



for TOTAL PHYSICAL, MENTAL  
and SOCIAL WELL-BEING



## PROSPECTUS DATED 27 OCTOBER 2005

(Registered by the Monetary Authority of Singapore on 27 October 2005)

This document is important. 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.

Application has been made to the Singapore Exchange Securities Trading Limited ("SGX-ST") for permission to deal in, and for quotation of, all the ordinary shares of \$0.02 each (the "Shares") in the capital of Pacific Healthcare Holdings Ltd. (the "Company") already issued, the new Shares which are the subject of the Invitation (the "New Shares"), the new Shares which may be issued upon the exercise of the options under our Pacific Healthcare Share Option Scheme (the "Option Shares") and the new shares which may be issued upon the exercise of the Over-allotment Option (as defined below) (the "Additional Shares"). Such permission will be granted when our Company has been admitted to the Official List of the SGX-ST. **The dealing in and quotation of our Shares will be in Singapore dollars.**

Acceptance of applications will be conditional upon, *inter alia*, permission being granted by the SGX-ST to deal in, and for quotation of, all of our existing issued Shares, the New Shares, the Option Shares and the Additional Shares. Monies paid in respect of any application accepted will be returned to you, without interest or any share of revenue or other benefit arising therefrom and at the applicant's own risk, and the applicant will not have any claim against our Company, the Lead Manager, Underwriter and Placement Agent, the Co-Manager, the Primary Sub-Underwriters or the Primary Sub-Placement Agents, if the completion of the Invitation does not occur because the SGX-ST's permission is not granted or for any other reasons.

In connection with the Invitation, we have granted the Lead Manager an over-allotment option (the "Over-allotment Option") exercisable by the Lead Manager in whole or in part during the period commencing on the Listing Date (as defined herein) and expiring on the date falling 30 days after the Listing Date. The Lead Manager may subscribe and/or procure subscribers for the Additional Shares, representing in aggregate not more than 15 per cent. of the Invitation Shares (before the exercise of the Over-allotment Option), at the Issue Price (as defined herein), solely for the purpose of covering over-allotments (if any) made in connection with the Invitation. The Lead Manager may over-allot and effect transactions which stabilise or maintain the market price of the Shares at levels which may not otherwise prevail in the open market, subject to compliance with the laws of Singapore. Such stabilisation, if commenced, may be discontinued by the Lead Manager at any time at the Lead Manager's discretion in accordance with the laws of Singapore.

The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Prospectus. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Invitation, our Company, our subsidiaries, our Shares, the New Shares, the Option Shares or the Additional Shares.

A copy of this Prospectus has been lodged with and registered by the Monetary Authority of Singapore (the "Authority") on 16 September 2005 and 27 October 2005 respectively. The Authority assumes no responsibility for the contents of the Prospectus. Registration of this Prospectus by the Authority does not imply that the Securities and Futures Act, Chapter 289 of Singapore, or any other legal or regulatory requirements, have been complied with. The Authority has not, in any way, considered the merits of the Shares, the New Shares, the Option Shares or the Additional Shares, as the case may be, being offered or in respect of which an invitation is made, for investment.

No Shares shall be allotted on the basis of this Prospectus later than 6 months after the date of registration of this Prospectus. We have not lodged or registered this Prospectus in any other jurisdiction.

**Investing in our Shares involves risks which are described in the section entitled "RISK FACTORS" of this Prospectus.**



## Pacific Healthcare Holdings Ltd.

Registration No. 200100544H

(Incorporated in the Republic of Singapore on 26 January 2001)

Invitation in respect of 48,000,000 New Shares of \$0.02 each as follows:-

- (a) 2,000,000 Offer Shares at \$0.30 for each Offer Share by way of public offer;
- (b) 46,000,000 Placement Shares by way of placement, comprising:-
  - (i) 45,000,000 Placement Shares at \$0.30 each; and
  - (ii) 1,000,000 Reserved Shares at \$0.30 each reserved for management, employees, Independent Directors, business associates and those who have contributed to the success of our Group,

payable in full on application (subject to the Over-allotment Option as defined herein).

Lead Manager, Underwriter and Placement Agent



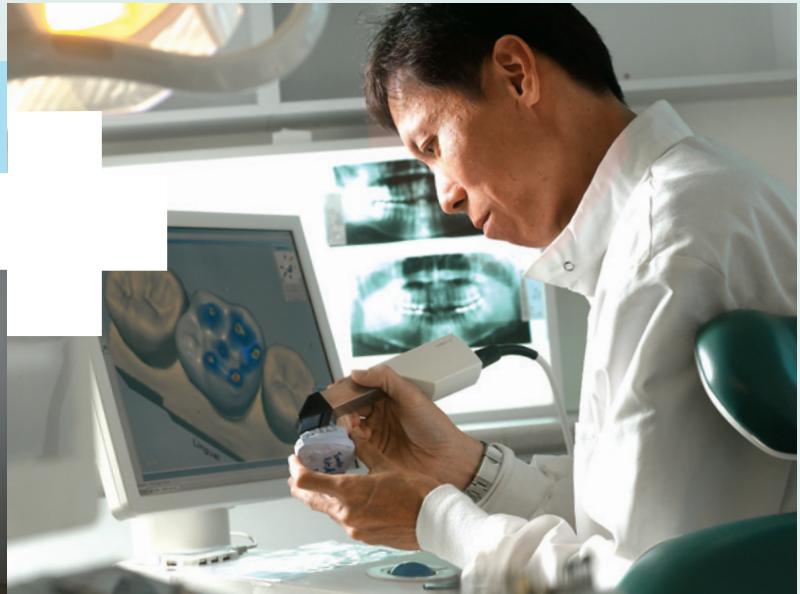
Co-Manager



HONG LEONG FINANCE LIMITED

Primary Sub-Underwriters and Primary Sub-Placement Agents





day surgery  
centres

specialist  
services

## ABOUT US

We are an integrated healthcare provider offering a comprehensive range of healthcare services; encompassing specialist medical care, general practice medicine, dentistry, health screening, wellness services, as well as the operation of a nursing home, day surgery centres and a psychiatric hospital. Our integrated network of healthcare services allow patients to be treated in a multi-disciplinary manner within our Group.

We aim to be a premier healthcare group in both Singapore and Asia, renowned for our Care, Compassion and Medical Excellence. Through a team of approximately 90 healthcare professionals and a wide network of clinics and facilities, we focus on the total health and well-being of our patients. We have operations located in Singapore, Hong Kong and India.

We serve both corporate and individual patients and our services cater to people of all age groups. Our core competencies include the fields of cosmetic surgery and aesthetic medicine, obstetrics and gynaecology and implant and aesthetic dentistry.

## OUR BUSINESS ACTIVITIES

Our business activities in Singapore comprise the following:-

### a) Specialist Healthcare Division

Our Specialist Healthcare Division is the foundation on which we have established ourselves as a premier provider of quality healthcare. It comprises two units: -

i) **Clinical Services** – comprising specialist care in the areas of cardiology, colorectal surgery, cosmetic surgery, dermatology, endocrinology, ENT surgery, general and vascular surgery, neurology, obstetrics and gynaecology, ophthalmology, orthopaedic surgery, paediatrics, psychiatry and urology.

ii) **Facilities Management** – comprising (a) day surgery centres that provide operating theatres and endoscopy and cosmetic laser facilities for use by accredited doctors, (b) a private psychiatric hospital and (c) diagnostic services for detecting fetal abnormalities.

### b) Primary Healthcare Division

Our Primary Healthcare Division complements our Specialist Healthcare Division by enabling our Group to provide a comprehensive range of quality healthcare services. This division comprises three units:-

#### i) **General Practice Medicine**

Our general practice medical network comprises 19 medical clinics island wide (including those of our associated companies), providing basic healthcare attention to our patients.

#### ii) **Dentistry**

We have five dental clinics covering key dental services including general dental treatment, endodontics, orthodontics, periodontics, prosthodontics, occlusal rehabilitation, paedodontics, oral surgery, dental implants and aesthetic dentistry and the provision of dental appliances and prostheses.

#### iii) **Eldercare and Wellness services**

We have set up a nursing home, a centre providing traditional Chinese medicine (TCM) services, a wellness lounge and a fitness centre. We are currently developing a second nursing home located at Bukit Panjang.



facilities  
management



dental  
ser

## OUR COMPETITIVE STRENGTHS

### A comprehensive and integrated healthcare service provider

We are one of the largest healthcare service providers in Singapore, offering specialist medical care, general practice medicine, as well as dentistry. Apart from healthcare services, we also operate day surgery centres, a nursing home, a psychiatric hospital and wellness facilities.

### A qualified, experienced and committed team of medical specialists and healthcare professionals

Our reputation is founded on the service quality, experience and expertise of our healthcare professionals; several of our medical specialists and dentists are recognised either internationally or regionally for their expertise in their respective fields.

### An experienced and proven management team

The ability of our management team to identify new market opportunities, implement strategic plans and exercise prudent financial management will be invaluable to our continuing success and development.

### Our clinics are well-established practices with proven track records

Most of our medical practitioners have more than ten years of professional experience in their respective fields, which enhances our reputation and increases our patient base.

### A holistic and patient-centric approach to healthcare

We believe in taking a patient-centric approach to healthcare, our priority is to attend to the overall needs and concerns of the patients.

### A regional outlook

Apart from our operations in Hong Kong and India, we may also explore other opportunities in the region.

## OUR BUSINESS STRATEGY

Our corporate vision is to develop our Group into a premier healthcare service provider in both Singapore and the Asia region. In line with this vision, we have embarked on an active, yet moderated, expansion plan based on both organic growth, as well as appropriate joint ventures and/or acquisitions of established healthcare businesses that offer synergistic opportunities for our Group.

### a) Continue to enhance our corporate branding

- Continue to build on our reputation to provide comprehensive and multi-disciplinary medical and dental services.
- Continue to enhance and build upon our “umbrella” identity and corporate branding, which will allow patients to identify us as a leading and integrated healthcare provider.

### b) Provision of comprehensive and integrated healthcare services

- Further expand our wide range of healthcare services for patients from all age groups.

### c) Focus on potential medical growth areas

Focus on key growth areas in the immediate future:-

#### (i) Specialist Healthcare

- Multi-disciplinary Specialist Healthcare
- Cosmetic Surgery and Aesthetic Medicine
- Women's and Children's Healthcare

#### (ii) Implant and Aesthetic dentistry

### d) Regional Expansion

- Continue to expand our clinics and facilities in India and Hong Kong where we already have a presence.
- Explore other opportunities in the region, including India, Indonesia, Vietnam and China.



services



medical  
services

## REGIONAL BUSINESS

### Hong Kong

In Hong Kong we provide medical services at medical practices operated by two universities. We also provide facilities for use by external dentists as well as management services to general medical and dental practices.

### India

We operate a four-storey multi-disciplinary medical specialist centre in Hyderabad, India. The medical centre houses consulting suites for medical specialists and dentists, a day surgery centre, 24-hour pharmacy, laboratory and imaging facilities and a spa for women.

## OUR FUTURE PLANS

### Expansion in specialist healthcare market segment

We plan to expand our medical specialist services through the engagement of new specialist doctors and expansion of existing specialist clinics. Our expansion strategies include acquisitions, joint ventures and strategic alliances. We are currently exploring opportunities in other healthcare related areas such as cord blood and stem cells storage and research which will complement our business.

### Redevelopment of Adam Road Hospital

We plan to redevelop the land and upgrade the hospital to provide other value added medical specialist services such as rehabilitation, wellness and day surgery facilities.

### Business expansion and the establishment of a cord blood bank and research centre in Hyderabad, India

We plan to expand our operations in India, which includes the setting up of a cord blood bank and research centre. We may expand our medical and wellness facilities into other cities in India when the business opportunities arise.

## FINANCIAL HIGHLIGHTS

### Revenue S\$'000



### Net Profit S\$'000



Public offer opens at 9.00 am on 28 October 2005

Public offer closes at 12.00 noon on 9 November 2005

Commence trading at 9.00 am on 11 November 2005

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## CONTENTS

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<b>CORPORATE INFORMATION</b> .....	4
<b>DEFINITIONS</b> .....	6
<b>GLOSSARY OF TECHNICAL TERMS</b> .....	16
<b>SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS</b> .....	20
<b>SELLING RESTRICTIONS</b> .....	21
<b>DETAILS OF THE INVITATION</b> .....	22
— Listing on the SGX-ST .....	22
— Indicative Timetable for Listing .....	25
<b>PLAN OF DISTRIBUTION</b> .....	26
<b>OVER-ALLOTMENT AND STABILISATION</b> .....	28
<b>PROSPECTUS SUMMARY</b> .....	29
<b>THE INVITATION</b> .....	34
<b>RISK FACTORS</b> .....	36
<b>INVITATION STATISTICS</b> .....	45
<b>DIVIDEND POLICY</b> .....	48
<b>SHARE CAPITAL</b> .....	49
<b>PRINCIPAL SHAREHOLDERS</b> .....	51
<b>MORATORIUM</b> .....	56
<b>CAPITALISATION AND INDEBTEDNESS</b> .....	58
<b>DILUTION</b> .....	63
<b>RESTRUCTURING EXERCISE</b> .....	64
<b>GROUP STRUCTURE</b> .....	70
<b>GENERAL INFORMATION ON OUR GROUP</b> .....	77
— History .....	77
— Business Overview .....	83
— Capacity and Utilisation .....	91
— Service Quality Control .....	93
— Customers and Markets .....	95
— Suppliers and Raw Materials .....	96
— Inventory Management .....	96
— Credit Policy .....	97

---

## CONTENTS

---

— Marketing and Distribution . . . . .	98
— Seasonality . . . . .	100
— Intellectual Property . . . . .	100
— Licences . . . . .	100
— Research and Development . . . . .	109
— Competition . . . . .	110
— Competitive Strengths . . . . .	111
— Government Regulations . . . . .	113
— Properties and Fixed Assets . . . . .	119
— Insurance Coverage . . . . .	123
— Staff Training . . . . .	123
— Prospects . . . . .	125
— Business Strategy . . . . .	127
— Future Plans . . . . .	129
— Option Agreements . . . . .	131
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS . . . . .</b>	133
— Overview . . . . .	135
— Results of Operations . . . . .	138
— Review of Financial Condition . . . . .	145
— Liquidity and Capital Resources . . . . .	147
— Capital Expenditure . . . . .	148
— Inflation . . . . .	149
— Foreign Exchange Exposure . . . . .	149
<b>MANAGEMENT . . . . .</b>	150
— Directors and Executive Officers . . . . .	150
— Management Reporting Structure . . . . .	155
— Compensation . . . . .	156
— Service Agreements . . . . .	157
— Corporate Governance . . . . .	158
— Employees . . . . .	159
<b>PACIFIC HEALTHCARE EMPLOYEE SHARE OPTION SCHEME . . . . .</b>	161
<b>INTERESTED PERSON TRANSACTIONS . . . . .</b>	167
— Interested Person Transactions . . . . .	167
— Review Procedures for Future Interested Person Transactions . . . . .	176
— Potential Conflicts of Interest . . . . .	177

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## CONTENTS

---

<b>EXCHANGE CONTROLS</b> .....	179
<b>TAXATION</b> .....	180
<b>CLEARANCE AND SETTLEMENT</b> .....	183
<b>GENERAL AND STATUTORY INFORMATION</b> .....	184
<b>APPENDIX I</b> : INDEPENDENT AUDITORS' REPORT AND THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004 .....	I-1
<b>APPENDIX II</b> : INDEPENDENT AUDITORS' REPORT AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004 .....	II-1
<b>APPENDIX III</b> : RULES OF PACIFIC HEALTHCARE EMPLOYEE SHARE OPTION SCHEME .....	III-1
<b>APPENDIX IV</b> : TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE .....	IV-1

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## CORPORATE INFORMATION

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<b>BOARD OF DIRECTORS</b>	: Sim Swee Yam, Peter <i>(Non-Executive Chairman and Independent Director)</i>
	: Dr Chong Lai Leong, William <i>(Executive Director and Chief Executive Officer)</i>
	: Dr Chu Aye Aye Han, Sandra <i>(Executive Director and Chief Operating Officer)</i>
	: Dr Huang Hsiang Shui, Martin <i>(Executive Director)</i>
	: Ee Hock Huat, Daniel Cuthbert <i>(Independent Director)</i>
	: Lee Sooi Chuen, Philip <i>(Independent Director)</i>
<b>COMPANY SECRETARY</b>	: Yeoh Lam Hock, LLB (Hons)
<b>REGISTERED OFFICE</b>	: 290 Orchard Road #12-01 Paragon Singapore 238859
<b>SHARE REGISTRAR AND SHARE TRANSFER OFFICE</b>	: Lim Associates (Pte) Ltd 10 Collyer Quay #19-08 Ocean Building Singapore 049315
<b>LEAD MANAGER, UNDERWRITER AND PLACEMENT AGENT</b>	: UOB Asia Limited 80 Raffles Place UOB Plaza Singapore 048624
<b>CO-MANAGER</b>	: Hong Leong Finance Limited 16 Raffles Quay #01-05 Hong Leong Building Singapore 048581
<b>PRIMARY SUB-UNDERWRITERS AND PRIMARY SUB-PLACEMENT AGENTS</b>	: United Overseas Bank Limited 80 Raffles Place UOB Plaza Singapore 048624
	: UOB Kay Hian Private Limited 80 Raffles Place #30-01 UOB Plaza 1 Singapore 048624
<b>INDEPENDENT AUDITORS</b>	: Chio Lim & Associates Certified Public Accountants 18 Cross Street #09-01 Marsh and McLennan Centre Singapore 048423
	: Peter Jacob Partner-in-charge A member of the Institute of Certified Public Accountants of Singapore

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## CORPORATE INFORMATION

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<b>SOLICITORS TO THE INVITATION</b>	:	Stamford Law Corporation 9 Raffles Place #32-00 Republic Plaza Singapore 048619
<b>LEGAL ADVISORS TO THE COMPANY ON HONG KONG LAW</b>	:	Wilkinson & Grist 6th Floor, Prince's Building 10 Chater Road Hong Kong
<b>LEGAL ADVISORS TO THE COMPANY ON INDIAN LAW</b>	:	Fox Mandal Solicitors & Advocates FM House A-9, Sector-9 Noida-201301 NCR of Delhi India
<b>SOLICITORS TO LEAD MANAGER, UNDERWRITER AND PLACEMENT AGENT AND CO-MANAGER</b>	:	Colin Ng & Partners 50 Raffles Place #29-00 Singapore Land Tower Singapore 048623
<b>PRINCIPAL BANKERS AND FINANCIAL INSTITUTIONS</b>	:	Standard Chartered Bank 6 Battery Road #07-00 Singapore 049909  Hong Leong Finance Limited 16 Raffles Quay #01-05 Hong Leong Building Singapore 048581  Sing Investments & Finance Limited 96 Robinson Road SIF Building Singapore 068899  United Overseas Bank Limited 80 Raffles Place UOB Plaza Singapore 048624
<b>RECEIVING BANKER</b>	:	United Overseas Bank Limited 80 Raffles Place UOB Plaza Singapore 048624

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## DEFINITIONS

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In this Prospectus, the accompanying Application Forms and, in relation to Electronic Applications, the instructions appearing on the screens of the ATMs of the Participating Banks or the Internet Banking websites of the relevant Participating Banks, unless the context otherwise requires, the following definitions apply where the context so admits:—

### General

<i>“1Q”, “2Q”, “3Q”, “4Q”</i>	: The three-month period ended or, as the case may be, ending 31 March, 30 June, 30 September and 31 December respectively
<i>“Additional Shares”</i>	: Up to 7,200,000 new Shares (representing 15 per cent. of the Invitation Shares before the exercise of the Over-allotment Option) which may be issued on the terms and subject to the conditions of this Prospectus, upon the exercise of the Over-allotment Option by the Lead Manager
<i>“Application Forms”</i>	: The printed application forms to be used for the purpose of the Invitation and which form part of this Prospectus
<i>“Application List”</i>	: The list of applications for subscription of the Invitation Shares
<i>“Associate”</i>	: (a) in relation to any director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:— (i) his immediate family; (ii) the trustees, acting in their capacity as such trustees, of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30.0 per cent. or more. (b) in relation to a Substantial Shareholder, or Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a fellow subsidiary of any such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30.0 per cent. or more.
<i>“associated company”</i>	: A company in which at least 20.0 per cent. but not more than 50.0 per cent. of its shares are held by another company.
<i>“ATM”</i>	: Automated teller machines of a Participating Bank
<i>“Audit committee”</i>	: The audit committee of our Board
<i>“Authority”</i>	: The Monetary Authority of Singapore

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## DEFINITIONS

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<i>“Board”</i>	: The Board of Directors of our Company as at the date of this Prospectus, unless the context otherwise requires
<i>“Bonus Issue”</i>	: The bonus issue of 130,323,250 Shares as described under the section on “Share Capital” of this Prospectus
<i>“CDP”</i>	: The Central Depository (Pte) Limited
<i>“Companies Act” or “Act”</i>	: The Companies Act, Chapter 50 of Singapore
<i>“Controlling Shareholder”</i>	: As defined in the Listing Manual:– (a) a person who holds directly or indirectly 15.0 per cent. or more of the nominal amount of all voting shares in our Company (unless determined otherwise by the SGX-ST); or (b) a person who in fact exercises control over our Company
<i>“CPF”</i>	: The Central Provident Fund
<i>“Directors”</i>	: The Directors of our Company as at the date of this Prospectus, unless the context otherwise requires
<i>“Dividend Payment”</i>	: Payment of interim tax-exempt dividends of \$4,600,000 in June 2004 as described under the section on “Dividend Policy” of this Prospectus
<i>“EBITDA”</i>	: Profit from operations of the proforma Group with depreciation and amortisation expenses, added back
<i>“Electronic Applications”</i>	: Applications for the Offer Shares made through an ATM or through IB websites in accordance with the terms and conditions of this Prospectus
<i>“EPS”</i>	: Earnings per Share
<i>“ESOS”</i>	: Pacific Healthcare Employee Share Option Scheme
<i>“Equity Issue I”</i>	: The allotment and issue of 18,250,000 Shares to the shareholders of Founding Entities pursuant to the Restructuring Exercise as described under the section on Principal Shareholders of this Prospectus
<i>“Equity Issue II”</i>	: The allotment and issue of 36,329,796 Shares to the shareholders of Non-Founding Entities pursuant to the Restructuring Exercise as described under the section on Principal Shareholders of this Prospectus
<i>“EV/EBITDA”</i>	: The market capitalisation of our Company based on the post-Invitation share capital of 234,703,046 Shares and the Issue Price of \$0.30, divided by EBITDA
<i>“Executive Directors”</i>	: The executive directors of our Company as at the date of this Prospectus namely Dr William Chong, Dr Sandra Chu and Dr Martin Huang

