gearing as at 31 December 2006	Net cash	17.8%
Share capital as at 31 December 2006 (S\$'000)	101,050	164,100
Weighted number of RMG Shares for FY2006 ('000)	448,522	498,522
Number of RMG Shares as at 31 December 2006 ('000)	453,799	503,799

Notes:-

- (1) After adjusting for the 1-for-10 bonus issue of RMG Shares ("**Bonus Issue**") completed in May 2007.
- (2) Pursuant to Rule 1010(9) of the SGX-ST Listing Manual, the effect of the Placement and the Acquisition on the EPS of RMG is calculated assuming that the Placement and the Acquisition had been completed as at the beginning of FY2006, adjusted for the Bonus Issue.
- (3) Includes the effects of the fair value changes attributable to the RH building investment property of S\$9.0 million or 1.81 cents per RMG Share on adoption of Financial Reporting Standards ("**FRS**") 40 – "Investment Property".
- (4) Pursuant to Rule 1010(8) of the SGX-ST Listing Manual, the effect of the Placement and the Acquisition on the NTA per RMG Share is calculated assuming that the Placement and the Acquisition had been completed as at the end of FY2006, adjusted for the Bonus Issue.

6. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for the scrip lending arrangement pursuant to the Placement Agreement, none of the Directors or Controlling Shareholders of RMG has any interest, direct or indirect, in the Acquisition and/or Placement (other than through their shareholdings in RMG).

7. SERVICE CONTRACTS

There are no directors proposed to be appointed to RMG in connection with the Acquisition and/or the Placement.

8. DISCLOSEABLE TRANSACTION

The relative figures computed on the bases set out in Rule 1006 of the SGX-ST Listing Manual in relation to the Acquisition are as follows:-

	Relative Figures for the Acquisition
Net asset value of assets to be disposed of, compared with the Group's net asset value	Not applicable
Net profits attributable to the assets acquired, compared with the Group's net profits	4.7% ⁽¹⁾
Aggregate value of consideration given, compared with the Company's market capitalisation ⁽²⁾	11.0% ⁽²⁾
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 ⁽³⁾

Notes:-

- (1) Net profit before income tax and minority interests of RMG and CRPPL are based on FY2006 audited accounts.
- (2) Based on 463.54 million RMG Shares in issue and closing price of S\$1.31 per RMG Share on 15 June 2007.
- (3) No new RMG Shares are to be issued to CapitalLand as consideration.

Pursuant to Chapter 10 of the SGX-ST Listing Manual, as none of the relative figures as computed on the bases set out in Rule 1006 exceeds 20%, the Acquisition is classified as a “discloseable transaction” and will not require RMG shareholders’ approval.

9. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Agreement and valuation report on the RH building dated 15 June 2007 are available for inspection during normal business hours at the registered office of RMG for a period of three months from the date of this Announcement.

10. RESPONSIBILITY STATEMENT

The Directors have taken all reasonable care to ensure that the facts stated in this Announcement are fair and accurate and that no material facts have been omitted from the Announcement, and they jointly and severally accept responsibility accordingly.

By order of the Board

Kimmy Tay Kim Choon
Company Secretary
18 June 2007