RAFFLES MEDICAL GROUP LTD
(Co Reg No: 198901967K)

(A) THE PROPOSED DISPOSAL OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF RAFFLES MEDICAL MANAGEMENT PTE LTD (THE "PROPOSED RMM DISPOSAL"); AND

(B) WAIVER FROM COMPLIANCE WITH RULE 1014(2) OF THE LISTING MANUAL ("LISTING MANUAL") OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ("SGX-ST") IN CONNECTION WITH THE PROPOSED DISPOSAL

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1. INTRODUCTION

1.1. Raffles Medical Group Ltd (the "**Company**", together with all its subsidiaries, collectively the "**Group**") refers to the announcement made on 10 June 2013 with regard to the appointment of Jones Lang LaSalle Property Consultants Pte Ltd ("**JLL**") to advise and manage the sale of units at 30 Bideford Road (#01-00, #02-00, #03-00, #04-00/B2-00, #05-00, #06-00, #07-01 and #07-02/03) (the "**Property**").

1.2. The Property is owned by Raffles Medical Management ("**RMM**"), a wholly-owned subsidiary of the Company.

1.3. The Board of Directors (the "**Board**") of the Company wishes to announce that the Company has on 12 August 2013 entered into an agreement (the "**Agreement**") with Mr. Kishore Kumar Jaikishin Buxani (the "**Purchaser**") in respect of the Proposed RMM Disposal.

1.4. Pursuant to the Agreement, the Company and the Purchaser have agreed to use their best endeavours to negotiate and execute a Sale and Purchase Agreement (the "**SPA**") in respect of the entire issued and paid-up share capital of RMM (the "**Sale Shares**"), no later than 14 days from 12 August 2013, or such later date as mutually agreed. In the event that the Company and the Purchaser fail to execute a SPA within such time, the Company shall then proceed immediately to sell the Property (through RMM) to Mr. Kishore Kumar Jaikishin Buxani, or such person(s) or entity(ies) nominated by him (the "**Proposed Property Disposal**").

1.5. The Company and the Purchaser are working expeditiously and in good faith towards an agreement on the terms and conditions of a SPA and will make appropriate announcements in the event that there are any material developments.

2. CONSIDERATION FOR THE PROPOSED DISPOSAL

2.1. The aggregate consideration for the Sale Shares (the "**Sale Shares Consideration**") shall be calculated based on the net asset value of the RMM as at completion of the Proposed RMM Disposal, and adjusted to take into account the agreed property value of S$120 million as the applicable value of the Property. Upon the execution of a SPA, the Sale Shares Consideration is to be paid as follows:

(a) a deposit of S$1,152,800 already paid by the Purchaser to the Company's solicitors (the "**Escrow Agent**"), to be released to the Company upon the execution of the Agreement;

(b) a further deposit of S$4,847,200, to be paid by the Purchaser to, and held by, the Escrow Agent pending completion of the Proposed RMM Disposal, upon execution of the SPA; and

(c) on the completion date, the balance of the Sale Shares Consideration.

2.2. In the event that the Company and the Purchaser fail to execute a SPA, the Company shall then proceed immediately with the Proposed Property Disposal for the aggregate consideration of S$118 million (the "**Property Consideration**"), to be paid as follows:

(a) a deposit of S$1,152,800 already paid by the Purchaser to, and held by, the Escrow Agent, to be released to the Company upon the execution of the Agreement;

(b) a further deposit of S$10,647,200, to be paid by the Purchaser to, and held by, the Escrow Agent pending completion of the Proposed Disposal; and

(c) on the completion date, the balance of the Property Consideration.

2.3. The Sale Shares Consideration and the Property Consideration were arrived at on a "willing-buyer and willing-seller" basis. The Sale Shares Consideration takes into account the net asset value of RMM and a mutually agreed Property value of S$120 million. The Property Consideration on the other hand represents the tender offer made by the Purchaser following a tender exercise conducted by JLL.

2.4. Based on an independent professional valuation by JLL as at 31 December 2012, the fair value of the Property is S$98 million.

3. CONDITIONS PRECEDENT TO THE PROPOSED DISPOSAL

3.1. The Proposed RMM Disposal and the Proposed Property Disposal (the "**Proposed Disposal**") are subject to and conditional upon, *inter alia*, legal requisitions by the Purchaser's solicitors in relation to the Property.

3.2. Pursuant to the Agreement, the Proposed RMM Disposal will be subject to and conditional upon, *inter alia*, the following:

(a) conditions precedent to completion that:

(i) all loans advanced to RMM (including but not limited to shareholders' loans); and

(ii) all "trade and other payables" as set out in RMM's existing accounts (if any),

are to be discharged on or by completion, or as may be agreed to by the parties; and

(b) that each of the parties agrees and undertakes to ensure that the name of RMM shall be changed to another name to be furnished by the Purchaser, which name shall be acceptable to the Accounting and Corporate Regulatory Authority and does not bear any direct, indirect or implied reference to "Raffles Medical" or "RMG".