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## DEFINITIONS

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<i>“Executive Officers”</i>	: The executive officers of our Group as at the date of this Prospectus, unless the context otherwise requires
<i>“Founders”</i>	: The three founders comprising Dr William Chong, Dr Sandra Chu and Dr Martin Huang
<i>“Founding Entities”</i>	: Atria-Pan, MDSH, PCC, SSLC, PHSS, PHHK, TCSC and Pacific Hospital Consultants
<i>“FY”</i>	: Financial year ended or, as the case maybe, ending 31 December
<i>“Hong Kong”</i>	: Hong Kong Special Administrative Region of the People’s Republic of China
<i>“HLF” or “Co-Manager”</i>	: Hong Leong Finance Limited
<i>“IB”</i>	: Internet Banking
<i>“Independent Directors”</i>	: The non-executive independent directors of our Company as at the date of this Prospectus, unless the context otherwise requires
<i>“India”</i>	: Republic of India
<i>“Invitation”</i>	: Our invitation to the public in Singapore to subscribe for the Invitation Shares at the Issue Price, subject to and on the terms and conditions of this Prospectus
<i>“Invitation Shares” or “New Shares”</i>	: The 48,000,000 new Shares for which we invite applications to subscribe for pursuant to the Invitation on the terms and subject to the conditions of this Prospectus
<i>“IPO”</i>	: The initial public offering of our Company
<i>“Issue Price”</i>	: \$0.30 for each New Share
<i>“Latest Practicable Date” or “LPD”</i>	: 30 September 2005 being the latest practicable date prior to the registration of this Prospectus
<i>“Listing Date”</i>	: The date on which trading in the Shares commences on the SGX-ST
<i>“Listing Manual”</i>	: The Listing Manual of the SGX-ST
<i>“Market Day”</i>	: A day on which the SGX-ST is open for trading in securities
<i>“Medisave”</i>	: The national savings scheme of Singapore which helps individuals put aside part of their income in their Medisave Accounts to meet their personal or immediate family’s hospitalisation expenses, especially after retirement
<i>“Nomination Committee”</i>	: The nomination committee of our Board

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## DEFINITIONS

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<i>“Non-Founding Entities”</i>	:	HCS, TC@C, AMA, CMS, Implanet, ICDL, Image Ceramic, Rejuvemed, TW, TPC, Clinic1886, THC, ARH, ARC, PH Asia, MHC Holdings, PDIC, ALL, PMFC, TBMC, J8FC, VMP, PWMC, T&T, DLP, PMM, PPCS and WFC
<i>“NAV”</i>	:	Net Assets Value
<i>“NTA”</i>	:	Net Tangible Assets
<i>“Offer”</i>	:	The offer by our Company of the Offer Shares to the public in Singapore for subscription at the Issue Price on the terms and subject to conditions of this Prospectus
<i>“Offer Shares”</i>	:	2,000,000 of the New Shares which are the subject of the Offer
<i>“Option Shares”</i>	:	The new Shares which may be allotted and issued upon the exercise of options granted under the Pacific Healthcare Employee Share Option Scheme
<i>“Over-allotment Option”</i>	:	The option granted by us to the Lead Manager to require us to issue up to an additional 7,200,000 new Shares at the Issue Price pursuant to the Invitation, upon the terms and subject to the conditions set out in this Prospectus and referred to under the section on “Over-allotment and Stabilisation” of this Prospectus
<i>“PER”</i>	:	Price earnings ratio
<i>“Participating Banks”</i>	:	United Overseas Bank Limited (“UOB”) and its subsidiary, Far Eastern Bank Limited (collectively, the “UOB Group”); DBS Bank Ltd (including POSB) (“DBS”) and Oversea-Chinese Banking Corporation Limited (“OCBC”)
<i>“Placement”</i>	:	The placement of the Placement Shares by the Placement Agent on behalf of our Company for subscription at the Issue Price on the terms and subject to the conditions of this Prospectus
<i>“Placement Shares”</i>	:	46,000,000 of the New Shares (including the Reserved Shares), which are the subject of the Placement
<i>“Primary Sub-Underwriters and Primary Sub-Placement Agents”</i>	:	UOB and UOB KayHian
<i>“Remuneration Committee”</i>	:	The remuneration committee of our Board
<i>“Reserved Shares”</i>	:	The 1,000,000 Placement Shares reserved for management, employees, Independent Directors, business associates and those who have contributed to the success of our Group
<i>“Restructuring Exercise”</i>	:	The corporate restructuring exercise undertaken by us prior to the Invitation, as described in the “Restructuring Exercise” section of this Prospectus
<i>“SCCS”</i>	:	Securities Clearing & Computer Services (Pte) Ltd

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## DEFINITIONS

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“SGX-SESDAQ”	: SGX-ST Dealing and Automated Quotation System
“SGX-ST”	: Singapore Exchange Securities Trading Limited
“Securities Account”	: The securities account maintained by a depositor with CDP but does not include a securities sub-account
“Securities and Futures Act” or “SFA”	: Securities and Futures Act, Chapter 289 of Singapore
“Share Registrar”	: Lim Associates (Pte) Ltd
“Share Split”	: The sub-division of each ordinary share of \$0.10 each in the authorised and issued share capital of our Company into five ordinary shares of \$0.02 each as described under the section on “Share Capital” of this Prospectus
“Shareholder”	: Person holding Shares in the capital of our Company
“Substantial Shareholder”	: A person who has an interest of 5.0 per cent. or more of the aggregate of the nominal amount of all our Shares
“Shares”	: Ordinary shares of \$0.02 each in the capital of our Company
“Share Lending Agreement”	: The agreement dated 27 October 2005 entered into between Dr Martin Huang and the Lead Manager pursuant to which Dr Martin Huang may lend up to 7,200,000 Shares to the Lead Manager representing 15 per cent. of the Invitation Shares (before the exercise of the Over-allotment Option) solely to cover over-allotments (if any) made in connection with the Invitation
“UOB Asia”, “Lead Manager, Underwriter and Placement Agent”, “Lead Manager”, “Underwriter” or “Placement Agent”	: UOB Asia Limited

### Currencies, Units and Others

“\$” or “S\$” and “cents”	: Singapore dollars and cents respectively
“HK\$”	: Hong Kong dollars
“Rupee”	: Indian rupee
“US\$”	: United States dollars
“%” or “per cent.”	: Per centum
“N.A.” or “n.a.”	: Not Applicable
“sq ft”	: Square feet

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## DEFINITIONS

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### Group Companies and Businesses

<i>“Company” or “Pacific Healthcare”</i>	:	Pacific Healthcare Holdings Ltd.
<i>“Group” or “Proforma Group”</i>	:	Our Company and our subsidiaries, treated for the purpose of this Prospectus as if the group structure had been in existence since 1 January 2001
<i>“ALL”</i>	:	Asia Lifeline Medical Services Pte Ltd
<i>“AMA”</i>	:	Atria Medical Associates Pte Ltd
<i>“Atria-Pan”</i>	:	Atria Pan Dental Group Pte Ltd
<i>“ARC”</i>	:	Aesthetic and Reconstructive Centre Pte Ltd
<i>“ARH”</i>	:	Adam Road Hospital Pte Ltd
<i>“C&amp;A”</i>	:	Chong & Associates Dental Surgery
<i>“CMS”</i>	:	Cross Marketing Services Pte Ltd
<i>“CPMS(HK)”</i>	:	Clinics of Plastic & Maxillofacial Surgery Limited
<i>“DLP”</i>	:	Doctors Lee & Partners Pte Ltd
<i>“DTA”</i>	:	Dr David K L Tay & Associates
<i>“HCL(HK)”</i>	:	Health Concepts Limited
<i>“HCMC(HK)”</i>	:	Health Concepts Medical Centres Limited
<i>“HCS”</i>	:	Healthcare Clinic & Surgery
<i>“ICDL”</i>	:	Image Ceramic Dental Laboratory Pte Ltd (formerly known as Med Frontiers Pte Ltd)
<i>“Image Ceramic”</i>	:	Image Ceramic Dental Laboratory
<i>“Implanet”</i>	:	Implanet Pte Ltd
<i>“J8FC”</i>	:	Junction 8 Family Clinic Pte Ltd
<i>“MDSH”</i>	:	MD Specialist Healthcare Pte Ltd
<i>“MHC Holdings”</i>	:	MHC Holdings Pte Ltd
<i>“Pacific Colorectal”</i>	:	Pacific Colorectal Centre
<i>“Pacific Hospitals(India)”</i>	:	Pacific Hospitals Private Limited
<i>“Pacific Specialist”</i>	:	Pacific Specialist Practice
<i>“PCC”</i>	:	Pacific Children’s Clinic Pte Ltd (formerly known as Kiddies Clinic Pte Ltd)
<i>“PDIC”</i>	:	Pacific Dental Implant Centre Pte Ltd (formerly known as Guan San Enterprises Pte Ltd)

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## DEFINITIONS

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“ <i>PH Asia</i> ”	:	Pacific Healthcare Asia Pte Ltd (formerly known as Asia-Link Dental Services Pte Ltd)
“ <i>PH India</i> ”	:	Pacific Healthcare (India) Pte Ltd
“ <i>PHA</i> ”	:	Pacific Health Alliance Pte Ltd
“ <i>PHDS</i> ”	:	Pacific Healthcare Diagnostics Services Pte Ltd
“ <i>PHHK</i> ”	:	Pacific Healthcare Limited (formerly known as Dental-Link Services Limited)
“ <i>PHMS</i> ”	:	Pacific Healthcare Medical Services Pte Ltd
“ <i>PHSS</i> ”	:	Pacific Healthcare Specialist Services Pte Ltd (formerly known as Tay Eye Surgery Pte Ltd)
“ <i>PHWC</i> ”	:	Pacific Healthcare Women’s Centre Pte Ltd
“ <i>PMFC</i> ”	:	Pacific Medicare Family Clinic Pte Ltd
“ <i>PMM</i> ”	:	Pacific Mah Medical Pte Ltd
“ <i>PPCS</i> ”	:	Peninsula Plaza Clinic & Surgery Pte Ltd
“ <i>SSLC</i> ”	:	Specialist Surgery and Laser Centre Pte Ltd
“ <i>TC@C</i> ”	:	The Clinic @ Cuppage Pte Ltd
“ <i>TCSC</i> ”	:	The Cosmetic Surgery Clinic Pte Ltd (formerly known as The Cosmetic Surgery Clinic, Plastic Surgery and Dental Services Pte Ltd)
“ <i>T&amp;T</i> ”	:	Drs Thompson & Thomson Pte Ltd
“ <i>VMP</i> ”	:	Vagus Medical Pacific Pte Ltd
“ <i>WFC</i> ”	:	Women & Fetal Centre

### Associated Companies

“ <i>Clinic1886</i> ”	:	Clinic 1886 Pte Ltd
“ <i>Haach Pacific</i> ”	:	Haach Pacific Lifestyle & Wellness Pte Ltd
“ <i>MHC</i> ”	:	Managed Health Care Pte Ltd
“ <i>MHC Healthcare</i> ”	:	MHC Healthcare Pte Ltd
“ <i>MHC Healthnet</i> ”	:	MHC Healthnet Pte Ltd
“ <i>Pacific Eldercare and Nursing</i> ”	:	Pacific Eldercare and Nursing Pte Ltd
“ <i>PCT</i> ”	:	Pacific Complementary Therapies
“ <i>PHT</i> ”	:	Pacific Health Therapies Pte Ltd

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## DEFINITIONS

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“PHW”	:	Pacific Healthcare Wellness
“PWMC”	:	Pacific Well Medical Clinic Pte Ltd
“Pacific Hospital Consultants”	:	Pacific Hospital Consultants Pte Ltd (formerly known as Medilane Pte Ltd)
“PH Nursing Home”	:	Pacific Healthcare Nursing Home Pte Ltd
“Rejuvemed”	:	Rejuvemed Pte Ltd
“THC”	:	Town Hall Clinic Pte Ltd
“TPC”	:	Thomson Paediatric Clinic Pte Ltd
“TWLPL”	:	The Wellness Lounge Pte Ltd

### Other Companies, Organisations and Agencies

“Andhra Bank”	:	Andhra Bank (A Govt. of India Undertaking)
“ADCL(HK)”	:	Aesthetic Dental Centre Limited
“Ascendas”	:	Ascendas Pte Ltd
“City University”	:	City University of Hong Kong
“DBS”	:	DBS Bank Limited
“Hitachi”	:	Hitachi Credit Singapore Pte Ltd
“HKOIC(HK)”	:	Hong Kong Osseointegration Implant Centre Limited
“HKUST”	:	Hong Kong University of Science and Technology
“MOH”	:	Ministry of Health, Singapore
“OCBC”	:	Oversea-Chinese Banking Corporation Limited
“Orix Leasing”	:	Orix Leasing Singapore Limited
“Pacific Investments”	:	Pacific Investments Pte Ltd
“TBMC”	:	TBMC Pte Ltd (formerly known as Pacific Tiong Bahru Medical Centre Pte Ltd)
“SCB”	:	Standard Chartered Bank
“SCPEL”	:	Standard Chartered Private Equity Limited
“SDA”	:	Singapore Dental Association
“SDC”	:	Singapore Dental Council
“SIFL”	:	Sing Investments & Finance Limited
“SNB”	:	Singapore Nursing Board

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## DEFINITIONS

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“SMA”	:	Singapore Medical Association
“SMC”	:	Singapore Medical Council
“TW”	:	Therapyworks Pte Ltd
“UOB”	:	United Overseas Bank Limited
“UOB Kay Hian”	:	UOB Kay Hian Private Limited
“WYCPL”	:	Wong Yip Chong (Private) Limited
<b>Business Associates</b>	<b>Brief Description</b>	
“Graciousness”	:	Graciousness Pte Ltd is a lifestyle and beauty care consultancy and investment company
“Grace Scope(HK)”	:	Grace Scope Limited is a healthcare-related consultancy and investment company owned by Alice Scott, a business consultant and Dr Yung Ai-Ling, Teri, an affiliate dentist in Hong Kong
“Haach”	:	Haach Holdings Pte Ltd is a company that operates spa facilities providing a range of body slimming and face contouring treatment services and skincare products
“Haach Lifestyle”	:	Haach Lifestyle & Wellness Pte Ltd is a subsidiary of Haach
“Health Scope”	:	Health Scope Management (HSM) Consultants Pte Ltd is a company wholly owned by Dr Heah Sieu Min, a medical specialist within Pacific Healthcare
“Healthcare & Wellness”	:	Healthcare & Wellness Consultancy Pte Ltd is a healthcare-related consultancy and investment company
“Humility Health”	:	Humility Health Investments Pte Ltd is a healthcare-related consultancy and investment company
“PH Associates”	:	PH Associates Pte Ltd is a company wholly owned by Dr Tan Sian Ann, Ann, Dr Lee Puay Hoon, Julinda and Dr Julianah Bte Abu, medical specialists within Pacific Healthcare
“Noble Healthcare”	:	Noble Healthcare (India) Pte Ltd is a company wholly owned by Dr Ravi Seshadri @ Srinivasan and Dr Krushna Latha Reddy, a medical specialist and a dentist respectively within Pacific Healthcare
“Vitae Healthcare(India)”	:	Vitae Healthcare Private Limited is a company substantially owned by Dr K. Krishna Swaroop Reddy and other healthcare professionals within Pacific Hospitals(India)

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## DEFINITIONS

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For the purpose of this Prospectus, the following persons named in the second column below are also known by the name set out in the first column:–

<b>Also known as</b>	<b>Name in NRIC or Passport</b>
“ <i>Dr William Chong</i> ”	: Dr Chong Lai Leong, William
“ <i>Dr Sandra Chu</i> ”	: Dr Chu Aye Aye Han, Sandra
“ <i>Dr Martin Huang</i> ”	: Dr Huang Hsiang Shui, Martin
“ <i>Dr Iris Chong</i> ”	: Dr Chong Ai Lei, Iris
“ <i>Peter Tai</i> ”	: Tai Pee Tah
“ <i>Daniel Ee</i> ”	: Ee Hock Huat, Daniel Cuthbert
“ <i>Peter Sim</i> ”	: Sim Swee Yam, Peter
“ <i>Philip Lee</i> ”	: Lee Sooi Chuen, Philip

The expressions “Depositor”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

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

Any reference in this Prospectus and the Application Forms and the Electronic Applications to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or any statutory modification thereof and used in this Prospectus and the Application Forms and the Electronic Applications shall, where applicable, have the meaning assigned to it under the Companies Act, the Securities and Futures Act or such statutory modification, as the case may be.

Any reference in this Prospectus, the Application Forms and the Electronic Applications, to Shares being allotted and/or allocated to an applicant includes allotment and/or allocation to CDP for the account of that Applicant.

Any reference to a time of day in this Prospectus, the Application Forms and the Electronic Applications shall be a reference to Singapore time unless otherwise stated.

References in this Prospectus to “our Group”, “we”, “our”, and “us” refer to Pacific Healthcare Holdings Ltd. and its subsidiaries.

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## GLOSSARY OF TECHNICAL TERMS

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To facilitate a better understanding of the business of our Group, the following glossary provides a description of some of the technical terms and abbreviations commonly found in our industry:-

*“aesthetic dentistry”* : Refers to procedures such as tooth whitening, porcelain veneers or tooth coloured fillings, braces and orthognathic surgery that are carried out to improve the appearance of the teeth and jaws.

*“aesthetic medicine”* : Refers to non-surgical procedures such as skin rejuvenation using intense pulse light, radio frequency and lasers, and the use of fillers and botox injections to improve the physical appearance of a person. Also known as “cosmetic medicine”.

*“antenatal/prenatal”* : Refers to the pregnancy period prior to delivery of the baby.

*“cancer”* : A disease characterised by abnormal and uncontrolled growth of cells. The resulting mass, or tumor, can invade and destroy surrounding normal tissues. Cancer cells can spread to other parts of the body.

*“cardiology”* : The branch of medicine that involves the treatment of diseases of the heart and blood vessels such as high-blood pressure, heart attacks and cholesterol-related problems.

*“colorectal surgery”* : A specialised division of surgery that involves the treatment of diseases of the large intestines and rectum such as surgery for piles and cancer. It also includes endoscopy to assess the above areas.

*“cosmetic surgery”* : A division of plastic surgery, involving procedures such as, eyelid surgery, liposuction, breast augmentation, rhinoplasty and facelifts, that are carried out to improve the physical appearance of a person. Also known as “aesthetic” surgery.

*“day surgery centre”* : A facility where patients can undergo surgical procedures and then be discharged on the same day.

*“dental implant”* : A titanium post or fixture placed in the jaw to serve as an anchor on which artificial teeth are attached.

*“dermatology”* : The branch of medicine that involves the treatment of diseases of the skin, such as allergies, eczema, acne, moles and skin cancer.

*“eldercare”* : Eldercare encompasses many services developed to help older people maintain independent lives either at home or out-of-home, and receive the best care when independent living is no longer possible.

*“endodontics”* : The branch of dentistry that involves the treatment of the diseased tooth by removal of the nerve and other contents from the root canal of the tooth, followed by cleaning, and filling of the canal.

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## GLOSSARY OF TECHNICAL TERMS

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<i>“endermologie”</i>	: A machine-assisted massage system that allows positive pressure rolling, in conjunction with applied negative pressure to the skin and underlying tissue in order to improve skin tone.
<i>“endocrinology”</i>	: The branch of medicine that involves the diagnosis and treatment of hormonal disorders including diabetes mellitus, thyroid disorders and obesity.
<i>“endoscopy”</i>	: The use of special instrumentation that allows the examination and treatment of disorders of the interior of a hollow organ including the stomach, large intestines, and the abdominal and pelvic cavities.
<i>“ENT” or “otorhinolaryngology”</i>	: The branch of medicine that involves the treatment of diseases of the ear, nose and throat including sinusitis, ear infections, tonsillitis and cancers of the above areas.
<i>“gastroenterology”</i>	: The branch of medicine that involves the treatment of diseases of the digestive system including ulcers, infections and cancers of the stomach and intestines.
<i>“general practitioner” or “GP”</i>	: A medical doctor who provides primary healthcare services for common conditions such as fever, influenza, cough and other ailments.
<i>“general surgery”</i>	: The branch of medicine that involves the treatment of diseases or injuries by operative procedures.
<i>“implant dentistry”</i>	: Refers to the use of titanium dental implants to replace missing teeth.
<i>“infant mortality rate”</i>	: The number of deaths within the first year of life per 1,000 live births.
<i>“neurology”</i>	: The branch of medicine that involves the treatment and prevention of diseases of the brain and nerves including headaches, strokes, Parkinson’s disease and Alzheimer’s disease.
<i>“obstetrics and gynaecology” or “O&amp;G”</i>	: The branch of medicine that involves the management of disorders of the female reproduction system and the care and treatment of women during and after pregnancy. This includes the treatment of menstrual disorders, screening and surgical treatment of gynaecology problems including cancers, management of the menopausal patient, assisted reproduction, perinatal assessment and post natal care.
<i>“occlusal rehabilitation”</i>	: The reconstruction and restoration of the relationship between the upper and lower teeth.
<i>“ophthalmology”</i>	: The branch of medicine that involves the treatment of various eye conditions such as diabetic retinopathy, glaucoma, cataract and various retinal diseases.

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## GLOSSARY OF TECHNICAL TERMS

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<i>“oral and maxillofacial surgery”</i>	:	The branch of dentistry that involves the surgical treatment of diseases, injuries, and defects of the hard and soft tissues of the oral cavity, jaws and associated facial skeleton.
<i>“orthodontics”</i>	:	The branch of dentistry that involves the correction of mal-alignment of teeth and jaws using braces.
<i>“orthognathic surgery”</i>	:	The branch of dentistry that involves the surgical correction of mal-alignment of teeth and jaws and other dento-facial deformities.
<i>“orthopaedic surgery”</i>	:	The branch of medicine that involves the diagnosis, treatment, rehabilitation, and prevention of injuries and diseases of the body's musculoskeletal system.
<i>“outpatient medical care”</i>	:	Healthcare services that do not require a patient to receive overnight care in a hospital.
<i>“paediatrics”</i>	:	The branch of medicine that involves the prevention, diagnosis and treatment of diseases in children and infants.
<i>“paedodontics”</i>	:	The branch of dentistry that involves the treatment of dental disease in children and includes the monitoring of the growth and development of the jaws and dentition.
<i>“periodontics”</i>	:	The branch of dentistry that involves the treatment of diseases affecting the gums and tissues supporting the teeth.
<i>“physiotherapy”</i>	:	Treatment of disease or injury by physical therapy and exercises.
<i>“pilates”</i>	:	A low-impact form of physical and mental conditioning, focusing on the abdominal, back and regions of the body.
<i>“primary healthcare”</i>	:	A healthcare network which includes outpatient polyclinics and private medical and dental general practitioners' clinics responsible for providing first level of service delivery to the population.
<i>“prosthodontics”</i>	:	The branch of dentistry that involves the replacement of missing teeth with artificial substitutes such as crowns, bridges, dentures or implants.
<i>“psychiatry”</i>	:	The branch of medicine that involves the treatment and prevention of mental illness.
<i>“psychology”</i>	:	The scientific study of the mind, specifically the way it works and how it influences behaviour.
<i>“reconstructive surgery”</i>	:	A division of plastic surgery that corrects deformities that are present at birth, e.g cleft surgery or the result of trauma or tumour resection.

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## GLOSSARY OF TECHNICAL TERMS

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<i>“stem cell”</i>	: A cell with the ability to differentiate into other kinds of cells and is found in various parts of the body including the bone marrow and umbilical cord.
<i>“SARS”</i>	: Severe Acute Respiratory Syndrome.
<i>“traditional chinese medicine” or “TCM”</i>	: A holistic system of medicine originating from the People’s Republic of China which focuses on achieving internal balance between the mind and the body. Treatments include the use of herbal remedies, exercise (both physical and mental), acupressure, acupuncture, massage, meditation and heat application.
<i>“umbilical cord blood stem cells”</i>	: Stem cells obtained from the blood that remains in the umbilical cord at birth. The collected blood is frozen and stored in a specialised facility for use in potential transplants.
<i>“urology”</i>	: The branch of medicine that involves the treatment of kidney, bladder and prostate conditions, including stones, prostatic enlargement and erectile dysfunction.
<i>“vascular surgery”</i>	: A specialised division of surgery that involves the operative treatment of diseases of blood vessels, including varicose veins and aneurysms.
<i>“wellness”</i>	: The concept of a balanced and healthy life and the active process taken to achieve this state including maintaining good nutrition, exercise and stress-control.

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## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

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All statements contained in this Prospectus, statements made in press releases and oral statements that may be made by us or our Directors, Executive Officers or employees acting on our behalf, that are not statements of historical fact, constitute 'forward-looking statements'. You can identify some of these forward-looking statements by terms such as 'may', 'will', 'would', 'could', 'expect', 'anticipate', 'intend', 'forecast', 'if', 'possible', 'probable', 'project', 'should', 'estimate', 'believe', 'plan', or similar words and phrases. However, you should note that these words are not the exclusive means of identifying forward-looking statements.

All statements regarding our expected financial position, business strategy, plans and prospects are forward-looking statements. These forward-looking statements, including but not limited to statements as to our revenue and profitability, prospects, future plans and other matters discussed in this Prospectus regarding matters that are not historical facts are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual future results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by such forward-looking statements. These risk factors and uncertainties are discussed in more detail under the section on "Risk Factors" of this Prospectus.

You should be aware that the prospects and forecasts in respect of our industry and businesses which we refer to in this Prospectus are forward looking statements based on factors and assumptions that may be subject to a high degree of uncertainty and are beyond our control.

Given the risks and uncertainties that may cause our actual future results, performance or achievements to be materially different from that expected, expressed or implied by the forward looking statements in this Prospectus, undue reliance must not be placed on these statements. Neither our Company, the Lead Manager, Underwriter and Placement Agent, the Co-Manager, Primary Sub-Underwriters or Primary Sub-Placement Agents nor any person represents or warrants that our Group's actual future results, performance or achievements will be as discussed in those statements.

Our actual results may differ materially from those anticipated in these forward-looking statements as a result of the risks faced by us. Our Company, the Lead Manager, Underwriter and Placement Agent, the Co-Manager, Primary Sub-Underwriters and Primary Sub-Placement Agents disclaim any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances. We are, however, subject to the provisions of the SFA and the Listing Manual of the SGX-ST regarding corporate disclosure. In particular, pursuant to Section 241 of the SFA, if after the Prospectus is registered but before the close of the Invitation, our Company becomes aware of (a) a false or misleading statement or matter in the Prospectus; (b) an omission from the Prospectus of any information that should have been included in it under Sections 243 of the SFA; or (c) a new circumstance that has arisen since the Prospectus was lodged with the Authority and would have been required by Sections 243 of the SFA to be included in the Prospectus, if it had arisen before the Prospectus was lodged and that is materially adverse from the point of view of an investor, our Company may lodge a supplementary or replacement prospectus with the Authority.

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## SELLING RESTRICTIONS

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### **Singapore**

This Prospectus does not constitute an offer, solicitation or invitation to subscribe for the New Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or is not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. No action has been or will be taken under the requirements of the legislation or regulations of, or of the legal or regulatory authorities of any jurisdiction, except for the lodgement and/or registration of this Prospectus in Singapore in order to permit a public offering of the New Shares and the public distribution of this Prospectus in Singapore. The distribution of this Prospectus and the offering of the New Shares in certain jurisdictions may be restricted by the relevant laws in such jurisdictions. Persons who may come into possession of this Prospectus are required by our Company, the Lead Manager, Underwriter and Placement Agent, the Co-Manager, Primary Sub-Underwriters and Primary Sub-Placement Agents to inform themselves about, and to observe and comply with, any such restrictions.

### **Hong Kong**

This Prospectus has not been and will not be registered with the Registrar of Companies in Hong Kong and accordingly, except as mentioned below, this Prospectus may not be issued, circulated or distributed in Hong Kong.

This Prospectus may be issued to professional investors within the meaning of the Securities and Futures Ordinance (the “Ordinance”) (Chapter 571 of the Laws of Hong Kong); or otherwise pursuant to, and in accordance with the conditions of, any other applicable exemptions set out in the Ordinance and/or the Companies Ordinance (Chapter 32 of the Laws of Hong Kong). This Prospectus may also be issued in a manner that does not constitute an invitation or an offer to the public in Hong Kong to acquire or subscribe for the New Shares.

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## DETAILS OF THE INVITATION

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### LISTING ON THE SGX-ST

We have applied to the SGX-ST for permission to deal in, and for quotation of, all our Shares already issued as well as the New Shares, the Additional Shares and the Option Shares, on the SGX-ST. Such permission will be granted when our Company has been admitted to the Official List of the SGX-ST. Our acceptance of applications will be conditional upon, *inter alia*, the SGX-ST granting permission to deal in, and for quotation of, all our existing issued Shares, the New Shares, the Additional Shares and the Option Shares. Monies paid in respect of any application accepted will be returned to you at your own risk without interest or any share of revenue or other benefit arising therefrom if the said permission is not granted and you will not have any claims against us, the Lead Manager, Underwriter and Placement Agent, the Co-Manager, Primary Sub-Underwriters or Primary Sub-Placement Agents.

In connection with the Invitation, we have granted the Lead Manager an Over-allotment Option exercisable by the Lead Manager, in whole or in part, during the period commencing on the Listing Date and expiring on the date falling 30 days after the Listing Date. The Lead Manager may subscribe and/or procure subscribers for the Additional Shares, representing in aggregate not more than 15 per cent. of the Invitation Shares (before the exercise of the Over-allotment Option), at the Issue Price solely for the purpose of covering over-allotments (if any) made in connection with the Issue. The Lead Manager may over-allot or effect transactions which stabilise or maintain the market price of the Shares, subject to compliance with the laws of Singapore. Such stabilisation, if commenced, may be discontinued by the Lead Manager at any time at the Lead Manager's discretion in accordance with the laws of Singapore.

The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Prospectus. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Invitation, our Company, our subsidiaries, our Group's associated companies, our Shares, the New Shares, the Additional Shares or the Option Shares.

A copy of this Prospectus has been lodged with and registered by the Authority. The Authority assumes no responsibility for the contents of this Prospectus. Registration of this Prospectus by the Authority does not imply that the SFA, or any legal or regulatory requirements, have been complied with. The Authority has not, in any way, considered the merits of our Shares, the New Shares, the Additional Shares or the Option Shares, as the case may be, being offered or in respect of which an invitation is made, for investment.

We are subject to the provisions of the SFA and the Listing Manual of the SGX-ST regarding corporate disclosure. In particular, if after this Prospectus is registered but before the close of the Invitation, we become aware of:–

- (a) false or misleading statement or matter in this Prospectus;
- (b) an omission from this Prospectus of any information that should have been included in it under Section 243 of the SFA; or
- (c) a new circumstance that has arisen since this Prospectus was lodged with the Authority which would have been required by Section 243 of the SFA to be included in this Prospectus if it had arisen before this Prospectus was lodged,

that is materially adverse from the point of view of an investor, we may lodge a supplementary or replacement prospectus with the Authority pursuant to Section 241 of the SFA.

Where the Authority issues a stop order pursuant to Section 242 of the SFA, and

- (a) in the case where the New Shares have not been issued to the applicants, the applications of the New Shares pursuant to the Invitation shall be deemed to have been withdrawn and cancelled and our Company shall, within 14 days from the date of the stop order, pay to the applicants all monies the applicants have paid on account of their applications for the New Shares; or

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## DETAILS OF THE INVITATION

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(b) in the case where the New Shares have been issued to the applicants, the issue of the New Shares pursuant to the Invitation shall be deemed to be void and our Company shall, within 14 days from the date of the stop order, pay to the applicants all monies paid by them for the New Shares.

Such monies paid in respect of your application will be returned to you at your own risk, without interest or any share of revenue or other benefit arising therefrom, and you will not have any claim against us, the Lead Manager, Underwriter and Placement Agent, the Co-Manager, the Primary Sub-Underwriters or the Primary Sub-Placement Agents.

This Prospectus has been seen and approved by our Directors and they individually and collectively accept full responsibility for the accuracy of the information given in this Prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge, information and belief, the facts stated and opinions expressed in this Prospectus are fair and accurate in all material respects as at the date of this Prospectus and that all expressions of opinion, intention and expectation contained herein are honestly held and made after due and careful consideration, and that this Prospectus constitutes a full and true disclosure of all the material facts of this Invitation as at the date of this Prospectus and that there are no other material facts the omission of which would make any statement in this Prospectus misleading.

Neither our Company, the Lead Manager, Underwriter and Placement Agent, the Co-Manager and the Primary Sub-Underwriters and Primary Sub-Placement Agents nor any other party involved in the Invitation is making any representation to any person regarding the legality of an investment in our Shares by such person under any investment or other laws or regulations. No information in this Prospectus should be considered as being business, legal or tax advice regarding an investment in our Shares. Each prospective investor should consult his own professional or other advisers for business, legal or tax advice regarding an investment in our Shares.

No person has been or is authorised to give any information or to make any representation not contained in this Prospectus in connection with the Invitation and, if given or made, such information or representation must not be relied upon as having been authorised by our Company, the Lead Manager, Underwriter and Placement Agent, the Co-Manager and the Primary Sub-Underwriters and Primary Sub-Placement Agents. Neither the delivery of this Prospectus and the Application Forms nor any documents relating to the Offer or the Placement nor the Invitation shall, under any circumstances, constitute a continuing representation or create any suggestion or implication that there has been no change in our affairs or in any statements of fact or information contained in this Prospectus since the date of this Prospectus. Where such changes occur, we will promptly make an announcement of the same to the SGX-ST and/or the Authority and the public and, if required, lodge a supplementary document or replacement document pursuant to Section 241 of the SFA and take immediate steps to comply with Section 241 of the SFA. All applicants should take note of any such announcement and, upon release of such an announcement, shall be deemed to have notice of such changes. Save as expressly stated in this Prospectus, nothing herein is, or may be relied upon as, a promise or representation as to our future performance or policies.

This Prospectus has been prepared solely for the purpose of the Invitation and may not be relied upon by any persons other than the applicants in connection with their application for the New Shares or for any other purpose.

**This Prospectus does not constitute an offer, solicitation of, or invitation to subscribe for the New Shares in any jurisdiction in which such offer or invitation is unauthorised or unlawful nor does it constitute an offer, solicitation or invitation to any person to whom it is unlawful to make such offer, solicitation or invitation.**

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## DETAILS OF THE INVITATION

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Copies of this Prospectus and the Application Forms and envelopes may be obtained on request, subject to availability, during office hours, from:-

**UOB ASIA LIMITED**  
1 Raffles Place #13-01  
OUB Centre  
Singapore 048616

**HONG LEONG FINANCE LIMITED**  
16 Raffles Quay #01-05  
Hong Leong Building  
Singapore 048581

and from members of the Association of Banks in Singapore, members of the SGX-ST and merchant banks in Singapore. A copy of this Prospectus is also available on the SGX-ST website (<http://www.sgx.com>).

**The Application List will open at 10 a.m. on 9 November 2005 and will remain open until 12.00 noon on the same day or for such further period or periods as our Directors may, in consultation with the Lead Manager and the Co-Manager, decide, subject to any limitation under all applicable laws. Where a supplementary document or replacement document is lodged with the Authority, the Application List shall be kept open for at least another 14 days after the lodgement of the supplementary document or replacement document.**

Where prior to the lodgement of the supplementary or replacement prospectus, applications have been made under this Prospectus to subscribe for the New Shares and:-

- (a) where the New Shares have not been issued to the applicants, our Company shall either:-
  - (i) within seven (7) days from the date of lodgement of the supplementary or replacement prospectus, give the applicants the supplementary or replacement prospectus, as the case may be, and provide the applicants with an option to withdraw their applications; or
  - (ii) treat the applications as withdrawn and cancelled, in which case the applications shall be deemed to have been withdrawn and cancelled, and our Company shall, within seven (7) days from the date of lodgement of the supplementary or replacement prospectus, return all monies paid in respect of any application; or
- (b) where the New Shares have been issued to the applicants, our Company shall either:-
  - (i) within seven (7) days from the date of lodgement of the supplementary or replacement prospectus, give the applicants the supplementary or replacement prospectus, as the case may be, and provide the applicants with an option to return the New Shares, which they do not wish to retain title in; or
  - (ii) treat the issue of the New Shares as void, in which case the issue shall be deemed void and our Company shall, within seven (7) days from the date of lodgement of the supplementary or replacement prospectus, return all monies paid in respect of any application.

An applicant who wishes to exercise his option under paragraph (a)(i) to withdraw his application shall, within 14 days from the date of lodgement of the supplementary or replacement prospectus, notify our Company of this, whereupon our Company shall, within seven (7) days from the receipt of such notification, pay to him all monies paid by him on account of his application for those New Shares without interest or a share of revenue or benefit arising therefrom, at the applicant's risk.

An applicant who wishes to exercise his option under paragraph (b)(i) to return the New Shares issued to him shall, within 14 days from the date of lodgement of the supplementary or replacement prospectus, notify our Company of this and return all documents, if any, purporting to be evidence of title to those New Shares, to our Company, whereupon our Company shall, within seven (7) days from the receipt of such notification and documents, if any, pay to him all monies paid by him for those Shares and the issue of those New Shares shall be deemed to be void.

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## DETAILS OF THE INVITATION

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### INDICATIVE TIMETABLE FOR LISTING

In accordance with the SGX-ST's News Release of 28 May 1993 on the trading of initial public offering shares on a "when issued" basis, an indicative timetable is set out below for the reference of applicants:-

Indicative time/date	Event
12.00 noon on 9 November 2005	Close of Application List
10 November 2005	Balloting of applications, if necessary (in the event of an oversubscription for the Offer Shares)
9.00 a.m. on 11 November 2005	Commence trading on a "when issued" basis
22 November 2005	Last day of trading on a "when issued" basis
9.00 a.m. on 23 November 2005	Commence trading on a "ready" basis
28 November 2005	Settlement date for all trades done in respect of the Shares on a "when issued" basis and for all trades done on a "ready" basis on 23 November 2005

The above timetable is only indicative as it assumes that the closing of the Application List will be 9 November 2005, the date of admission of our Company to the Official List of SGX-ST will be 11 November 2005, the SGX-ST's shareholding spread requirement will be complied with and the New Shares will be issued and fully paid-up prior to 11 November 2005. The actual date on which the Shares will commence trading on a "when issued" basis will be announced when it is confirmed by the SGX-ST.

The above timetable and procedures may be subject to such modification as the SGX-ST may, in its absolute discretion, decide, including the decision to permit trading on a "when issued" basis and the commencement of such trading.

The Invitation will open from 28 October 2005 to 9 November 2005.

Investors should consult the SGX-ST's announcement on the "ready" trading date on the SGX-ST website (<http://www.sgx.com>), INTV or the newspapers, or check with their brokers on the date on which trading on a "ready" basis will commence. In the event of a change in the timing of the close of the Application List or the shortening or extension of the time period during which the Invitation is open, we will publicly announce the same:-

- (i) through a SGXNET announcement to be posted on the Internet at the SGX-ST website (<http://www.sgx.com>); and
- (ii) in a local English newspaper, namely The Straits Times.

**All persons trading in our Shares on a "when issued" basis, do so at their own risk. In particular, persons trading in our Shares before their Securities Accounts with CDP are credited with the relevant number of Shares do so at the risk of selling Shares which neither they nor their nominees, as the case may be, have been allotted or are otherwise beneficially entitled to. Such persons are also exposed to the risk of having to cover their net sell positions earlier if "when issued" trading ends sooner than the indicative date mentioned above. Persons who have a net sell position traded on a "when issued" basis should close their position on or before the first day of "ready" basis trading.**

We will publicly announce the level of subscription and the basis of allotment of the New Shares pursuant to the Invitation, as soon as it is practicable after the close of the Application List:-

- (i) through a SGXNET announcement to be posted on the Internet at the SGX-ST website (<http://www.sgx.com>); and
- (ii) in a local English newspaper, namely The Straits Times.

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## PLAN OF DISTRIBUTION

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The Invitation is for the New Shares (plus the Additional Shares which may be issued upon exercise of the Over-allotment Option) offered in Singapore by way of public offer and a placement comprising the Offer Shares and the Placement Shares lead managed and underwritten by UOB Asia and sub-underwritten by UOB and UOB Kay Hian. HLF is the Co-Manager of the Invitation.

The Issue Price is determined by us in consultation with the Lead Manager, Underwriter and Placement Agent based on market conditions and estimated market demand for our Shares determined through a book-building process. The Issue Price is the same for each New Share and is payable in full on application.

### **(A) Offer Shares**

The Offer Shares are made available to the members of the public in Singapore for subscription at the Issue Price. The terms, conditions and procedures for application and acceptance are described in Appendix IV of this Prospectus.

In the event of an under-subscription for the Offer Shares as at the close of the Application List, the number of Offer Shares not subscribed for shall be made available to satisfy excess applications for the Placement Shares to the extent there is an over-subscription for the Placement Shares as at the close of the Application List.

In the event of an over-subscription for the Offer Shares as at the close of the Application List and the Placement Shares are fully subscribed or over-subscribed as at the close of the Application List, the successful applications for the Offer Shares will be determined by ballot or otherwise as determined by our Directors and approved by the SGX-ST.

Pursuant to the terms and conditions contained in the Management and Underwriting Agreement signed between our Company, the Lead Manager and the Underwriter, and the Co-Manager dated 27 October 2005, UOB Asia has agreed to underwrite our Offer Shares. UOB Asia may, at its absolute discretion, appoint one or more sub-underwriters for the Offer Shares.

### **(B) Placement Shares (excluding Reserved Shares)**

The Placement Shares (excluding Reserved Shares) are reserved for placement to members of the public and institutional investors in Singapore.

Application for the Placement Shares may only be made by way of an application form. The terms, conditions and procedures for application and acceptance are described in Appendix IV of this Prospectus.

Pursuant to the terms and conditions contained in the Placement Agreement signed between our Company and the Placement Agent dated 27 October 2005, the Placement Agent has agreed to subscribe for and/or procure subscribers for the Placement Shares (including Reserved Shares) at the Issue Price. UOB Asia may, at its absolute discretion, appoint one or more sub-placement agents for the Placement Shares.

In the event of an under-subscription for the Placement Shares as at the close of the Application List, the number of Placement Shares not subscribed for shall be made available to satisfy excess applications for the Offer Shares to the extent that there is an over-subscription for the Offer Shares as at the close of the Application List. Subscribers of the Placement Shares (excluding Reserved Shares) may be required to pay brokerage of up to 1.0 per cent. of the Issue Price.

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## PLAN OF DISTRIBUTION

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### (C) Reserved Shares

To recognise the contributions made to our Group, we have reserved 1,000,000 Placement Shares for subscription by our management, employees, Independent Directors, business associates and those who have contributed to the success of our Group at the Issue Price. These Reserved Shares are not subject to any moratorium and may be disposed of after the admission of our Company to the Official List of the SGX-ST. However, none of them will be offered more than 5.0 per cent. of the total New Shares.