4. RATIONALE FOR THE PROPOSED DISPOSAL

4.1. On 21 February 2011, the Company announced that it had successfully tendered for the acquisition of the Property for a purchase consideration of S$92.08 million. The intended purpose of the acquisition was to establish a specialist medical centre in line with the Company's strategy of expanding its specialist medical practice to the Orchard Road vicinity to meet the growing demand of local and foreign patients for high quality medical services. However, on 16 October 2012 and 22 March 2013, the relevant government authorities rejected the Company's submissions to change the Property's use to that of a medical centre. As such, the Property is not being used for the Group's core business, which is the provision of healthcare and medical services.

4.2. Based on the audited financial statements for the year ended 31 December 2012, the total revenue generated by the Property represented less than 1% of the Group's total revenue, and its net profit before tax was less than 6% of the Group's net profit. As such, the Property is a non-core asset and is not a substantial source of its revenue and profit. The Proposed Disposal will not have a material impact on the profitability of the Group's earnings per share.

4.3. The Board is of the view that it is in the Group's interest to undertake the Proposed Disposal and it would not result in a material change to the nature of business and the risk profile of the Group.

5. RELATIVE FIGURES COMPUTED PURSUANT TO RULE 1006 OF THE LISTING MANUAL

Based on the latest announced audited consolidated financial statements of the Group for the financial year ended 31 December 2012 ("**FY2012**"), the relative figures for the Proposed Disposal (the "**Relative Figures**") computed on the bases of assessment pursuant to Rule 1006 of the Listing Manual are as follows:

(a) Proposed RMM Disposal:

Rule	Bases	Computation (S$'000)	
1006(a)	Net asset value ("**NAV**") of the assets to be disposed of, compared with the Group's NAV	NAV of RMM	3,555
		NAV of the Group	389,416
		Relative Figure	0.9%
1006(b)	Net profits attributable to the assets disposed of, compared with the Group's net profits	Net profits attributable to RMM	3,729
		Net profits attributable to the Group	66,585
		Relative Figure	5.6%
1006(c)	Aggregate value of the consideration received, compared with the Company's market capitalisation, based on the total number of issued shares excluding treasury shares	Sale Shares Consideration (1)	25,555
		Market Capitalisation of the Group on 12 August 2013	1,788,135
		Relative Figure	1.4%
1006(d)	Number of equity securities issued by the issuer as consideration for the acquisition, compared with the number of equity securities previously in issue	Not applicable	

Note:
(1) Sale Shares Consideration is computed based on NAV of RMM as at 31 December 2012 after taking into account gain on the Property, derived from the surplus of the agreed value of S$120 million over its book value of S$98 million.

(b) Proposed Property Disposal:

Rule	Bases	Computation (S$'000)	
1006(a)	NAV of the assets to be disposed of, compared with the Group's NAV	NAV of the Property	98,000
		NAV of the Group	389,416
		Relative Figure	25.2%
1006(b)	Net profits attributable to the assets disposed of, compared with the Group's net profits	Net profits attributable to the Property	3,729
		Net profits attributable to the Group	66,585
		Relative Figure	5.6%
1006(c)	Aggregate value of the consideration received, compared with the Company's market capitalisation, based on the total number of issued shares excluding treasury shares	Property Consideration	118,000
		Market Capitalisation of the Group on 12 August 2013	1,788,135
		Relative Figure	6.6%
1006(d)	Number of equity securities issued by the issuer as consideration for the acquisition, compared with the number of equity securities previously in issue	Not applicable	

As the Relative Figures in respect of the Proposed Disposal computed on the base set out in Rule 1006(a) of the Listing Manual exceeds 20%, the Proposed Disposal constitutes a major transaction for the Company as defined in Rule 1014 of the Listing Manual and for which the approval of the Company's shareholders must be obtained at an extraordinary general meeting. However, as the Proposed Disposal involves the disposal of a non-core asset, the SGX-ST may be consulted on whether the approval of the Company's shareholders is required.

6. USE OF NET PROCEEDS

The Company intends to use the proceeds from the Proposed Disposal for the Group's working capital purposes and to fund any future investments, acquisitions or business opportunities as and when they arise.

7. GAINS ON THE PROPOSED DISPOSAL

As at FY2012, the book values of RMM and the Property were approximately S$3.55 million and S$98 million, respectively. Accordingly, the net gain on the Proposed RMM Disposal and the Proposed Property Disposal will be approximately S$21.4 million and S$19.4 million, respectively.

8. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

The proforma financial effects of the Proposed Disposal below have been prepared based on the audited consolidated financial statements of the Group for FY2012 and is provided solely for illustrative purposes only.

8.1. Net Tangible Assets ("NTA")

Assuming the Proposed Disposal had been completed on 31 December 2012 and based on the latest announced audited consolidated financial statements of the Group for FY2012, the proforma financial effects of the Proposed Disposal on the consolidated NTA of the Group are as follows:

(a) Proposed RMM Disposal:

	Before the Proposed RMM Disposal	After the Proposed RMM Disposal
NTA as at 31 December 2012	S$388,258,000	S$409,658,000
NTA per share as at 31 December 2012	71.26 cents	75.19 cents

(b) Proposed Property Disposal:

	Before the Proposed Property Disposal	After the Proposed Property Disposal
NTA as at 31 December 2012	S$388,258,000	S$407,668,000
NTA per share as at 31 December 2012	71.26 cents	74.83 cents

8.2. Earnings Per Share ("EPS")

Assuming the Proposed Disposal had been completed on 31 December 2012 and based on the latest announced audited consolidated financial statements of the Group for FY2012, the proforma financial effects of the Proposed Disposal on the consolidated EPS of the Group are as follows:

(a) Proposed RMM Disposal:

	Before the Proposed RMM Disposal	After the Proposed RMM Disposal
Net profit after tax and minority interests for FY2012	S$56,849,000	S$77,320,000
EPS for FY2012	10.53 cents	14.32 cents

(b) Proposed Property Disposal:

	Before the Proposed Property Disposal	After the Proposed Property Disposal
Net profit after tax and minority interests for FY2012	S$56,849,000	S$75,330,000
EPS for FY2012	10.53 cents	13.95 cents

9. SGX-ST WAIVER OF SHAREHOLDER APPROVAL

9.1. The Company had on 3 June 2013 and 12 August 2013 applied (the "**Application**") to the SGX-ST for a waiver from compliance with Rule 1014(2) of the Listing Manual (the "**Waiver**") in relation to the Proposed Disposal. The Company made the Application for the following reasons:

(a) The Property is not used in the conduct of any healthcare business, and is merely real estate that had been purchased with the intended purpose of establishing a medical centre.

(b) The Property is not a material asset of the Group. The Property was purchased only recently in 2011 at a price of S$92.08 million. Using the Property's NAV of S$98.0 million as a proxy for the expected consideration received for the Proposed Property Disposal, it represents only 5.31% of the Company's market capitalisation of S$1.85 billion based on the Company's share price of S$3.37 per share as at 30 May 2013.

(c) Dr Loo Choon Yong, a controlling shareholder of the Company, has undertaken that he will vote or procure the voting of his total shareholdings of 52.2% in the Company in favour of the Proposed Disposal. As such, in the event that a general meeting is convened, the motion in favour of such a resolution will be passed.

(d) The Property will not be disposed to an interested person as defined under Chapter 9 of the Listing Manual and the Waiver would not contravene any laws and regulations governing the Company and the article of association of the Company.

9.2. Following consultations with the SGX-ST and pursuant to the Company's Application, the SGX-ST had on 24 June 2013 and 13 August 2013 granted the Company the Waiver for the Proposed Disposal (the "**SGX-ST's Approval**"), subject to the following:

(a) the Company making an announcement pursuant to Listing Rule 107 on the Waiver granted, the reasons for seeking the Waiver and the conditions of the Waiver;

(b) submission of a written confirmation from the Company that the Proposed Disposal and the Waiver does not contravene any laws and regulations governing the Company and the articles of association of the Company;

(c) submission of a written confirmation from the Company that RMM and the Property will not be disposed to an interested person as defined under Chapter 9 of the Listing Manual;

(d) submission of a written confirmation from the Company that the Proposed Disposal will not be made at a loss of more than 10% of the Group's net profit before tax for FY2012;

(e) submission of a written undertaking from Dr Loo Choon Yong to vote in favour of the Proposed Disposal in the event that an extraordinary general meeting is convened to seek shareholders' approval for the Proposed Disposal; and

(f) disclosure of the Board's opinion that the Proposed Disposal will not result in a material change to the nature of business and risk profile of the Company.

10. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the directors or the controlling shareholders has any interest (direct or indirect) in the Proposed Disposal, other than through their shareholdings in the Company.

11. NO SERVICE AGREEMENT

No person will be appointed to the Board in connection with the Proposed Disposal and no service contracts in relation thereto will be entered into by the Company.

12. DOCUMENTS FOR INSPECTION

A copy of the Agreement and the valuation report by JLL is available for inspection at the Company's registered office during normal business hours for a period of three (3) months from the date of this announcement.

By Order of the Board

Kimmy Goh
Company Secretary
13 August 2013