In the event any of the Reserved Shares are not taken up, they will be made available to satisfy excess applications for the Placement Shares to the extent there is an over-subscription for the Placement Shares as at the close of the Application List, or, in the event of an under-subscription for the Placement Shares as at the close of the Application List, to satisfy excess applications made by members of the public for the Offer Shares to the extent there is an over-subscription for the Offer Shares as at the close of the Application List.

To the best of our knowledge and belief, we are not aware of any person who intends to subscribe for Shares in the Invitation amounting to more than 5.0 per cent. of the New Shares. However, through a book-building process to assess market demand for our Shares, there may be person(s) who may indicate his interest to subscribe for more than 5.0 per cent. of the New Shares. If such person(s) were to make an application for more than 5.0 per cent. of the New Shares pursuant to the Invitation and subsequently allotted such number of Shares, we will make the necessary announcements at an appropriate time (if required). The final allocation of Shares will be in accordance to the shareholding spread and distribution guidelines as set out in Clause 210 of the Listing Manual.

Further, no Shares shall be allotted on the basis of this Prospectus later than six months after the date of registration of this Prospectus.

## OVER-ALLOTMENT AND STABILISATION

In connection with the Invitation, and in consideration of the parties' mutual obligations under the Management and Underwriting Agreement entered into between the Company, the Lead Manager and the Co-Manager on 27 October 2005, we have granted the Lead Manager the Over-allotment Option exercisable by the Lead Manager, in whole or in part, during the period commencing on the Listing Date and expiring on the date falling 30 days after the Listing Date, to subscribe and/or procure subscribers for the Additional Shares, at the Issue Price, solely for the purpose of covering over-allotments (if any) made in connection with the Invitation.

In over-allotting the Additional Shares, priority will be given to satisfying the excess demand for the Placement Shares before satisfying any excess demand for the Offer Shares.

In addition, Dr Martin Huang has entered into a Share Lending Agreement with the Lead Manager to lend up to 7,200,000 Shares to the Lead Manager for the purpose of effecting the over-allotment or stabilisation activities in connection with the Invitation.

As disclosed under the section on "Moratorium" of this Prospectus, Dr Martin Huang's entire post-Invitation shareholdings of 8,526,667 Shares will be subject to a moratorium, save for up to 7,200,000 Shares that may be lent to UOB Asia pursuant to the over-allotment and price stabilisation activities which may be affected in connection with the Invitation. At the conclusion of the price stabilisation activities, all Shares lent by Dr Martin Huang are required to be returned to Dr Martin Huang and will thereafter be subject to the moratorium undertaking.

In order to facilitate the distribution of the Invitation Shares in the Invitation, the Lead Manager may, in its discretion but subject always to applicable laws and regulations in Singapore, over-allot or effect transactions which stabilise or maintain the market price of the Shares at levels which might not otherwise prevail in the open market. Such transactions may be effected on the SGX-ST and in all jurisdictions where it is permissible to do so, in each case, in compliance with all applicable laws and regulatory requirements. Such stabilisation activities, if commenced, may be discontinued by the Lead Manager at any time at the Lead Manager's discretion and shall not be effected after the earlier of (a) the date falling 30 days from the Listing Date; or (b) the date when the over-allotment of our Shares which are subject to the Over-allotment Option has been fully covered (either through the purchase of our Shares on the SGX-ST or the exercise of the Over-allotment Option by the Lead Manager, or through both).

Neither our Company, Dr Martin Huang nor the Lead Manager, makes any representation or prediction as to the magnitude of any effect that the transactions described above may have on the price of our Shares. In addition, neither our Company, Dr Martin Huang nor the Lead Manager makes any representation that the Lead Manager will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice (unless such notice is required by law). The Lead Manager, being the stabilising manager, will be required to make a public announcement through the SGX-ST on the cessation of stabilisation activities and the extent to which the Over-allotment Option has been exercised.

## PROSPECTUS SUMMARY

*The information contained in this summary is derived from and should be read in conjunction with the full text of this Prospectus. Terms defined elsewhere in this Prospectus have the same meanings when used herein. Prospective investors should carefully consider the information presented in this Prospectus, particularly the matters set out under the section on "Risk Factors" before buying our Shares.*

### OVERVIEW OF OUR GROUP

#### Our Company

Our Company was incorporated on 26 January 2001. Our Group was formed through the amalgamation of several medical specialist and dental practices, following which Pacific Healthcare Holdings Pte. Ltd. became the holding company of our Group. On 9 September 2005, we converted to a public company and changed our name to Pacific Healthcare Holdings Ltd..

#### Our Business

We are an integrated healthcare provider offering a comprehensive range of healthcare services, encompassing specialist medical care, general practice medicine, dentistry, health screening, wellness services, as well as the operation of nursing homes, day surgery centres and a psychiatric hospital. This integrated network of healthcare services allows patients to be treated in a multi-disciplinary manner within our Group.

Our business is organised into two divisions, namely the Specialist Healthcare Division and Primary Healthcare Division. The Specialist Healthcare Division comprises two units, namely Clinical Services and Facilities Management. Our Specialist Healthcare Division is the foundation on which we have established ourselves as a leading provider of quality healthcare. The Primary Healthcare Division comprises three units, namely Dentistry, General Practice Medicine and Eldercare and Wellness Services. It complements our Specialist Healthcare Division in enabling our Group to provide a comprehensive range of quality healthcare services. We serve both corporate and individual patients and our services cater to people of all age groups.

As at LPD, we have operations in Singapore, Hong Kong and India.

In Singapore, we operate a total of 11 specialist clinics, 11 general practice medical clinics, five dental clinics, a day surgery centre, a psychiatric hospital and a fitness centre. Through our associated companies, we also operate four specialist clinics, eight general practice medical clinics, a nursing home, a wellness centre and a TCM service centre.

In Hong Kong, we provide medical services to medical practices operated by the HKUST and City University. We also provide facilities, management and administrative services to two dental companies.

In India we operate a multi-disciplinary specialist centre with consulting suites, a medical diagnostic laboratory, a health screening centre with imaging facilities, a day surgery centre and a women's spa.

Please refer to the section on "Business Overview" in the main body of this Prospectus for further details.

## PROSPECTUS SUMMARY

### Our Competitive Strengths

Our Directors believe our competitive strengths are as follows:–

- (a) We are a comprehensive and integrated healthcare service provider, offering a wide range of medical and dental services, including multi-disciplinary specialist healthcare.
- (b) We have a team of qualified, experienced and committed medical specialists and healthcare professionals providing their knowledge and expertise to our patients.
- (c) We have an experienced management team with proven track record led by our Executive Directors namely Dr William Chong, Dr Sandra Chu and Dr Martin Huang, who have been responsible in growing our business from its inception to the current network of approximately 90 healthcare professionals in Singapore, Hong Kong and India as at LPD.
- (d) Many of our clinics are well-established practices with proven track records.
- (e) We adopt a holistic and patient-centric approach to healthcare and attend to the overall needs and concerns of the patient rather than focusing on individual illnesses.
- (f) We have a regional outlook and have commenced developing a presence in the region.

Please refer to the section on “Competitive Strengths” in the main body of this Prospectus for further details.

### Our Prospects

Our Directors believe that the prospects of the healthcare industry in Singapore, Hong Kong and India are bright and have potential for the reasons stated below:–

#### **(a) Prospects for the Healthcare Service Industry in Singapore**

Singapore’s strong economic development and rising level of education standards have resulted in a long term demand for specialist medical services.

The increasing societal demands and work pressures of modern living have brought with it health-related implications, in particular an increase in diseases relating to stress and a sedentary lifestyle. This has resulted in demand for wellness services.

Concurrent with media attention and changes in society’s attitude towards physical appearance, there is a tendency to focus on improving or enhancing one’s external appearance. This is reflected in the increasing demand for cosmetic surgery and aesthetic medicine, and implant and aesthetic dentistry.

Women now constitute a significant part of the workforce and are increasingly financially independent. The demands of career and the changing attitudes towards the timing of marriage and family may result in delayed parenthood. With increased maternal age, there is a decrease in fertility and an increase in complications during pregnancy. This increases the need for assisted reproduction, fetal diagnosis and other aspects of obstetric care.

The declining birthrate and the preference for smaller family units will lead to an increasingly aging population. The importance of preventive health programmes, as well as the long-term need for nursing homes will continue to rise.

Singapore is well-known for its medical excellence and patients from around the region have come to seek a wide spectrum of healthcare services and treatments. The Economic Development Board, Singapore Tourism Board and International Enterprise Singapore have launched *SingaporeMedicine*, a multi-agency initiative aimed at promoting and establishing

## PROSPECTUS SUMMARY

Singapore as one of Asia's leading medical hub. As more overseas patients may seek medical treatment in Singapore, we expect to benefit from the increase in demand for such healthcare services.

### **(b) Prospects for the Healthcare Service Industry in Hong Kong**

The private sector in Hong Kong is made up of numerous medical clinics and a number of private hospitals. These private healthcare service providers are an alternative to the existing government facilities and cater to a niche market of corporate clients and private individuals from Hong Kong and the neighbouring countries. With changes in immigration and travel regulations in the People's Republic of China, our Directors believe that there is a large pool of patients who might utilise the established healthcare system in Hong Kong, thus improving the prospects for the healthcare service industry.

### **(c) Prospects for the Healthcare Service Industry in India**

India has the second largest population in the world and is also one of the fastest growing economies in the world. Its strong economic growth will result in an increasing affluence of its population, and will ensure a growing demand for private healthcare services. India also has a shortage of doctors and hospital beds. These factors, coupled with the increasing development of medical tourism in India may result in an increased demand for healthcare services and medical facilities in India.

## **Our Business Strategy**

Our vision is to develop our Group into a premier healthcare service provider, renowned for *Care, Compassion and Medical Excellence* both in Singapore and Asia. In line with this vision, we have embarked on an active, yet moderated, expansion plan based on both organic growth, as well as appropriate joint ventures and/or acquisitions of established healthcare businesses that offer synergistic opportunities for our Group.

### **(a) Enhance our corporate branding**

We have built Pacific Healthcare on the strong reputation and clinical practice of our numerous established clinics. Many of these clinics individually have credible track records of over ten years. By establishing a common 'umbrella' identity and corporate branding of Pacific Healthcare Holdings, we are confident that patients will come to identify us as a leading integrated healthcare provider that is able to offer comprehensive and multi-disciplinary medical and dental treatments by experienced and reputable healthcare professionals.

### **(b) Provision of comprehensive and integrated healthcare services**

We currently provide a wide range of healthcare services ranging from *inter alia* multi-disciplinary specialist healthcare, general practice medicine, dentistry and cosmetic surgery and aesthetic medicine for patients from all age groups. This allows patients to be treated in an integrated manner. We intend to continue expanding the scope of our services such that we are able to provide both comprehensive and patient-centric healthcare.

## PROSPECTUS SUMMARY

### **(c) Focus on potential medical growth areas**

While we intend to generally enhance our range of medical and dental services, the following are the key growth areas identified for the immediate future:-

- (i) Specialist Healthcare, in particular multi-disciplinary specialist healthcare, cosmetic surgery and aesthetic medicine and women's and children's healthcare; and
- (ii) Implant and aesthetic dentistry.

### **(d) Regional Expansion**

As the economies in the region continue to recover and grow, our Directors believe that there are growth opportunities for our Group in Hong Kong and India, where we have a presence and intend to grow our clinics and facilities. We will continue to explore other opportunities in the region, including India, Indonesia, Vietnam and China.

## Our Future Plans

### **(a) Expansion in Specialist Healthcare Market Segment**

We will continue our expansion in the Specialist Healthcare market business segment through the expansion of specialist medical services and existing facilities, as well as through acquisitions, joint ventures and strategic alliances as this represents both our area of core competence and is additionally our major source of income. We will also invest in other healthcare-related areas which we believe will complement our current and future plans, including wellness facilities. We are currently exploring opportunities for co-operation with an international research institute for advanced medical technologies and techniques relating to cord blood banking and research. We believe that such an approach will expand our range of healthcare services and provide an impetus for our future growth.

### **(b) Redevelopment of Adam Road Hospital**

Through our associated company Pacific Hospital Consultants, we entered into an agreement to purchase the Adam Road Hospital site. We intend to redevelop the land and upgrade the hospital to provide other value added medical specialist clinics, and services such as rehabilitation, wellness and day surgery facilities.

### **(c) Establishment of a cord blood bank and research centre in Hyderabad and business expansion in India**

We have established a four-storey multi-disciplinary specialist centre in October 2004 focusing on offering outpatient specialist services in Hyderabad, India.

We intend to set up a cord blood bank and research center within our existing multi-disciplinary specialist center.

As part of our expansion plans in India, we entered into a Memorandum of Understanding ("MOU") with a local Indian partner Katra Healthcare Pvt Ltd ("Katra") on 2 May 2005, which provides a framework for merging our Group's Indian operations with Katra's through a joint venture, which may include the setting up and/or management of a women's and children's hospital in Hyderabad, and expansion of other medical specialist clinics and healthcare and wellness related businesses in key cities in India, where suitable business opportunities arise.

Please refer to the section on "Future Plans" in the main body of this Prospectus for further details.

## PROSPECTUS SUMMARY

### Our Ownership Structure

Immediately following the Invitation, our Executive Directors, Dr William Chong, Dr Martin Huang and Dr Sandra Chu, will hold directly and indirectly in aggregate approximately 38.3 per cent. of our issued share capital.

### Our Contact Details

Our principal and registered office is located at 290 Orchard Road #12-01 Paragon Singapore 238859. Our telephone number is 6733 3909. Our facsimile number is 6235 3227.

Our website address is <http://www.pachealthholdings.com>.

**Information contained in our website does not constitute part of this Prospectus.**

### SUMMARY FINANCIAL DATA

The following selected financial results for our Group for the period under review should be read in conjunction with the full text of the Prospectus, including the Independent Auditors' Report and the Unaudited Proforma Consolidated Financial Information of our Group set out in Appendix I of this Prospectus.

### Our Operating Results

		Proforma	
\$'000		FY2002	FY2003
Revenue		34,276	35,988
Profit from operations		4,335	5,319
EBITDA		6,227	7,479
Net profit attributable to shareholders		3,433	4,078
			FY2004

### Financial position of our Group

	Proforma as at 31 December 2004
\$'000	
Total current assets	17,906
Total assets	55,756
Total current liabilities	21,142
Total liabilities	33,795
Shareholders' equity	20,952

## THE INVITATION

Issue Size	: 48,000,000 New Shares (excluding the new Shares which may be issued pursuant to the Over-allotment Option). The New Shares, upon issue and allotment, will rank <i>pari passu</i> in all respects with the existing issued Shares.
Issue Price	: \$0.30 for each New Share
The Invitation	: The Invitation comprises an offering of:– 2,000,000 Offer Shares, offered to members of the public in Singapore; 45,000,000 Placement Shares (excluding Reserved Shares), reserved for placement to members of the public and institutional investors in Singapore; and 1,000,000 Reserved Shares, reserved for our management, employees, Independent Directors and business associates and those who have contributed to the success of our Group.
Over-allotment Option	: We have granted the Lead Manager the Over-allotment Option which is exercisable in whole or in part within 30 days during the period commencing on the Listing Date and expiring on the date falling 30 days after the Listing Date, to subscribe and/or procure subscribers for the Additional Shares, solely to cover over-allotments (if any) in the Invitation. Unless we indicate otherwise, all information in this Prospectus assumes that the Lead Manager does not exercise the Over-allotment Option.
Stabilisation	: In connection with the Invitation, the Lead Manager may, in its discretion over-allot or effect transactions which stabilise or maintain the market price of the Shares at levels which might not otherwise prevail in the open market, subject to compliance with applicable laws and regulations in Singapore. Such stabilisation, if commenced, may be discontinued at any time at the Lead Manager's discretion.
Purpose of the Invitation	: Our Directors consider that the listing of our Company and the quotation of our Shares on the SGX-ST will enhance our public image locally and overseas and enable us to tap the capital markets for the expansion of our operations. The Invitation will also provide members of the public, our management, employees, Independent Directors and business associates and those who have contributed to our success with an opportunity to participate in the equity of our Company.

## THE INVITATION

Use of proceeds	<p>: The net proceeds from the issue of the New Shares (after deducting estimated issue expenses of \$2.7 million) is approximately \$11.7 million, which we intend to utilise in the following manner:-</p> <ul style="list-style-type: none"><li>(i) approximately \$3.5 million to finance the expansion of our Specialist Healthcare segment;</li><li>(ii) approximately \$2.0 million to partially finance the acquisition and redevelopment of Adam Road Hospital;</li><li>(iii) approximately \$1.0 million to partially finance our plans in India, in particular the establishment of a cord blood bank and research centre in India;</li><li>(iv) approximately \$1.5 million to repay bank borrowings. Please refer to the section on "Capitalisation and Indebtedness" of this Prospectus; and</li><li>(v) the balance to be used for working capital.</li></ul> <p>Details of (i) to (iii) above are set out under the section on "Future Plans" of this Prospectus.</p> <p>If the Over-allotment Option is exercised by UOB Asia, we shall use the net proceeds arising from such over-allotment as general working capital of our Group</p> <p>Pending the deployment of the net proceeds from the issue of the New Shares, the funds will be placed in short-term deposits with banks and financial institutions or invested in money market instruments or used for our working capital requirements as our Directors may deem fit.</p>
Listing status	<p>: Our Shares will be quoted on the SGX-ST, subject to admission of our Company to the SGX-ST and permission for dealing in and for quotation of our Shares being granted by the SGX-ST.</p>

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## RISK FACTORS

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*Investors should consider carefully the following risk factors and all other information contained in this Prospectus, before deciding to invest in our Shares. You should also note that certain of the statements set forth below constitute “forward-looking statements” that involve risks and uncertainties.*

If any of the following risk factors and uncertainties develop into actual events, our business, financial condition or results of operations or cash flows may be adversely affected. In such circumstances, the trading price of our Shares could decline and investors may lose all or part of their investment. To the best of our Directors' belief and knowledge, all the risk factors that are material to investors in making an informed judgement have been set out below.

### RISKS RELATING TO OUR EXPANSION

#### **We may not be able to manage our growth effectively**

We carry out our expansion plans through the set-up of new clinics, expansion of existing medical facilities, mergers, acquisitions, joint ventures and/or strategic alliances in areas of healthcare which we believe will be able to complement our existing network. Our continuing expansion may strain our resources and may also over-stretch our management and healthcare personnel. We also need to familiarise ourselves comprehensively with the relevant medical regulations, business requirements and conditions in the case of our overseas operations. Furthermore, we need to be able to integrate any acquired companies, businesses and assets to our existing operations whilst minimising any integration costs and overcoming operational difficulties.

If we are unable to successfully manage our growth and expansion locally and overseas, our operations and financial performance may be adversely affected. In the past, we have had to rationalise our operations because we were unable to successfully integrate some of our acquisitions. We entered into settlement agreements with certain entities or doctors who have since left our Group as further described in the section on “Restructuring Exercise” of this Prospectus.

#### **We may require additional financing to fund our growth**

In the course of our expansion plans, we may also require additional funding for our new projects and future plans (please see the section on “Future Plans” of this Prospectus). Such funding can come from the issuance of debt instruments or equity securities. There can be no assurance that we would be able to obtain adequate debt financing and even if we are able to, that it will be on terms that are acceptable to our Group. Any additional debt financing may also increase our interest expense and gearing, apart from containing restrictive covenants with respect to dividends, future fund raising exercises and other financial and operational matters. Our Group's inability to obtain additional debt financing on acceptable terms or inability to service our existing and new debt financing could adversely affect our Group's growth plans and financial performance.

#### **We are subject to expansion risks as we establish new clinics, acquire existing businesses or when we invest in related but new businesses in Singapore and overseas**

We are in a continual process to acquire and establish new clinics locally and overseas. As part of our expansion strategy, we invest in healthcare related businesses, which we believe represent areas of growth and have synergies with our Group's existing operations. These include a nursing home, a maternity spa and a wellness centre in Singapore, as well as a multi-disciplinary specialist clinic and a proposed cord blood bank and research centre in Hyderabad, India. We have no prior experience in directly managing these new businesses. As such, we may incur financial losses in the initial startup period before we gain the necessary market knowledge and experience and reap returns on our investments. In addition, any delay in commencing operations will prolong the startup period and result in higher pre-operating expenses. In the event that these new businesses are not successful, we may have to divest or write-off such investments. Such pre-operating expenses, startup losses, divestments and/or investment write-offs will have an adverse effect on our operations and financial performance.

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## RISK FACTORS

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In respect of our maternity spa and wellness centre in Singapore, MOH and SMC are aware of our investments in these projects where we do not hold a majority interest. In the event the authorities have reservations in relation to these investments, we may have to address their specific concerns, or divest these investments, which may have an adverse effect on our future plans and our financial performance.

**Our financial performance may be affected by an impairment in the goodwill previously recorded in our books due to our Group's acquisitions in the past three financial years**

The Group's acquisitions of subsidiaries, associated companies and business units, where the costs of such acquisitions were in excess of the fair value of the identifiable assets and liabilities acquired, have resulted in goodwill being recognised as an asset of our Group. As at 31 December 2004, we had goodwill net of accumulated amortisation amounting to \$14.02 million. As permitted by Singapore Financial Reporting Standard ("FRS") 22 Business Combinations, the goodwill has been systematically amortised over 20 years to reflect the best estimate of the period during which future economic benefits were expected to flow to our Group.

On 1 July 2004, the Council on Corporate Disclosure and Governance issued FRS 103 Business Combinations that replaces FRS 22. FRS 103 is effective for financial years beginning on or after 1 July 2004 and will therefore be effective for our Group for the financial year beginning from 1 January 2005. Under FRS 103, goodwill arising from a business combination as recorded in the balance sheet of our Group will no longer required to be amortised and charged to the income statement with effect from 1 January 2005. Instead, such goodwill will be tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, in accordance with revised FRS 36 Impairment of Assets.

There may be an adverse effect on our financial results in financial periods where significant impairment in goodwill is identified and the impairment losses that arise are charged to the income statement.

### RISKS RELATING TO OUR OVERSEAS OPERATIONS

**We are subject to the prevailing government regulations in the overseas markets that we operate in**

Our business operations in Hong Kong and India are subject to the laws and regulations promulgated by the respective governments. Please refer to the section on "Government Regulations" in this Prospectus.

Changes in the healthcare regulations or government polices in Hong Kong and India may adversely affect the business and operations of our overseas subsidiaries and hence our overall Group performance.

**We are subject to general risks associated with doing businesses outside Singapore**

There are risks inherent in doing business overseas. These risks include unexpected changes in healthcare regulations, difficulties in staffing and managing foreign operations, social and political instability, potentially adverse tax consequences, legal uncertainty regarding liability and enforcement, reduced protection for intellectual property rights in some countries, tariffs and other trade barriers, variable and unexpected changes in local law and barriers to the repatriation of capital or profits. Any of the above factors could adversely affect our overseas operations and financial performance.

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## RISK FACTORS

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### **We are subject to business and operational risks in Hong Kong**

Our operations in Hong Kong are primarily dependent on our existing contracts with HKUST and City University. There is no assurance that we will be successful in retaining the contracts upon expiry in July 2006 for HKUST and June 2007 for City University as the contracts are awarded through open tender. Even if we are successful, there is no assurance it will be on similar terms and conditions.

In addition, we are a small player and face competition from larger companies such as Quality HealthCare Asia Limited, Town Health International Holdings Company Limited and other private healthcare providers. Please refer to the section on "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Prospectus on the financial performance of our Hong Kong operations.

In the event that we are unable to retain the contracts or remain competitive, our operations and financial performance will be adversely affected.

### **We are subject to business, operational and regulatory risks in India**

We have recently set up a multi-disciplinary specialist centre in Hyderabad, India. In addition, we have plans to invest in a joint venture to set up a cord blood bank and research centre within the multi-disciplinary specialist centre.

For the investment in the new cord blood bank and research centre, there is no assurance that we would be able to obtain the requisite licensing and approvals from relevant regulatory bodies for the operation of this venture and we may face the risk of delay in completing the construction of the facilities, which would result in more financial resources being required and loss of projected business.

As we expand our operations in India, we encounter risks arising from the uncertainties of an unfamiliar business environment. We would face competition from existing bigger players such as Apollo Hospitals Enterprise Limited and there is no assurance that we would be able to compete effectively due to the lack of economies of scale. It may be difficult to attract and retain skilled healthcare professionals.

In the event that we are unable to manage the above risks, our operations and financial performance will be adversely affected.

### **We are exposed to foreign exchange risks**

Currently, our business is conducted primarily in Singapore. As our revenues and purchases are predominantly denominated in Singapore dollars, we have not experienced significant foreign exchange fluctuations over the past three financial years.

Over the last three financial years, our foreign exchange gains and losses, as the case may be, as a percentage of total revenue amounted to 0.48 per cent. loss in FY2002, 0.19 per cent. loss in FY2003 and 0.08 per cent. gain in FY2004. In line with our intention to expand our business overseas, we anticipate an increase in our foreign currency transactions in Hong Kong dollars and Indian rupees in the future. Accordingly, our exposure to foreign exchange risks will increase. We are also subject to foreign exchange translation exposure as our financial statements are presented in Singapore dollars while the financial statements of our overseas subsidiaries and associated companies are denominated in their respective domestic currencies. Any significant change in the exchange rate of the relevant currency against the Singapore dollar may adversely affect our financial performance and financial position.

Further details of our past foreign exchange exposure are set out under the section on "Foreign Exchange Exposure" of this Prospectus.

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## RISK FACTORS

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### RISKS RELATING TO OUR OPERATIONS

#### **We are dependent on our founding Directors and key management personnel**

We are dependant to a significant extent on the continued services of our founding Directors, namely Dr William Chong, Dr Sandra Chu, and Dr Martin Huang and key management personnel, who have been instrumental in spearheading and implementing business strategies for our Group.

The founding Directors have charted the growth of the Company from its inception to its present size. They have managed to attract and retain a significant number of healthcare professionals who share the same vision. Together with key management, they have successfully expanded our Group into a comprehensive and integrated network of specialists and general healthcare services located in Singapore, Hong Kong and India.

The loss of services of any of these individuals could have an adverse effect on our Group. In the event that we are unable to recruit suitable replacements in a timely manner, our operations and financial performance may be adversely affected.

#### **We are dependent on skilled and qualified healthcare professionals**

Our business is dependent on our ability to attract and retain skilled and qualified healthcare professionals. These include general and specialist medical practitioners, dentists, therapists, nurses and other healthcare professionals.

The ability to provide our current spectrum of healthcare services is reliant on the services of these healthcare professionals. Our ability to attract and retain them is dependent on several factors, such as continued reputation of our Group, professional relationships, financial remuneration and job satisfaction. In particular, our specialist medical practitioners are highly qualified and have extensive experience in their respective fields and any loss of their services without suitable and timely replacement would be detrimental to our Group.

In addition, most of our doctors are on fixed term employment contracts ranging from three to five years. These employment contracts may be terminated prematurely by serving the requisite notice period. In addition, the doctors may not renew their employment with us on expiry of their employment contracts.

As the healthcare industry is service-related, in the event that we are unable to find suitable and timely replacements, our operations and financial performance may be adversely affected.

#### **We are dependent on our ability to successfully integrate the various medical and dental practices within our Group**

Our Group comprises healthcare professionals from different specialties and disciplines. Our expansion strategy comprises both organic growth and acquisitions. Such acquisitions involve a number of integration risks, for example, different business cultures and management styles.

The ability to function effectively as a group and to derive synergies is dependent on developing good working relationships between personnel at all levels. In addition, business efficiency is dependent on streamlining of accounting, information technology and various business support processes.

In the event that we are unable to successfully integrate all the various business units, we may have to divest or dispose of certain business units and this may adversely affect our overall operations and financial performance.

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## RISK FACTORS

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### **We are subject to risks of medical and legal claims and regulatory actions arising from the provision of our healthcare services**

The provision of professional healthcare services entails inherent risks of liability. There is no assurance that there will not be claims that are in excess of the amount covered by our medical insurance coverage or that our medical insurance coverage is comprehensive and covers all types of claims.

Our insurance policies are renewed on an annual basis and there can be no assurance that we will be able to renew all of our policies or obtain new policies on similar terms.

In addition to the above, our healthcare professionals may be subject to disciplinary actions from their respective governing professional bodies and they may be fined and/or have their licences suspended or revoked.

In the event of such claims or disciplinary actions against our doctors, staff, or Group, there may be an adverse effect on our financial performance, professional standing and market reputation.

### **We are subject to risks of complaints from patients arising from the provision of our healthcare services**

We may from time to time receive complaints from patients regarding the adequacy of patient care, treatment outcome and pricing. These complaints may result in reviews, investigations or disciplinary actions by relevant regulatory and professional bodies and may affect the reputation of the individual healthcare professional and our Group.

In the event that such complaints result in disciplinary actions or legal proceedings against our doctors, staff, or Group, there may be an adverse effect on our financial performance and market reputation.

### **We are dependent on our ability to contain our operating costs**

Staff costs and rental expenses are the two largest components of our operating expenses. In FY2002, FY2003 and FY2004 staff costs accounted for approximately 52.8 per cent. and 52.1 per cent. and 53.0 per cent. of our total operating costs respectively, whilst rental expenses accounted for 10.0 per cent., 10.4 per cent. and 10.5 per cent. of our total operating costs respectively. Competition for trained healthcare professionals may require us to enhance our remuneration package in order to compete with other employers to retain or hire new healthcare professionals. Any changes in labour policy that result in a shortage of trained professionals or additional compulsory contribution to employees will increase our staff costs. A hike in rental rates will also increase our operating expenses. Such increases will have an adverse effect on our financial performance.

### **Our medical facilities are subject to lease renewals and relocation risks**

Currently, we lease the spaces for all of our medical clinics, nursing homes and hospital. The tenure of these leases range from two to ten years with the exception of the land for our two nursing homes which are on 30-year leases.

There is no assurance that we will be able to renew all of these leases. Failure to renew any of these leases, or early termination may force us to relocate the affected operations. Such relocations will cause disruptions to our normal business operations and we may have to incur additional expenses. The inability to relocate our medical clinics, nursing homes and hospital to new premises that are in close proximity to the existing premises may lead to a loss of patients who live near the existing premises.

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## RISK FACTORS

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**We depend on individual patients and corporate clients who opt for private healthcare services**

In FY2004, approximately 86.6 per cent. of our Group's overall revenue is derived from individual private patients. Corporate clients accounted for the remaining 13.4 per cent.

The demand for our healthcare services is largely dependent on the financial ability and the willingness to pay for private healthcare services. General negative market sentiment, slowdown in the economy or a higher unemployment rate may lead to a decrease in demand for our services as more individual private patients may opt for subsidised public healthcare services available at government hospitals and polyclinics.

Companies conduct periodic reviews on the level of the medical benefits provided to their employees. As such, any changes to these medical benefits resulting from such periodic reviews may affect the value of our corporate contracts.

Any decrease in the demand for our services from individual private patients and corporate clients will have an adverse impact on our financial performance.

**We may lose our competitive edge if we are unable to keep abreast with relevant medical technology advances**

We would need to continually keep up with advances in medical technology relevant to our business. Rapid changes in the medical field require sourcing for and investing in new medical equipment. We also need to upgrade existing equipment and facilities. This may require significant capital expenditure. For further details on our capital expenditure for the past three financial years, please refer to the section on "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Prospectus.

If we are unable to adapt to such advances in medical technology, demand for our services may decline. There is also no assurance that we will be able to recover the financial outlay for these equipment should patient demand for these services not meet our expectations. As a result, our operations and financial performance may be adversely affected.

**Our medical facilities may be affected by outbreaks of infectious diseases**

Our medical facilities are exposed to infection and contamination risks. Whilst we take necessary precautions in line with MOH regulations we cannot totally eliminate these risks. Should such outbreaks occur at any of our medical facilities, we would have to implement greater infection control measures with the possibility of temporary closure of the affected facility and quarantine of our affected healthcare professionals.

Additionally outbreaks of diseases such as SARS may affect demand for our services over a sustained period as patients may defer their treatments. For example in the first half of 2003, the outbreak of SARS in several regional countries including Singapore and Hong Kong had a negative impact on our business. In the event of a recurrence, there is no guarantee that any of the countries in which we operate in will not be affected. In such an event, our operations and financial performance may be adversely affected.

**Our operations may be affected by the social, political and economic conditions in the countries where we operate**

A change in the social, political and economic conditions of the respective countries in which we operate may lead to a change in the demand for, and perception of our healthcare services. These conditions include unfavourable changes in government policies, a downturn in the economy, or the occurrence of political unrest and terrorist attacks.

Such events are beyond our control and may disrupt or cause a cessation in our operations. This would adversely affect our financial performance.

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## RISK FACTORS

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### RISKS RELATED TO OUR INDUSTRY

#### **We are subject to regulations and licensing requirements governing the healthcare industry**

Our healthcare professionals and medical facilities in Singapore are regulated by the MOH, SMC, and SDC. Our Hong Kong operations are regulated by the Department of Health of Hong Kong, The Medical Council of Hong Kong, Hong Kong Academy of Medicine and The Dental Council of Hong Kong. Our India operations are regulated by the Ministry of Health and Family Welfare, Indian Dental Council and Indian Medical Council.

These regulatory bodies stipulate the criteria that must be met before licences are granted and/or renewed to our clinics, hospital, doctors and nurses for the provision of medical and dental services. In addition, we are also subject to licensing requirements of other statutory authorities, such as the Health Sciences Authority and Ministry of Manpower. Please refer to the section on "Government Regulations" of this Prospectus for more information on the list of regulations and licences that are required of our Group. Changes to existing regulations may have a negative impact on our operations.

The renewal of our licences is subject to compliance with the relevant regulations. There is no assurance that our licences will be renewed upon expiry. Failure to renew or withdrawal of such licences as a result of non-compliance will have an adverse effect on our operations and financial performance.

#### **We are affected by changes in government healthcare policies**

We are subject to different healthcare policies adopted by the respective governments where our businesses are located. Changes in government policies may affect the general social and economic conditions in the different countries. Likewise, a shift in such general conditions could also influence decision making in government policies.

Unfavourable changes in these policies may impose restrictions on our operations, result in an increase in our operating costs or suppress demand for private healthcare services. For example, changes to Medisave policy may influence the public to seek lower cost treatment. Changes in subsidies allowed for nursing home residents may result in reduced demand for our services. In the event that we are unable to adjust our operations to comply with and adapt to such policies, our operations and financial performance may be adversely affected.

### RISKS RELATING TO THE INVITATION AND INVESTMENTS IN OUR SHARES

#### **New investors will face immediate and substantial dilution in the book value per Share and may experience future dilution**

Our Issue Price is higher than our Group's NTA per Share as at 31 December 2004. Please refer to the section on "Dilution" of this Prospectus. Thus, there is an immediate and substantial dilution in the NTA per Share for Investors who purchase our Shares. If we were liquidated based on NTA immediately following this Invitation, each Shareholder subscribing to this Invitation would receive less than the price they paid for their Shares.

In addition, we intend to issue share options under our Pacific Healthcare Employee Share Option Scheme. To the extent that such share options are ultimately exercised and such Option Shares are issued pursuant to such exercise, there may be further dilution to investors participating in the Invitation. Further details on the Pacific Healthcare Employee Share Option Scheme are described under the section on "Pacific Healthcare Employee Share Option Scheme" of this Prospectus.

#### **Future sale of Shares could adversely affect the market price of our Shares**

Any future sale or availability of Shares for sale can have a downward pressure on our share price. The sale of a significant amount of Shares in the public market after the Invitation, or the perception that such sales may occur, could materially and adversely affect the market price of our Shares.

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## RISK FACTORS

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In particular, Pacific Investments which owns 15,811,821 Shares, representing approximately 6.7 per cent. of the enlarged issued and paid-up share capital of our Company after the Invitation, may have to dispose, in whole or in part, its interest in our Shares after the end of its moratorium period of six months from the date of admission of our Company to the Official List of the SGX-ST. Pacific Investments is a special purpose vehicle incorporated with the objective of holding our Shares, the quantum of which is part of an agreed distribution formula between the Founders, and the original shareholders of the Founding Entities and Non-Founding Entities, and SCPEL. The Shares may be pledged as security for borrowings in order to meet the undertakings of Dr William Chong as part of the Restructuring Exercise. Pacific Investments is beneficially owned and controlled by Dr William Chong.

These factors will also weaken our ability to sell additional equity securities. Except as otherwise described in the section on “Moratorium” of this Prospectus, there will be no restriction on the ability of the Substantial Shareholders to sell their Shares either on the SGX-ST or otherwise.

**Potential need for additional financing may have an adverse impact on the shareholding value of existing shareholders**

One of our strategies is to expand our capabilities and business through acquisitions, joint ventures and strategic partnerships with other healthcare providers as well as parties who can add value to our business. Our Group may need additional funding in the future to finance these growth plans as disclosed in the section on “Future Plans” of this Prospectus. Such funding can come from the issuance of debt instruments or equity securities. There can be no assurance that such future debt instruments will not include covenants that restrict our Group’s ability to incur additional debt. The issuance of equity securities in the future can also cause existing shareholders to experience share dilution that may adversely affect the market price of our Shares. Moreover, there is no assurance that adequate financing will be available and even if it is, that it will be on terms that are acceptable to our Group. Our Group’s inability to obtain additional financing on acceptable terms could delay or eliminate some or all of our Group’s growth plans.

**There would be no single majority shareholder immediately after the Invitation**

Upon completion of the Invitation, our Group’s Executive Directors, Dr William Chong, Dr Martin Huang and Dr Sandra Chu, will each hold directly and indirectly in aggregate 32.4 per cent., 3.6 per cent. and 2.3 per cent. respectively in the share capital of our Company. There is no other single shareholder holding more than 5.0 per cent. in the share capital of our Company. Please refer to the section on “Principal Shareholders” of this Prospectus.

The lack of a majority shareholder makes it possible for a person or an entity to consolidate control in our Company, in particular, if our employee shareholders and/or our Executive Directors were to substantially dispose of their interests in our Company. The emergence of a new majority or controlling shareholder could result in a change in the composition of our Board and/or management, our current intentions, objectives and future plans. The possibility of instability or disruption arising from such changes could adversely affect the business and results of operations of our Group.

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## RISK FACTORS

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### **Our Share price may be volatile**

The market price of our Shares may be highly volatile and could be subject to wide fluctuations in response to the variations in operating results. These fluctuations may be exaggerated if the trading volume of our Shares is low. In addition, the market price of our Shares may also rise and fall in response to:-

- (a) the success of our management team in implementing business and growth strategies;
- (b) announcements of new corporate contracts or contract cancellations;
- (c) announcements of new medical products or services offered by us or our competitors;
- (d) gain or loss of important business relationships;
- (e) additions or departures of key personnel;
- (f) our involvement in litigation;
- (g) changes in analysts' recommendations or perceptions;
- (h) changes in general economic conditions or stock market sentiments or other events or factors;
- (i) changes in share prices of companies with businesses similar to that of our Company that are listed in Singapore; and
- (j) broad stock market fluctuations.

Consequently, there is no assurance that our Shares can be resold at or above the Issue Price.

### **Negative publicity, including those relating to any of our Substantial Shareholders or key personnel**

Any negative publicity or announcement relating to any of our Substantial Shareholders or key personnel may affect the stock performance of our Company, whether or not this is justifiable. Such publicity or announcement may include involvement in insolvency proceedings, failed attempts in takeovers, joint ventures etc.

## INVITATION STATISTICS

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<b>Issue Price</b>	\$0.30
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### **NTA**

NTA per Share based on the unaudited proforma balance sheet of our Group as at 31 December 2004 adjusted for Share Split, Equity Issue I, Bonus Issue and Equity Issue II as disclosed in the section on "Share capital" of this Prospectus ("Adjusted NTA per Share"):-

(a) before adjusting for the estimated net proceeds from the issue of the New Shares and based on our Company's pre-Invitation share capital of 186,703,046 Shares	3.71 cents
(b) after adjusting for the estimated net proceeds from the issue of the New Shares and based on our Company's post-Invitation share capital of 234,703,046 Shares	7.94 cents

Premium of Issue Price of \$0.30 over the Adjusted NTA per Share as at 31 December 2004:-

(a) before adjusting for the estimated net proceeds from the issue of the New Shares and based on our Company's pre-Invitation share capital of 186,703,046 Shares	708.6 per cent.
(b) after adjusting for the estimated net proceeds from the issue of the New Shares and based on our Company's post-Invitation share capital of 234,703,046 Shares	277.8 per cent.

### **NAV**

NAV per Share based on the unaudited proforma balance sheet of our Group as at 31 December 2004 adjusted for Share Split, Equity Issue I, Bonus Issue and Equity Issue II as disclosed in the section on "Share capital" of this Prospectus ("Adjusted NAV per Share"):-

(a) before adjusting for the estimated net proceeds from the issue of the New Shares and based on our Company's pre-Invitation share capital of 186,703,046 Shares	11.22 cents
(b) after adjusting for the estimated net proceeds from the issue of the New Shares and based on our Company's post-Invitation share capital of 234,703,046 Shares	13.91 cents

Premium of Issue Price of \$0.30 over the Adjusted NAV per Share as at 31 December 2004:-

(a) before adjusting for the estimated net proceeds from the issue of the New Shares and based on our Company's pre-Invitation share capital of 186,703,046 Shares	167.4 per cent.
(b) after adjusting for the estimated net proceeds from the issue of the New Shares and based on our Company's post-Invitation share capital of 234,703,046 Shares	115.7 per cent.

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## INVITATION STATISTICS

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### **Earnings**

Historical net EPS based on the unaudited proforma results of our Group for FY2004 and our Company's pre-Invitation share capital of 186,703,046 Shares	2.34 cents
Historical net EPS had the Service Agreements set out in the section on "Service Agreements" of this Prospectus been in effect for FY2004 and based on the pre-Invitation share capital of 186,703,046 Shares	2.25 cents
Historical net EPS had the effects of (i) the Service Agreements set out in the section on "Service Agreements" and (ii) FRS 103 described in the section on "Risks Relating to Our Expansion" of this Prospectus, been in effect for FY2004 and based on the pre-Invitation share capital of 186,703,046 Shares	2.71 cents

### **Price Earnings Ratio**

Historical price earnings ratio based on the Issue Price of \$0.30 and the historical net EPS for FY2004	12.8 times
Historical price earnings ratio based on the Issue Price of \$0.30 and the historical net EPS had the Service Agreements set out in the section on "Service Agreements" of this Prospectus been in effect for FY2004	13.3 times
Historical price earnings ratio based on the Issue Price of \$0.30 and the historical net EPS had the effects of (i) the Service Agreements set out in the section on "Service Agreements" and (ii) FRS 103 described in the section on "Risks Relating to Our Expansion" of this Prospectus, been in effect for FY2004	11.1 times

### **EV/EBITDA<sup>(2)</sup>**

Historical EV/EBITDA ratio based on the Issue Price of \$0.30 and the historical net EPS of our Group for FY2004	8.8 times
Historical EV/EBITDA ratio based on the Issue Price of \$0.30 and the historical net EPS of our Group had the Service Agreements set out in the section on "Service Agreements" of this Prospectus been in effect for FY2004	9.0 times

### **Net Operating Cash Flow<sup>(3)</sup>**

Historical net operating cash flow per Share for FY2004, based on our Company's pre-Invitation share capital of 186,703,046 Shares	3.58 cents
Historical net operating cash flow per Share had the Service Agreements set out in the section on "Service Agreements" of this Prospectus been in effect for FY2004, based on our Company's pre-Invitation share capital of 186,703,046 Shares	3.48 cents

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## INVITATION STATISTICS

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### Price to Net Operating Cash Flow Ratio

Historical price to net operating cash flow based on the Issue Price of \$0.30 and the historical net operating cash flow per Share for FY2004 8.4 times

Historical price to net operating cash flow based on the Issue Price of \$0.30 and the historical net operating cash flow per Share had the Service Agreements set out in the section on "Service Agreements" of this Prospectus been in effect for FY2004 8.6 times

### Market Capitalisation

Our market capitalisation based on the post-Invitation share capital of 234,703,046 Shares and the Issue Price of \$0.30 \$70.4 million

#### Notes:-

- (1) NAV is defined as the total assets less total liabilities and minority interests.
- (2) EV/EBITDA is defined as market capitalisation based on post-Invitation share capital of 234,703,046 Shares and the Issue price of \$0.30 divided by EBITDA. EBITDA is defined as profit from operations of the Proforma Group with depreciation and amortisation expenses added back.
- (3) Net operating cash flow is defined as net profit attributable to shareholders with depreciation and amortisation expenses added back.
- (4) The above statistics have been computed based on the assumption that the Over-allotment Option is not exercised.

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## DIVIDEND POLICY

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Our Company paid an interim tax-exempt dividend of \$4.60 million in respect of FY2004 in June 2004 to our three Founders. The Founders used this Dividend Payment to meet their obligations to our Company under the deed of indemnity in relation to the convertible loan. Please refer to the section on "Restructuring Exercise" of this Prospectus.

We currently do not have a fixed dividend policy.

The declaration and payment of future dividends will be determined at the sole discretion of the board of Directors subject to Shareholders' approval, and will depend upon our Group's operating results, financial conditions, other cash requirements including capital expenditures, the terms of the borrowing arrangements (if any), dividend yield of comparable companies (if any) listed in Singapore, and other factors deemed relevant by our Directors.

There is no assurance that dividends will be paid in the future. Neither will there be any assurance regarding the amount or timing of any dividends that will be paid in the future. Past dividends paid are not necessarily indicative of future dividend payments.

For information relating to taxes payable on dividends, please refer to the section on "Taxation" of this Prospectus.

### **Proposed Dividends for FY2005**

Our Directors intend, subject to the factors stated above and in the absence of any circumstances which might reduce the amount of revenue reserves available to pay dividends, whether by losses, capital reductions or otherwise, to recommend an annual dividend up to 25.0 per cent. of our net profit attributable to shareholders for FY2005 as dividends to our Shareholders.

Investors should note that the intention to recommend the aforesaid dividend should not be treated as a legal obligation on our Company nor should it be treated as an indication of our Company's future dividend policy.

No inference should or can be made from any of the foregoing statements as to our actual future profitability or our ability to pay dividends in any of the periods discussed.

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## SHARE CAPITAL

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Our Company was incorporated in Singapore on 26 January 2001 under the Act as a private limited company under the name of "Pacific Healthcare Holdings Pte. Ltd."

In connection with our conversion into a public limited company limited by shares, our Company's name was changed to "Pacific Healthcare Holdings Ltd." effective on 9 September 2005.

As at the beginning and the end of FY2003, our authorised share capital was \$500,000 comprising 5,000,000 ordinary shares of \$0.10 each and our issued and paid-up capital was \$3.00 comprising 30 ordinary shares of \$0.10 each. On 14 April 2004, we allotted and issued a total of 359,970 new ordinary shares of \$0.10 each at par to our Founders for working capital purposes.

At the Extraordinary General meeting held on 23 August 2005, our Shareholders' approved, *inter alia*, the following:—

- (a) an increase in the authorised share capital of our Company from \$500,000 divided into 5,000,000 shares of \$0.10 each to \$50,000,000 divided into 500,000,000 shares of \$0.10 each;
- (b) the sub-division of every 1 ordinary share of \$0.10 each in the authorised and paid-up share capital of our Company into 5 ordinary shares of \$0.02 each;
- (c) the conversion of our Company into a public limited company and the change of name to "Pacific Healthcare Holdings Ltd.";
- (d) the capitalisation of an aggregate amount of \$2,606,465 from our Company's retained earnings by way of a bonus issue of 130,323,250 Shares credited as fully paid to our shareholders on record as at 29 August 2005;
- (e) the adoption of a new set of Articles of Association;
- (f) the issue of 48,000,000 New Shares pursuant to the Invitation. The New Shares, when issued and fully paid-up, will rank *pari passu* in all respects with the existing issued and fully paid-up Shares;
- (g) the establishment of the ESOS, the rules of which are set out in Appendix III of this Prospectus; and
- (h) pursuant to Section 161 of the Act and the Articles of Association of our Company, the Directors be authorised to allot and issue new Shares or convertible securities in our Company (whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit, provided that the aggregate number of Shares and convertible securities issued pursuant to such authority shall not exceed 50.0 per cent. of the issued share capital of our Company, of which the aggregate number of Shares and convertible securities issued other than on a pro-rata basis to the existing Shareholders of our Company shall not exceed 20.0 per cent. of the issued share capital of our Company (the percentage of issued share capital being based on the post-Invitation issued share capital of our Company after adjusting for new Shares arising from the conversion or exercise of any convertible securities or exercise of employee share options or vesting of share awards outstanding or subsisting on issue at the time such authority is given, and for any consolidation or sub-division of shares) and, unless revoked or varied by our Company in general meeting, such authority shall take effect on the date of admission of our Company to the Official List of the SGX-ST and shall continue to be in force until the conclusion of the next annual general meeting of our Company or on the date by which the next annual general meeting is required by law to be held, whichever is the earlier.

As at the date of this Prospectus, our authorised share capital is \$50,000,000 comprising 2,500,000,000 Shares. Upon completion of the Invitation, our issued and paid-up share capital will be \$4,694,061 comprising 234,703,046 Shares.

As at the date of this Prospectus, we have only one class of shares in the capital of our Company, being the Shares. A summary of the Articles of Association of our Company relating to the voting rights of

## SHARE CAPITAL

shareholders is set out in paragraph 10 in the section on “General and Statutory Information” of this Prospectus. There are no founder, management, deferred or unissued Shares reserved for issuance for any purpose.

Details of changes in our issued and paid-up capital of our Company since 31 December 2004 and our expected issued and paid-up share capital immediately after the Invitation are as follows:—

	Number of Shares	\$
Issued and fully paid-up ordinary shares of \$0.10 each as at 31 December 2004	360,000	36,000
<b>Share Split</b>		
Sub-division of each ordinary share of \$0.10 each to ordinary shares of \$0.02 each	1,800,000	36,000
<b>Equity Issue I</b>		
Issue of new Shares to shareholders of Founding Entities	18,250,000	365,000
<b>Bonus Issue</b>		
	130,323,250	2,606,465
<b>Equity Issue II</b>		
Issue of new Shares to shareholders of Non-Founding Entities	36,329,796	726,596
Pre-Invitation share capital	186,703,046	3,734,061
New Shares to be issued for public subscription	48,000,000	960,000
Post-Invitation share capital	234,703,046	4,694,061

The authorised share capital and shareholders' funds of our Company as at 31 December 2004, before and after adjusting for increase in authorised share capital, Share Split, Equity Issue I, Bonus Issue, Equity Issue II and issue of New Shares pursuant to the Invitation are set forth below. This should be read in conjunction with the Independent Auditors' Report and the Unaudited Proforma Consolidated Financial Information set out in Appendix I of this Prospectus.

	As at 31 December 2004	After Share Split, Equity Issue I, Bonus Issue and Equity Issue II	After Invitation
<b>Authorised Share Capital</b>			
5,000,000 ordinary shares of \$0.10 each	500,000		
2,500,000,000 ordinary shares of \$0.02 each		50,000,000	50,000,000
<b>Shareholders' funds (\$)</b>			
Issued and fully paid-up share capital	36,000	3,734,061	4,694,061
Share premium	—	10,172,343	20,912,343
Revenue reserves	1,468,996	862,531 <sup>(1)</sup>	862,531 <sup>(1)</sup>
	1,504,996	14,768,935	26,468,935

(1) computed based on our Company's revenue reserves as at 31 December 2004 plus the dividend income received from subsidiary of \$2.00 million in FY2005, less \$2.60 million capitalised for the Bonus Issue. The results for the period 1 January 2005 to the date of this Prospectus are not included in the revenue reserves.

## PRINCIPAL SHAREHOLDERS

### OWNERSHIP STRUCTURE

The shareholders of our Company and their respective shareholdings immediately before and after the Invitation (assuming the Over-allotment Option is not exercised) are summarised below:-

	Before Invitation				After Invitation			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
<b>Directors</b>								
Dr William Chong	60,481,863	32.3	15,811,821	8.5	60,481,863	25.7	15,811,821	6.7
Dr Martin Huang	8,526,667	4.6	—	—	8,526,667	3.6	—	—
Dr Sandra Chu	5,423,667	2.9	—	—	5,423,667	2.3	—	—
<b>Substantial Shareholders</b>								
Pacific Investments <sup>(1)</sup>	15,811,821	8.5	—	—	15,811,821	6.7	—	—
<b>Other Shareholders of less than 5.0% who are related to a Director</b>								
Dr Iris Chong <sup>(2)</sup>	4,635,280	2.5	2,467,600	1.3	4,635,280	2.0	2,467,600	1.1
Peter Tai <sup>(3)</sup>	2,467,600	1.3	4,635,280	2.5	2,467,600	1.1	4,635,280	2.0
<b>Other Shareholders<sup>(4)</sup></b>	<b>89,356,148</b>	<b>47.9</b>	—	—	<b>89,356,148</b>	<b>38.1</b>	—	—
<b>Public (including Reserved Shares<sup>(5)</sup>)</b>	<b>—</b>	<b>—</b>	—	—	<b>48,000,000</b>	<b>20.5</b>	—	—
	<b>186,703,046</b>	<b>100.0</b>			<b>234,703,046</b>	<b>100.0</b>		

#### Notes:-

- (1) Pacific Investments was incorporated in Singapore on 18 August 2004 and is beneficially owned and controlled by Dr William Chong. It is a special purpose vehicle incorporated with the objective of holding 15,811,821 Shares, which may be pledged as security for borrowings or disposed of, so as to enable Dr William Chong to meet his undertaking to the original shareholders of the Founding Entities and Non-Founding Entities, and SCPEL in the event the Issue Price is less than the Specified Price as set out in the section on "Restructuring Exercise" of this Prospectus.
- (2) Dr Iris Chong is the sister of Dr William Chong.
- (3) Peter Tai is the brother-in-law of Dr William Chong and the spouse of Dr Iris Chong.
- (4) Other Shareholders consist of the following categories:
  - (a) SCPEL holds in aggregate 6,666,667 Shares, which represents a direct interest of 3.6 per cent. and 2.8 per cent. before and after the Invitation respectively. Please refer to the section on "Restructuring Exercise" of this Prospectus for more information on SCPEL;
  - (b) our doctor employees and their associates, (who were shareholders of the Founding Entities and Non-Founding Entities) pursuant to the Restructuring Exercise set out in the section on "Restructuring Exercise" of this Prospectus. There are 37 individuals and WYCPL in this category holding in aggregate 66,215,481 Shares, which represents a direct interest of 35.5 per cent. and 28.2 per cent. before and after the Invitation respectively. The largest single shareholding in this category amounts to 7,995,733 Shares, which represents a direct interest of 4.3 per cent. and 3.4 per cent. before and after the Invitation respectively;
  - (c) certain of our employees (including Executive Officers) and 'associate doctors' were given Shares by Dr William Chong and two other doctor employees from their personal shareholding at a nominal consideration of \$1.00 each on 9 September 2005. These employees were not shareholders of the Founding Entities and Non-Founding Entities. The objective of transferring Shares to these employees was to provide these employees an opportunity to participate in the equity of our Company and in recognition of their contributions and dedication to our Group. There are 36 individuals in this category holding in aggregate 5,629,000 Shares, which represents a direct interest of 3.0 per cent. and 2.4 per cent. before and after the Invitation respectively. The largest single shareholding in this category amounts to 2,176,000 Shares, which represents a direct interest of 1.2 per cent. and 0.9 per cent. before and after the Invitation respectively; and

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## PRINCIPAL SHAREHOLDERS

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- (d) eight doctor employees, one Executive Officer and five business associates who purchased Shares from Dr William Chong. These persons hold in aggregate 10,845,000 Shares, which represent a direct interest of 5.8 per cent. and 4.6 per cent. before and after the Invitation respectively. The objective of the sale to these doctor employees, Executive Officer and business associates was to provide them with an opportunity to either participate or increase their equity participation with our Group in view of their past and on-going contributions to our Group. Please refer to the section below for details of these transactions.
- (5) Two of our Independent Directors, Peter Sim and Daniel Ee, will each be offered 75,000 Reserved Shares at the Issue Price. In the event that our Independent Directors accept any or all of the Reserved Shares offered to them, they may dispose of or transfer any or all of their Shares after admission of our Company to the Official List of the SGX-ST.

Save as disclosed above, there are no other relationships among our Directors and Substantial Shareholders. All the above Shareholders effectively own their Shares allocated and issued to them and they do not hold the Shares in trust for any of our Directors or Substantial Shareholders.

Save as disclosed above, our Company is not directly or indirectly owned or controlled by a corporation, any government or other person, whether severally or jointly.

The Shares held by our Directors and Substantial Shareholders do not carry different voting rights from the New Shares which are the subject of the Invitation.

There is no known arrangement the operation of which may, at a subsequent date, result in a change in the control of our Company.

There has not been any public take-over offer by a third party in respect of our Shares or by our Company in respect of the shares of another corporation which has occurred during the last or current financial year.

## PRINCIPAL SHAREHOLDERS

The following table sets forth the changes in the percentage of ownership of shares in our Company during the last three financial years and up to the LPD.

	As at 31 December 2002		Issue of shares on 14 April 2004 <sup>(1)</sup>		Share Split on 23 August 2005		Equity Issue I on 29 August 2005 <sup>(2)</sup>		Bonus Issue on 30 August 2005 <sup>(3)</sup>	
	Number of shares of \$0.10 held	%	Resultant number of shares of \$0.10 held	%	Resultant number of shares of \$0.02 held	%	Resultant number of shares of \$0.02 held	%	Resultant number of shares of \$0.02 held	%
<b>Directors</b>										
Dr William Chong	10	33.4	120,000	33.4	600,000	33.4	10,140,589	50.6	76,053,530	50.6
Dr Martin Huang	10	33.3	120,000	33.3	600,000	33.3	1,136,902	5.7	8,526,667	5.7
Dr Sandra Chu	10	33.3	120,000	33.3	600,000	33.3	723,164	3.6	5,423,667	3.6
<b>Substantial Shareholders</b>										
53 Pacific Investments	—	—	—	—	—	—	2,108,267	10.5	15,811,821	10.5
<b>Other Shareholders of less than 5.0% who are related to a Director</b>										
Dr Iris Chong	—	—	—	—	—	—	529,155	2.6	3,968,613	2.6
Peter Tai	—	—	—	—	—	—	—	—	—	—
<b>Other Shareholders</b>										
<b>TOTAL</b>	<b>30</b>	<b>100.0</b>	<b>360,000</b>	<b>100.0</b>	<b>1,800,000</b>	<b>100.0</b>	<b>20,050,000</b>	<b>100.0</b>	<b>150,373,250</b>	<b>100.0</b>

## PRINCIPAL SHAREHOLDERS

The following table sets forth the changes in the percentage of ownership of shares in our Company during the last three financial years and up to the LPD.

	Equity Issue II on 31 August 2005 <sup>4</sup>		Transfer of shares on 9 September 2005 <sup>5</sup>		Transfer of shares on 9 September 2005 <sup>6</sup>	
	Resultant number of shares of \$0.02 held	%	Resultant number of shares of \$0.02 held	%	Resultant number of shares of \$0.02 held	%
<b>Directors</b>						
Dr William Chong	76,053,530	40.7	73,881,863	39.5	60,481,863	32.3
Dr Martin Huang	8,526,667	4.6	8,526,667	4.6	8,526,667	4.6
Dr Sandra Chu	5,423,667	2.9	5,423,667	2.9	5,423,667	2.9
<b>Substantial Shareholders</b>						
Pacific Investments	15,811,821	8.5	15,811,821	8.5	15,811,821	8.5
<b>Other Shareholders of less than 5.0% who are related to a Director</b>						
Dr Iris Chong	3,968,613	2.1	4,635,280	2.5	4,635,280	2.5
Peter Tai	—	—	—	—	2,467,600	1.3
<b>Other Shareholders</b>						
<b>TOTAL</b>	<b>76,918,748</b>	<b>41.2</b>	<b>78,423,748</b>	<b>42.0</b>	<b>89,356,148</b>	<b>47.9</b>
	<b>186,703,046</b>	<b>100.0</b>	<b>186,703,046</b>	<b>100.0</b>	<b>186,703,046</b>	<b>100.0</b>

## PRINCIPAL SHAREHOLDERS

**Notes:-**

- (1) Dr William Chong, Dr Martin Huang and Dr Sandra Chu were respectively allotted and issued 119,990, 119,990 and 119,990 new ordinary shares of \$0.10 each at par on 14 April 2004.
- (2) An aggregate of 18,250,000 new Shares were issued at par to Dr William Chong, Dr Martin Huang, Dr Sandra Chu, Pacific Investments, Dr Iris Chong and the original shareholders of the Founding Entities pursuant to the Restructuring Exercise.
- (3) An aggregate of 130,323,250 new Shares were issued at par by way of bonus issue out of retained earnings to Dr William Chong, Dr Martin Huang, Dr Sandra Chu, Pacific Investments, Dr Iris Chong and the original shareholders of Founding Entities.
- (4) An aggregate of 36,329,796 new Shares each were issued at an aggregate premium of approximately \$10.17 million to the original shareholders of the Non-Founding Entities pursuant to the Restructuring Exercise.
- (5) Dr William Chong transferred 2,171,667 Shares from his personal shareholding at a nominal consideration of \$1.00 to Dr Iris Chong (666,667 Shares), Executive Officers (210,000 Shares) and employees (1,295,000 Shares) on 9 September 2005. The Executive Officers and employees are not the original shareholders of the Founding Entities and Non-Founding Entities. In addition, two other doctor employees transferred in aggregate 7,324,000 Shares from their personal shareholding at a nominal consideration of \$1.00 to their employees (4,124,000 Shares) and associates (3,200,000 Shares) on 9 September 2005.

Save as disclosed above, there are no other relationships among Dr William Chong and the transferees above. All the above transferees effectively own their Shares allocated and issued to them and they do not hold the Shares in trust for any of our Directors or substantial shareholders.

- (6) Pursuant to 15 sales and purchase agreements signed within the period from July 2004 and April 2005, the following share transfers took place:-

Transferor	Transferee	Number of Shares	Total consideration
			\$
Dr William Chong	Peter Tai <sup>(b)</sup> <sup>(d)</sup>	2,467,600	740,280
Dr William Chong	Dr Heah Sieu Min <sup>(a)</sup>	2,200,000	660,000
Dr William Chong	Dr Tan Sian Ann, Ann <sup>(a)</sup>	1,450,000	435,000
Dr William Chong	Dr Chong Yeh Woei <sup>(a)</sup>	1,350,000	405,000
Dr William Chong	Dr Julianah Bte Abu <sup>(a)</sup>	1,200,000	360,000
Dr William Chong	Dr Lee Puay Hoon, Julinda <sup>(a)</sup>	1,000,000	300,000
Dr William Chong	Alice Scott <sup>(b)</sup>	900,000	270,000
Dr William Chong	Lim Lai Keng, Celene <sup>(b)</sup>	900,000	270,000
Dr William Chong	Dr Lim Ka Liang <sup>(b)</sup>	370,000	111,000
Dr William Chong	Dr Yuen Pei Shan, Patricia <sup>(a)</sup>	370,000	111,000
Dr William Chong	Tann Yien Choo, Felicity <sup>(b)</sup>	330,000	99,000
Dr William Chong	Tan Kong Hwa, Terrance <sup>(c)</sup>	280,000	84,000
Dr William Chong	Humility Health <sup>(b)</sup>	250,000	75,000
Dr William Chong	Dr Ong Keat Siong <sup>(a)</sup>	165,000	49,500
Dr William Chong	Dr Krushna Latha Reddy <sup>(a)</sup>	80,000	24,000

(a) are doctor employees of our Group

(b) are business associates of our Group

(c) is an Executive Officer of our Group

(d) is the brother-in-law of Dr William Chong and the spouse of Dr Iris Chong

The objective of the sale to the above doctor employees, Executive Officer and business associates was to provide them with an opportunity to either participate or increase their equity participation with our Group in view of their past and on-going contribution to our Group.

The consideration was on a willing-buyer-willing-seller basis and based on the Issue Price of \$0.30 for each Share. The above transferees have individually undertaken not to sell, realise, transfer or dispose of any part of their direct and indirect interests in our Company from the date of our Company's admission to the Official List of SGX-ST in the manner described in the section on "Moratorium" of this Prospectus.

Save as disclosed above, there are no other relationships among Dr William Chong and the transferees above. All the above transferees effectively own their Shares allocated and issued to them and they do not hold the Shares in trust for any of our Directors or Substantial Shareholders.

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## MORATORIUM

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To demonstrate their commitment to our Group (assuming the Over-allotment Option is not exercised), (a) our Executive Directors, Dr William Chong, Dr Martin Huang and Dr Sandra Chu who each directly hold 25.7 per cent., 3.6 per cent. and 2.3 per cent. interest respectively in the shares of our Company after the Invitation; and (b) Dr Iris Chong and Peter Tai who directly hold 2.0 per cent. and 1.1 per cent. interest in the shares of our Company respectively after the Invitation have individually undertaken not to sell, realise, transfer or dispose of any part of their interests in our Company from the date of our Company's admission to the Official List of the SGX-ST (the "Listing Date") except in the following manner:—

- (a) until the date following six months from the Listing Date of the Shares, no Shares may be disposed of;
- (b) at any time after six months from the Listing Date, up to 500,000 Shares may be disposed of;
- (c) at any time after 12 months from the Listing Date, up to an additional 1,000,000 Shares may be disposed of;
- (d) at any time after 18 months from the Listing Date, up to an additional 1,000,000 Shares may be disposed of; and
- (e) at any time after 24 months from the Listing Date, the balance of the Shares may be disposed of.

The above undertaking given by Dr Martin Huang shall not apply to the Shares that may be lent by Dr Martin Huang to the Lead Manager pursuant to the Share Lending Agreement for purposes of effecting the over-allotment and price stabilisation activities in connection with the Invitation. At the conclusion of the price stabilisation activities, all the Shares lent by Dr Martin Huang are required to be returned to Dr Martin Huang and will thereafter be subject to the above undertaking.

In addition, other Shareholders comprising doctor employees and their associates and business associates, who directly hold in aggregate 35.3 per cent. interest in the Shares of our Company after the Invitation have individually undertaken not to sell, realise, transfer or dispose of any part of their interest in our Company from the date of our Company's admission to the Official List of the SGX-ST except in the following manner:—

- (a) up to 130,000 Shares may be disposed from the Listing Date;
- (b) at any time after 6 months from the Listing Date, up to an additional 500,000 Shares may be disposed of;
- (c) at any time after 12 months from the Listing Date, up to an additional 1,000,000 Shares may be disposed of;
- (d) at any time after 18 months from the Listing Date, up to an additional 1,000,000 Shares may be disposed of; and
- (e) at any time after 24 months from the Listing Date, the balance of the Shares may be disposed of.

Pacific Investments who owns 15,811,821 Shares, representing approximately 6.7 per cent. of the enlarged issued and paid-up share capital of our Company after the Invitation, has undertaken not to sell, realise, transfer or dispose of any part of its interest in the issued share capital of our Company for a period of six months from the Listing Date. In addition, Dr William Chong who beneficially owns and controls the entire issued and paid-up share capital of Pacific Investments has undertaken not to sell, realise, transfer or dispose of any part of his interest in the issued share capital of Pacific Investments for a period of six months from the Listing Date. Pacific Investments is a special purpose vehicle incorporated with the objective of holding shares, which may be pledged as security for borrowings or disposed of, so as to enable Dr William Chong to meet his undertaking to the original shareholders of the Founding Entities and Non-Founding Entities, and SCPEL in the event the issue price of each share pursuant to the Invitation is less than the Specified Price as set out in the section on "Restructuring Exercise" of this Prospectus.

SCPEL which holds a direct interest of 2.8 per cent. in the Shares of our Company after the Invitation is not subject to moratorium.

## MORATORIUM

The effect of the above moratoriums are summarised below:–

	on the Listing Date	Number of Shares that may be disposed			
		after 6 months from the Listing Date	after 12 months from the Listing Date	after 18 months from the Listing Date	after 24 months from the Listing Date
<b>Executive Directors</b>					
Dr William Chong	—	500,000	1,000,000	1,000,000	57,981,863
Dr Martin Huang	—	500,000	1,000,000	1,000,000	6,026,667
Dr Sandra Chu	—	500,000	1,000,000	1,000,000	2,923,667
<b>Substantial Shareholders</b>					
Pacific Investments	—	15,811,821	—	—	—
<b>Other Shareholders of less than 5.0% who are related to a Director</b>					
Dr Iris Chong	—	500,000	1,000,000	1,000,000	2,135,280
Peter Tai	—	500,000	1,000,000	967,600	—
<b>Other Shareholders<sup>(1)</sup></b>	<b>13,942,065</b>	<b>17,050,275</b>	<b>19,978,750</b>	<b>11,795,667</b>	<b>26,589,391</b>
<b>Total</b>	<b>13,942,065</b>	<b>35,362,096</b>	<b>24,978,750</b>	<b>16,763,267</b>	<b>95,656,868</b>

**Aggregate number of Shares that are still subject to moratorium as a % of post-Invitation share capital:–**

	on the Listing Date	after 6 months from the Listing Date	after 12 months from the Listing Date	after 18 months from the Listing Date	after 24 months from the Listing Date
	73.6%	58.5%	47.9%	40.8%	—

**Number of Shareholders comprising doctor employees (including Executive Directors, Dr Iris Chong and Peter Tai) and their associates, Pacific Investments and business associates under moratorium:–**

	on the Listing Date	after 6 months from the Listing Date	after 12 months from the Listing Date	after 18 months from the Listing Date	after 24 months from the Listing Date
	50	32	20	13	—

**Note**

(1) For details of these other shareholders please refer to the section on “Principal Shareholders” of this Prospectus.

## CAPITALISATION AND INDEBTEDNESS

The following table, which should be read in conjunction with the Independent Auditors' Report and Unaudited Proforma Consolidated Financial Information in Appendix I and the sections on "Management's Discussions and Analysis of Financial Condition and Results of Operations" of this Prospectus, shows our cash and cash equivalents, capitalisation and indebtedness as at 31 December 2004:-

- (i) on a proforma basis before adjustments; and
- (ii) as adjusted to give effect to the Share Split, Equity Issue I, Bonus Issue, Equity Issue II and the application of the net proceeds from the Invitation, after deducting estimated issue expenses related to the Invitation.

\$'000	31 December 2004	As adjusted
<b>Cash and cash equivalents</b>	<b>4,039</b>	<b>15,739</b>
<b>Short term debt</b>		
Secured and guaranteed	1,294	1,294
Unsecured but guaranteed	10,924	10,924
	<b>12,218</b>	<b>12,218</b>
<b>Long term debt</b>		
Secured and guaranteed	1,898	1,898
Unsecured but guaranteed	8,287	8,287
	<b>10,185</b>	<b>10,185</b>
<b>Shareholders' equity</b>		
Issued and paid-up capital	36	4,694
Share premium	—	20,912
Shares to be issued	11,274	—
Reserves	9,642	7,036
	<b>20,952</b>	<b>32,642</b>
<b>Total capitalisation and indebtedness</b>	<b>43,355</b>	<b>55,045</b>

As at 31 December 2004, our Group had total borrowings amounting to \$22.40 million, comprising overdrafts and interest-bearing loans of \$19.21 million and hire purchase obligations of \$3.19 million.

As at 31 July 2005, there were no material changes in our capitalisation and indebtedness as disclosed above, save for:-

- (i) the decrease in our cash and cash equivalents of about \$1.77 million from \$4.04 million on 31 December 2004 to \$2.27 million on 31 July 2005;
- (ii) the decrease in our secured and guaranteed short term debt of \$0.17 million from \$1.29 million on 31 December 2004 to \$1.12 million on 31 July 2005;
- (iii) the decrease in our unsecured but guaranteed short term debt of \$1.70 million from \$10.92 million on 31 December 2004 to \$9.22 million on 31 July 2005;
- (iv) the decrease in our secured and guaranteed long term debt of \$0.46 million from \$1.90 million on 31 December 2004 to \$1.44 million on 31 July 2005;
- (v) the increase in our unsecured but guaranteed long term debt of \$1.71 million from \$8.29 million on 31 December 2004 to \$10.00 million on 31 July 2005; and
- (vi) changes in our reserves arising from day-to-day operations in the ordinary course of business.

## **CAPITALISATION AND INDEBTEDNESS**

Our secured and guaranteed facilities from the financial institutions are as follows:–

<b>Financial institutions</b>	<b>Nature of facility</b>	<b>Outstanding amount as at 31 July 2005</b>	<b>Borrower</b>
Orix Leasing	Hire purchase	\$1,476,944	SSLC, MDSH, Pacific Healthcare, Atria-Pan, PHWC
DBS Bank	Hire purchase	\$611,089	AMA, SSLC, PHWC, MDSH, ICDL
HLF	Hire purchase	\$208,287	MDSH, SSLC
Hitachi	Hire purchase	\$267,872	MDSH, PHWC, SSLC
<b>Total</b>		<b>\$2,564,192</b>	

The hire purchase and finance lease obligations are at an effective interest rate of between 3.7 per cent. to 6.0 per cent..

Our unsecured but guaranteed facilities from financial institutions are as follows:–

<b>Financial institutions</b>	<b>Nature of facility</b>	<b>Outstanding amount as at 31 July 2005</b>	<b>Purpose of facility</b>
Andhra Bank	Overdraft of \$55,500	\$31,190	Working capital (Pacific Hospitals(India))
SCB	Overdraft of \$750,000	\$644,745	Working capital (Pacific Healthcare)
UOB	Overdraft of \$200,000	Nil	Working capital (Atria-Pan)
OCBC	Overdraft of \$200,000	\$100,504	Working capital (Atria-Pan)
UOB	Overdraft of \$50,000	\$33,278	Working capital (J8FC)
UOB	Overdraft of \$50,000	Nil	Working capital (TC @ C)
UOB	Overdraft of \$100,000	Nil	Working capital (T&T)
UOB	Overdraft of \$45,000	\$13,589	Working capital (CMS)
UOB	Overdraft of \$70,000	\$70,000	Working capital (PH Asia)
OCBC	Overdraft of \$250,000	\$233,097	Working capital (MDSH)
<b>Total</b>	<b>Overdraft of \$1,770,500</b>	<b>\$1,126,403</b>	

## CAPITALISATION AND INDEBTEDNESS

Financial institutions	Nature of facility	Outstanding amount as at 31 July 2005	Purpose of facility
Andhra Bank	4-year term loan \$681,000 repayable in 48 monthly instalments commencing from February 2006	\$456,014	To finance purchase of equipments and leasehold improvements
DBS	3-year term loan of \$101,000, repayable in 36 equal monthly instalments commencing from November 2003	\$44,141	To finance the renovation costs at ACS Wellness Centre
DBS	3-year term loan of \$67,000, repayable in 36 equal monthly instalments commencing from November 2003	\$29,014	To finance the renovation costs of PHWC's clinic
HLF (note 1)	5-year working capital line of \$2.00 million, with maximum credit of \$2.00 million reduced over 60 monthly reductions commencing from May 2003	\$1,099,857	To finance the acquisition of general practice medical clinics
HLF (note 1)	5-year working capital line of \$3.40 million, with maximum credit of \$3.40 million reduced over 60 monthly reductions commencing from June 2004	\$2,606,393	To finance the establishment of new specialist clinics, maternity spa, wellness centre and other projects
SCB	3-year term loan of \$3.00 million, repayable in 12 quarterly instalments commencing from August 2004	\$2,000,000	To finance new specialist clinics, wellness centres and other healthcare facilities
SCB	5-year term loan of \$3.00 million, repayable in 54 equal monthly instalments commencing from August 2003	\$1,666,656	To expand the network of general practice medical clinics
SCB	3-year revolving term loan of \$6.00 million repayable in 12 quarterly instalments	\$4,890,000	To refinance the convertible loan from SCPEL and for working capital
	3-year term loan of \$3.00 million repayable in 12 quarterly instalments	\$2,750,000	
UOB	6-year term loan of \$237,000, repayable in 72 monthly instalments commencing from December 2000	\$132,229	To finance the establishment of MD Specialist Healthcare Centre
UOB	2.5-year term loan of \$75,000 repayable in 30 monthly instalments commencing one month from the date of drawdown	\$63,420	To finance the renovation costs of Pacific Colorectal Centre
<b>Total Term Loans</b>		<b>\$15,737,724</b>	

*Note 1 — although repayable on demand, this loan is in substance a long-term debt.*

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## CAPITALISATION AND INDEBTEDNESS

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The bank overdrafts are subject to floating interest rates of 6.25 per cent. to 13.25 per cent. per annum. The term loans are repayable monthly or quarterly over a period of three to six years at floating interest rates ranging from 4.25 per cent. to 13.50 per cent. per annum. The interest rate on the convertible loan is set out in the section on "Restructuring Exercise" of this Prospectus.

As at 31 July 2005, all our credit facilities are secured and guaranteed by one or more of the following:–

- (i) personal guarantees of our Executive Directors as described in section on "Interested Persons Transactions" of this Prospectus;
- (ii) personal guarantees of certain doctor employees of our Group;
- (iii) a second legal mortgage on the personal property of our Executive Director, Dr Martin Huang, located at 52 Coronation Road West, #01-02 Astrid Meadows, Singapore 269265;
- (iv) all monies guarantees from PHMS, PHA, Atria-Pan, PCC, MDSH, AMA;
- (v) a corporate guarantee from Pacific Healthcare; and
- (vi) letter of set-off in respect of fixed deposits with the relevant banks.

Please refer to the section on "Future Plans" for details of financing in relation to the future plans undertaken by our associated company.

### *Convertible Loan from SCPEL*

As at 31 July 2005, the outstanding amount was approximately \$4.35 million of which up to an equivalent of \$2.00 million shall be converted into the shares of our Company. The convertible loan is unsecured but guaranteed by an indemnity from our Founders for any losses, claims, damage, costs and expenses suffered or incurred by SCPEL.

Please refer to the section on "Restructuring Exercise" of this Prospectus for more information on the convertible loan from SCPEL.

Save as disclosed above, since 31 December 2004 to 31 July 2005, there were no material changes in our total capitalisation and indebtedness.

### **Commitments**

As at LPD, our Group had the following commitments, which are not provided for in the financial statements.

#### *(a) Lease commitments*

As at LPD, the commitments in respect of leases for certain of our premises contracted for but not recognised as liabilities are as follows:–

	\$'000
Within 1 year	3,423
Within 2 to 5 years	4,479
Later than 5 years	518
	<hr/>
	8,420
	<hr/>

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## CAPITALISATION AND INDEBTEDNESS

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(b) *Capital commitments*

As at LPD, our Group had the following capital commitments:–

- (i) approximately \$0.01 million for the purchase of medical and office equipment for our clinics; and
- (ii) approximately \$0.13 million for the renovation and the purchase of medical equipment for our multi-disciplinary specialist centre in Hyderabad, India.

As at LPD, our Group had the following commitment in respect of our equity contribution or shareholders' loan to our associated company:–

- (i) approximately \$0.20 million in Pacific Eldercare and Nursing for the construction of a nursing home at Bukit Panjang.

Save as disclosed above, we will fund the balance of the above commitments using cash generated from our operations and external borrowings. Please refer to the section on "Future Plans" of this Prospectus for further information on the above project undertaken by our associated company.

### Contingent Liabilities

Save as disclosed below, there were no other corporate, performance or bankers' guarantees, surety bonds or deed of guarantees issued to other parties by our Company or by any of our subsidiaries or litigation claims against our Company or any of our subsidiaries as at 31 July 2005.

As at 31 July 2005, our Group had contingent liabilities in respect of:–

- (i) corporate guarantees of about \$3.60 million given to HLF for banking and hire purchase facilities granted to our associated company, PH Nursing Home;
- (ii) corporate guarantees of about \$18.64 million given to various financial institutions including HLF, DBS, SCB and UOB for banking facilities granted to our Company and subsidiaries;
- (iii) corporate guarantees of about \$2.81 million and \$46,000 given in respect of various hire purchase obligations of our subsidiaries and to our associated company, Haach Pacific, respectively;
- (iv) performance and bankers' guarantees totalling \$53,000 in favour of the landlords of certain leased premises in lieu of rental deposits;
- (v) a performance guarantee of \$5,000 given to Ministry of Manpower for the employment of a foreign worker;
- (vi) a surety bond of HK\$0.50 million for the provision of medical services to the on-campus medical practice at the City University of Hong Kong;
- (vii) a deed of guarantee of \$10.80 million to WYCPL for the due performance of Pacific Hospital Consultants for the purchase of the property at 19 Adam Road; and
- (viii) a deed of guarantee to Holita Company Limited in respect of a four year lease agreement between PHHK and Holita Company Limited. The rental is HK\$163,848 per month and the lease commenced on 1 April 2004 and expires on 31 March 2008.

Save as disclosed in this section on "Capitalisation and Indebtedness", our Group had no other borrowings or indebtedness and liabilities under acceptances or acceptance credits, mortgages, charges, obligations under finance leases, guarantees or other material contingent liabilities as at 31 July 2005.

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## DILUTION

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Dilution is the amount by which the Issue Price paid by the subscribers of our Shares in this Invitation exceeds the NTA per Share after the Invitation. Our Adjusted NTA per Share as at 31 December 2004 adjusted for the Share Split, Equity Issue I, Bonus Issue and Equity Issue II before adjusting for the net proceeds from the Invitation and based on the pre-Invitation issued and paid-up share capital of 186,703,046 Shares was 3.71 cents per Share.

Pursuant to the Invitation in respect of 48,000,000 New Shares at the Issue Price, our NTA per Share after adjusting for the estimated proceeds from the Invitation and based on the post-Invitation issued and paid-up share capital of 234,703,046 Shares would have been 7.94 cents. This represents an immediate increase in NTA per Share of 4.23 cents to our existing shareholders and an immediate dilution in NTA per Share of 22.06 cents or approximately 73.53 per cent. to our new investors.

The following table illustrates the dilution per Share:-

	Cents
Issue Price per Share	30.00
Adjusted NTA per Share	3.71
Increase in NTA per Share attributable to existing shareholders	4.23
NTA per Share after the Invitation	7.94
Dilution in NTA per Share to new public investors	<u>22.06</u>

There has not been any acquisitions by any Director or Substantial Shareholder (or their respective Associates) of any Shares within the period of three years before the date of lodgement of the Prospectus. The entitlements and interest of the Founders and the original shareholders of the Founding Entities in our Company arose from the initial establishment of our Group which took place on 27 February 2001, which is more than three years before the date of lodgement of this Prospectus.

The cash cost per Share for Dr William Chong, Dr Martin Huang, Dr Sandra Chu and Dr Iris Chong are 0.27 cents, 0.33 cents, 0.44 cents and 0.25 cents each respectively. Had we taken into account their share of post-acquisition retained earnings of the Founding Entities from the date of acquisition of these Founding Entities to 30 June 2004, the implied cash cost per Share for Dr William Chong, Dr Martin Huang, Dr Sandra Chu and Dr Iris Chong are 3.29 cents, 3.97 cents, 6.51 cents and 15.09 cents respectively.

The effective issue price of all share consideration for acquisitions of the Non-Founding Entities i.e. all acquisitions since 27 February 2001 were fixed at the same price as the Issue Price.

## RESTRUCTURING EXERCISE

### MATERIAL ACQUISITIONS BEFORE THE RESTRUCTURING EXERCISE

#### (a) Historical Acquisitions of the Founding Entities

Further to the incorporation of our Company on 26 January 2001 and the finalisation of the investment by SCPEL in our Company on 27 February 2001, our Company on 27 February 2001 acquired 100.0 per cent. shareholding interests in the following companies (collectively referred to as "Founding Entities"):-

Date of acquisition	Name of company/businesses	Consideration
		\$
27 February 2001	Atria-Pan*	
	MDSH	
	PCC	
	SSLC	
	PHSS	
	PHHK*	
	TCSC	
	Pacific Hospital Consultants**	2,848,770

\* Atria-Pan had a wholly owned subsidiary, PH Asia and PHHK had ADCL(HK), HKOIC(HK) and CPMS(HK) as its subsidiaries then.

\*\* Pacific Hospital Consultants was a wholly owned subsidiary at the date of acquisition. In September 2004, it became an associated company following the entry of new shareholders. Our shareholding was consequently diluted to 40.0 per cent.

The original shareholders of the Founding Entities were our Executive Directors, their associates, doctors who are our existing employees and their associates, other doctors and third parties. The consideration for the acquisition of the Founding Entities were based on either their net asset value as at 31 January 2001 and adjusted for subsequent increases in share capital (if any), or the aggregate of net asset value as at 31 January 2001 and goodwill, for entities that operated established medical and/or dental clinics prior to acquisition by our Company.

The consideration was to be satisfied by way of shares to be issued in our Company and cash. The number of shares to be allotted to the respective original shareholders of the Founding Entities was dependent on the performance of each Founding Entity relative to aggregate performance of the Founding Entities prior to the occurrence of a trade sale or the initial public offering of our Group.

The interests of our Executive Directors and their associates in the Founding Entities prior to the acquisition by our Company and the consideration for their shareholding interests were as follows:-

Name of Directors and their Associates	Name of company	Number of ordinary shares of S\$1.00 or HK\$1.00 each acquired	Effective interests (%)	Consideration (\$)
Dr William Chong	Atria-Pan	18,874	75.5	
	MDSH	35,000	9.9	
	SSLC	117,500	29.4	
	TCSC	1	33.4	
	Pacific Hospital Consultants	2	66.7	
	PHHK	9	45.0	1,563,002

## RESTRUCTURING EXERCISE

Name of Directors and their Associates	Name of company	Number of ordinary shares of S\$1.00 or HK\$1.00 each acquired	Effective interests (%)	Consideration (\$)
Dr Martin Huang	MDSH	32,500	9.2	229,500
	SSLC	42,500	9.4	
	TCSC	1	33.3	
Dr Sandra Chu	MDSH	30,000	8.4	124,500
	SSLC	17,500	2.2	
	TCSC	1	33.3	
	PHHK	2	10.0	
Dr Iris Chong	Atria-Pan	6,126	24.5	381,000
	PHHK	9	45.0	

**(b) Historical Acquisitions of the Non-Founding Entities**

Following the acquisition of our founding Group on 27 February 2001, we grew our business both organically and by way of acquisitions. We acquired the following companies and businesses:-

Effective date of acquisition	Name of company/ businesses	Effective equity interest held by our Company (%)	Consideration (\$)
<b><i>Companies and business acquired by AMA</i></b>			
1 June 2002	HCS <sup>(3)</sup>	100.0	781,250
1 January 2003	TC@C	70.0	525,000
<b><i>Companies and businesses acquired by Atria-Pan</i></b>			
24 December 2001 and 15 May 2004	AMA	100.0	1,513,000
10 December 2001	Image Ceramic <sup>(3)</sup>	100.0	228,000
24 December 2003	CMS	100.0	2.00
24 December 2003	Implanet	100.0	2.00
27 December 2003	ICDL	100.0	2.00
<b><i>Companies acquired by Pacific Hospital Consultants</i></b>			
10 December 2001	Rejuvemed	100.0	50,000
<b><i>Companies acquired by PCC</i></b>			
1 July 2001	TW <sup>(2)</sup>	100.0	1.00
7 November 2003	TPC	49.0	4,608,030
<b><i>Companies acquired by PHA</i></b>			
1 January 2003	Clinic1886	30.0	147,964
1 December 2003	THC	30.0	148,500 <sup>(1)</sup>

## RESTRUCTURING EXERCISE

Effective date of acquisition	Name of company/ businesses	Effective equity interest held by our Company (%)	Consideration (\$)
<b><i>Companies acquired by Pacific Healthcare</i></b>			
1 July 2001 and 31 August 2005	ARH	100.0	3,064,000
6 May 2002 and 8 June 2004	ARC	80.0	449,000
9 October 2002	PH Asia	100.0	2.00
1 January 2003	MHC Holdings	100.0	570,000
31 October 2003	PDIC	100.0	1,374,020
1 April 2004	ALL	51.0	51,000
<b><i>Companies acquired by PHMS</i></b>			
2 January 2003	PMFC	100.0	851,703
1 March 2003 and 5 July 2004	TBMC <sup>(2)</sup>	70.0	176,000
1 June 2003	J8FC	70.0	220,500
1 June 2003	VMP	70.0	133,172
1 July 2003 and 15 December 2003	PWMC	100.0	2.00
1 August 2003	T&T	70.0	654,500
1 October 2003	DLP	70.0	612,500 <sup>(1)</sup>
1 October 2003	PMM	70.0	546,700
1 October 2003	PPCS	100.0	668,000
<b><i>Business acquired by PHWC</i></b>			
1 June 2003	WFC <sup>(3)</sup>	100.0	878,000

**Notes:-**

- (1) The final consideration for these companies was dependent on their profitability.
- (2) Subsequently divested. Please refer to the section on "Restructuring Exercise" of this Prospectus for more details.
- (3) These are unincorporated entities registered under the Business Registration Act (Chapter 32) of Singapore.

The consideration for the acquisition of each Non-Founding Entity was determined based on a willing-buyer-willing-seller basis taking into consideration the profitability of each Non-Founding Entity. The consideration was to be satisfied by way of shares to be issued in our Company and/or cash. The shareholders of the Non-Founding Entities were our Executive Directors, their associates, doctors who are our existing employees and their associates, other doctors and third parties.

The interests of our Executive Directors and their associates in the Non-Founding Entities prior to the acquisition by our Company and the consideration for their shareholding interests were as follows:-

Name of Directors and their Associates	Name of company/ businesses	Number of ordinary shares of \$1.00 each acquired	Effective interests (%)	Consideration (\$)
Dr William Chong	AMA	50,00	3.9	58,303
	ICDL	31,000	61.0	
	Implanet	1	50.0	
Dr Sandra Chu	ICDL	20,000	39.0	1

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## RESTRUCTURING EXERCISE

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### RESTRUCTURING EXERCISE

#### (a) Rationalisation of certain Group entities

In April 2003, PHHK disposed of a 50.0 per cent. interest in HKOIC(HK) to Ms Alice Scott for a consideration of HK\$219,000, which was approximately the NTA of HKOIC(HK) then, thereby converting HKOIC(HK) into an associated company. In May 2004, PHHK disposed of the remaining balance of 50.0 per cent. interest in HKOIC(HK) to Grace Scope(HK) for an aggregate consideration of HK\$219,000. In addition, HKOIC(HK) will repay the outstanding loan of HK\$4,467,575 owing to PHHK on a monthly instalment basis at an interest rate of 5.0 per cent. per annum or the then prevailing Hong Kong and Shanghai Banking Corporation's prime lending rate, whichever is the lower, commencing from January 2005 over a five-year period.

In November 2003, the original shareholders of Kiddies Clinic (now known as PCC) entered into a settlement agreement with our Company pursuant to which they acquired the entire business undertaking and goodwill of Kiddies Clinic for a consideration of \$215,000. After the exit of the group of Kiddies Clinic paediatricians, our Company through PCC acquired a 49.0 per cent. interest in TPC to continue the provision of pediatric services within our Group in November 2003.

In December 2003, we entered into a settlement agreement with the original shareholders of PWMC, pursuant to which PHMS acquired on December 2003 the remaining 245,400 ordinary shares of \$1.00 each, or 30.0 per cent. interest, in PWMC for \$1.00. Following this acquisition, PWMC became a wholly-owned subsidiary of PHMS. The vendor of PWMC who was a doctor employee was also released from his employment agreement with PWMC as part of the settlement. PWMC was thereafter inactive.

In January 2004, the original shareholders of TW entered into a settlement agreement with PCC pursuant to which they acquired the entire interest in the issued and paid-up share capital of TW for a consideration of \$1.00. TW was a wholly-owned subsidiary of PCC and was initially brought into our Group by Kiddies Clinic's paediatricians. We divested TW, following the departure of the Kiddies Clinic's team of paediatricians.

In July 2004, we entered into a settlement agreement with the original shareholders of Pacific Tiong Bahru Medical Centre Pte Ltd (now known as TBMC) pursuant to which they acquired the 70.0 per cent. interest in the issued and paid-up share capital of Pacific Tiong Bahru Medical Centre Pte Ltd from PHMS for a consideration of \$0.18 million.

We acquired, through our 100.0 per cent. interest in MHC Holdings, an effective interest of 45.9 per cent. in MHC between December 2002 and March 2003. This was considered a passive investment as we did not have any board representation or significant influence in MHC. On 15 May 2004, we entered into an agreement with MHC whereby, amongst other things, we were granted two board seats out of a maximum of five and therefore significant influence in the financial and operating policy decisions of MHC. As such, MHC was considered an associated company with effect from 15 May 2004.

In May 2004, PHHK and Dr William Chong disposed of their respective 95.0 per cent. and 5.0 per cent. interest, in ADCL(HK) to Alice Scott for a consideration of HK\$0.20 million, a sum which was approximately the NTA of ADCL(HK) then. All payments have been made on 30 June 2004. Dr William Chong's interest in ADCL(HK) was held in trust for PHHK.

In October 2004, PHMS disposed of 70.0 per cent. of its shareholding interest in PWMC to Healthcare & Wellness for a consideration of \$1.00 as the NTA as at 30 September 2004 was negative. As such, PWMC was considered an associated company with effect from 1 October 2004.

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## RESTRUCTURING EXERCISE

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In April 2005, AMA disposed of 100.0 per cent. of its shareholding interest in PHW to PHT for a consideration of \$1.00 as the NTA as at 31 December 2004 was negative. As such, PHW was considered an associated company.

Our Directors and their associates do not have any interests in the above transactions.

**(b) Agreements between Dr William Chong and the original shareholders of the Founding Entities**

As mentioned above, the consideration for the acquisition of the Founding Entities was to be satisfied by way of shares to be issued in our Company and cash. The number of shares to be allotted to the respective shareholders of the Founding Entities was dependent on the performance of each Founding entity relative to the aggregate performance of the Founding Entities prior to the occurrence of a trade sale or the initial public offering of our Company.

To facilitate the eventual listing of our Company, Dr William Chong entered into agreements with all the shareholders of the Founding Entities, pursuant to which the respective original shareholders agreed to fix the monetary value of shares to be received by each shareholder upon the listing of our Company. For doctor employee shareholders and their associates, the monetary value of shares determined was based upon both the Founding Entity's and the individual's shareholders' relative performance.

**(c) Issue of shares to the original shareholders of the Founding Entities and Non-Founding Entities**

To facilitate the eventual listing of our Company and to finalise the entitlements of the original shareholders of the Founding Entities and Non-Founding Entities under the respective sale and purchase agreements, our Company had in June 2004 to September 2004 entered into supplemental letters of agreements to the said sale and purchase agreements with each of the original shareholders, whereby each of the original shareholders agreed to accept a fixed number of shares based on an imputed issue price of \$0.30 (the "Specified Price") as full and final satisfaction of our Company's obligation to pay for the Founding Entities and Non-Founding Entities under the respective sale and purchase agreements and ancillary documents.

Please refer to paragraph (e) below on the undertaking between Dr William Chong and the original shareholders of the Founding Entities, Non-Founding Entities and SCPEL in respect of the Specified Price.

**(d) Issue of shares to SCPEL**

We have a convertible loan facility from SCPEL pursuant to an investment agreement dated 27 February 2001 between our Company, the Founders and SCPEL.

SCPEL, which is incorporated in Hong Kong, is a subsidiary of SCB and its principal business is to undertake private equity investments. SCPEL makes investments in mid to late stage companies in need of expansion capital or acquisition finance, and in management buy-outs. SCPEL has offices in Singapore, Hong Kong and India and invests in companies located in the People's Republic of China, Korea, South East Asia and India.

SCPEL became a financial investor in our Company and provided the initial funding for our Company to amalgamate medical and dental specialists and grow our business. We drew down an aggregate sum of \$11.00 million on the convertible loan facility, i.e. \$10.00 million in February 2001, \$0.50 million in March 2002 and a balance of \$0.50 million in April 2002.

In consideration of our Company entering into the investment agreement with SCPEL, the Founders executed a deed of indemnity dated 5 November 2002 jointly and severally

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## RESTRUCTURING EXERCISE

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indemnifying our Company for any interest to be paid by our Company on the convertible loan. In the event that interest becomes payable on the convertible loan, our Company will receive from the Founders interest income equal to the interest expense that becomes payable. Pursuant to this deed of indemnity, our Founders indemnified our Company an equivalent sum of \$4.60 million in June 2004, for the interest on the convertible loan. In addition to the above, the Founders have also indemnified SCPEL against any losses, claims, damage, costs and expenses suffered or incurred by SCPEL in respect of the convertible loan.

On 28 June 2004, we entered into a supplemental agreement with SCPEL whereby we agreed, *inter alia*, to repay SCPEL a total sum of \$15.60 million in cash and in shares of our Company of up to an equivalent of \$2.00 million at the Specified Price per Share. Please refer to paragraph (e) below on the undertaking between Dr William Chong and the original shareholders and SCPEL in respect of the Specified Price.

**(e) Undertaking by Dr William Chong**

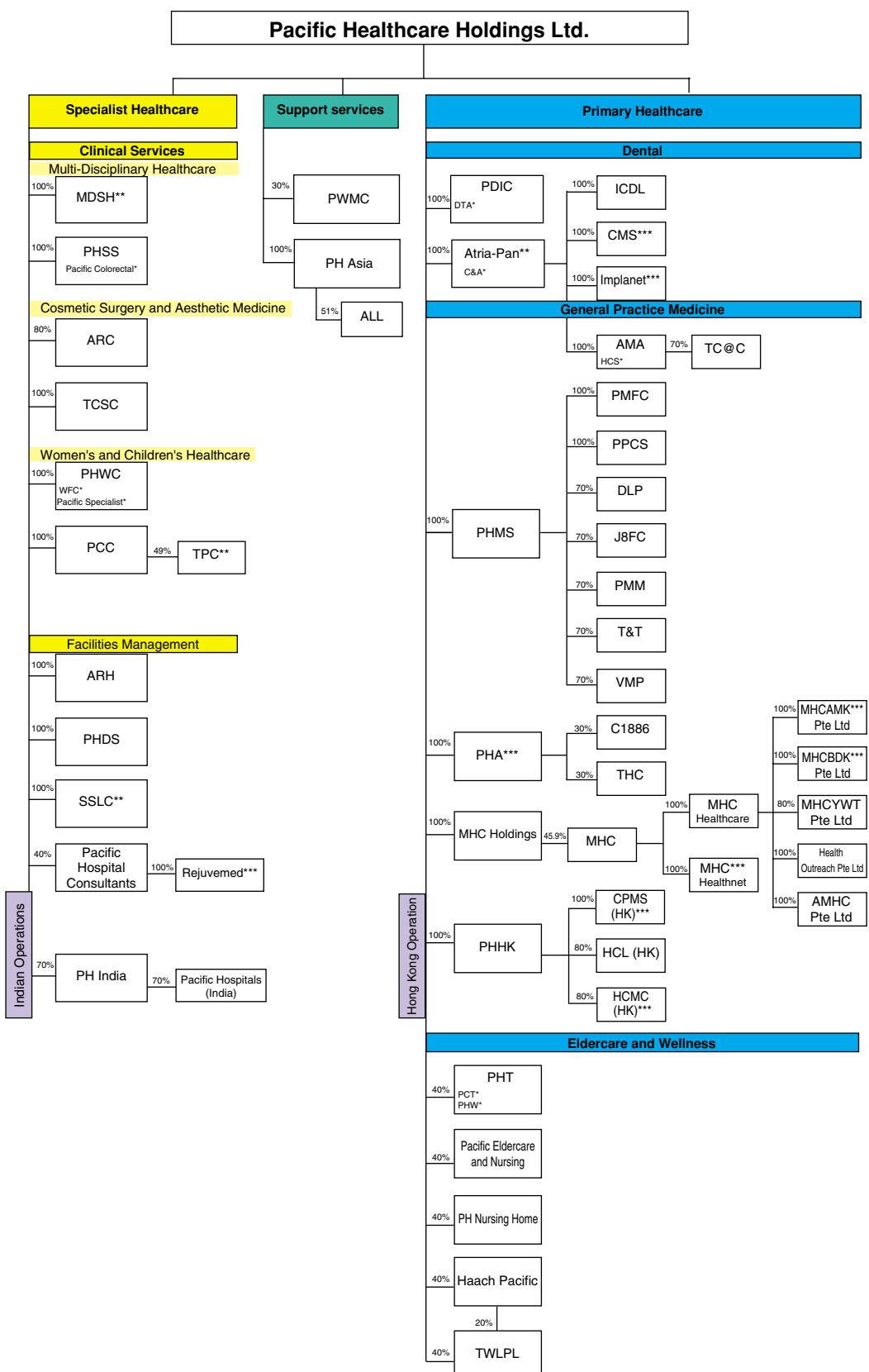
In consideration of the original shareholders and SCPEL entering into the supplemental agreements dated between June 2004 and September 2004, Dr William Chong had agreed to undertake that, in the event the issue price of each share in our Company offered to the public in Singapore pursuant to an initial public offering (the “IPO”) by our Company was less than the Specified Price above:-

- (i) he would procure the payment in cash, to each original shareholder and to SCPEL, of the difference between the Specified Price and the Issue Price for each Share issued to the relevant pre-Invitation Shareholder (the “Aggregate Difference”); and
- (ii) the Aggregate Difference shall be paid within 30 days after the six month anniversary of the Listing Date.

Pacific Investments was incorporated in Singapore on 18 August 2004 as a special purpose vehicle with the objective of holding 15,811,821 Shares, which may be pledged as security for borrowings or disposed of, so as to enable Dr William Chong to meet his undertaking to original shareholders of the Founding Entities and Non-Founding Entities, and SCPEL set out above. Pacific Investments is beneficially owned and controlled by Dr William Chong.

As the Issue Price is equal to the Specified Price, the above undertaking will not be effected.

## GROUP STRUCTURE



\* business unit

\*\* subsidiaries or associated companies that have contributed to more than 10 per cent. of our Group's net assets or profit before tax in any of the last three completed financial years

\*\*\* inactive

## GROUP STRUCTURE

Our Group structure after the Restructuring Exercise and as at the date of this Prospectus comprises the following subsidiaries and associated companies based in Singapore, Hong Kong and India. The details of each subsidiary and associated company of our Group as at the date of this Prospectus are as follows:-

Name of company/business	Date and place of incorporation/registration and business	Principal business	Issued and paid-up capital	Effective equity interest held by our Company (%)	Other shareholders and % held
<b>SPECIALIST HEALTHCARE</b>					
<b>Clinical Services</b>					
<i>Multi-disciplinary Healthcare</i>					
MDSH	23 September 2000 Singapore	Provision of specialised medical services including day surgery centre and dental services	\$500,000	100.0%	—
PHSS	8 October 1993 Singapore	Provision of specialised healthcare including ophthalmology and colorectal surgery	\$50,000	100.0%	—
Pacific Colorectal <sup>(1)</sup>	3 August 2004 Singapore	Provision of specialised medical and colorectal surgery	—	100.0%	—
<i>Cosmetic Surgery and Aesthetic Medicine</i>					
ARC	31 May 2002 Singapore	Provision of cosmetic surgery services	\$100,000	80.0%	AKLCT Pte Ltd — 20.0%
TCSC	11 March 2000 Singapore	Provision of cosmetic surgery services	\$3	100.0%	—
<i>Women's and Children's Healthcare</i>					
PHWC	14 March 2003 Singapore	Provision of obstetric and gynaecology services	\$500,000	100.0%	—
WFC <sup>(1)</sup>	21 May 2003 Singapore	Practice of obstetric and gynaecology	—	100.0%	—
Pacific Specialist <sup>(1)</sup>	2 August 2004 Singapore	Provision of obstetric and gynaecology services	—	100.0%	—
PCC	7 July 1999 Singapore	Provision of specialised medical and paediatric services	\$120	100.0%	—
TPC	30 July 1997 Singapore	Provision of specialised medical and paediatric services and operations of medical clinics	\$100,000	49.0%	Ang Poon Liat — 25.5% Ang Ai Tin — 25.5%

## GROUP STRUCTURE

Name of company/business	Date and place of incorporation/registration and business	Principal business	Issued and paid-up capital	Effective equity interest held by our Company (%)	Other shareholders and % held
<b>Facilities Management</b>					
ARH	6 September 1995 Singapore	Provision of psychiatric services and management of hospital	\$5	100.0%	—
PHDS	16 May 2003 Singapore	Provision of medical diagnostic tests	\$100	100.0%	—
SSLC	3 February 2001 Singapore	Provision of day surgery facilities	\$400,000	100.0%	—
Pacific Hospital Consultants	1 June 2000 Singapore	Investment holding	\$1,000,000	40.0%	Healthcare & Wellness – 20.0%
					PH Associates – 20.0%
					Heah Sieu Min – 20.0%
Rejuvemed	7 July 2001 Singapore	Inactive	\$50,000	40.0% (held through Pacific Hospital Consultants which owns 100.0% of Rejuvemed)	—
PH India	18 November 2003 Singapore	Investment holding	\$150,000	70.0%	Noble Healthcare – 30.0%
Pacific Hospitals(India)	20 January 2003 India	Provision of medical services including cord blood bank and research centre facility and management of hospital	Rupee 29,418,280	49.0% (held through PH India which owns 70.0% of Pacific Hospitals(India)) <sup>(2)</sup>	Vitae Healthcare (India) – 30.0%
<b>SUPPORT SERVICES</b>					
PWMC	8 March 2003 Singapore	Provision of corporate support services mainly to our Group	\$818,000	30.0%	Healthcare & Wellness – 70.0%
PH Asia	3 February 1999 Singapore	Inactive	\$300,000	100.0%	—
ALL	15 May 1998 Singapore	Provision of medical assistance services	\$100,000	51.0%	Alice Scott – 49.0%

## GROUP STRUCTURE

Name of company/business	Date and place of incorporation/registration and business	Principal business	Issued and paid-up capital	Effective equity interest held by our Company (%)	Other shareholders and % held
<b>PRIMARY HEALTHCARE</b>					
<b>Dental</b>					
PDIC	24 February 1973 Singapore	Practice of dental surgery	\$50,000	100.0%	—
DTA <sup>(1)</sup>	19 February 2003 Singapore	Practice of dental surgery and operations of dental clinics	—	100.0%	—
Atria-Pan	26 November 1986 Singapore	Practice of dental surgery and operations of dental clinics	\$25,000	100.0%	—
C&A <sup>(1)</sup>	19 December 1996 Singapore	Practice of dental surgery and operations of dental clinic	—	100.0%	—
ICDL	2 June 2000 Singapore	Manufacturing of dental appliances	\$51,000	100.0%	—
CMS	20 October 1989 Singapore	Inactive	\$50,000	100.0%	—
Implanet	9 December 1997 Singapore	Inactive	\$2	100.0%	—
<b>General Practice Medicine</b>					
AMA	29 September 2001 Singapore	Practice of general medical practitioners	\$100,000	100.0%	—
HCS <sup>(1)</sup>	23 May 1990 Singapore	Practice of general medical practitioners	—	100.0%	—
TC@C	23 January 1999 Singapore	Practice of general medical practitioners	\$10	70.0%	Tan Thian Soo, Sydney — 20.0%
					Liew Suet Yee, Jasmine — 10.0%
PHMS	14 October 2002 Singapore	Investment holding	\$100	100.0%	—
PMFC	20 February 2003 Singapore	Practice of general medical practitioners	\$3	100.0%	—
PPCS	1 August 1998 Singapore	Practice of general medical practitioners	\$2	100.0%	—
DLP	29 May 1986 Singapore	Practice of general medical practitioners	\$100,000	70.0%	Lee Leng Ghee, Willie — 15.0%
					Lee Ping Wen — 15.0%
J8FC	8 April 2003 Singapore	Practice of general medical practitioners	\$350,000	70.0%	Tan Kia Yong, Paul — 30.0%

## GROUP STRUCTURE

Name of company/business	Date and place of incorporation/registration and business	Principal business	Issued and paid-up capital	Effective equity interest held by our Company (%)	Other shareholders and % held
PMM	15 July 2003 Singapore	Practice of general medical practitioners	\$835,000	70.0%	Mah Mun Mo, Malcolm – 30.0%
T&T	5 January 1999 Singapore	Practice of general medical practitioners	\$100	70.0%	P'ng Chin Guan, Julian – 15.0%
					Goh Hoon Pur – 15.0%
VMP	3 January 2003 Singapore	Practice of general medical practitioners	\$450,000	70.0%	Lee Van Hien – 30.0%
PHA	14 October 2002 Singapore	Investment holding	\$100	100.0%	—
Clinic1886	14 December 1990 Singapore	Practice of general medical practitioners	\$100,000	30.0%	Yeoh Sin Hock – 35.0%
					Ho Sin Teck, Winston – 35.0%
THC	10 November 2003 Singapore	Practice of general medical practitioners	\$100	30.0%	P'ng Chin Guan, Julian – 70.0%
MHC Holdings	29 March 1997 Singapore	Investment holding	\$753,630	100.0%	—
MHC	6 January 1994 Singapore	Practice of general medical practitioners	\$2,153,920	45.9%	Amazecom Pte Ltd – 54.1%
MHCAMK Pte Ltd	28 June 1996 Singapore	Inactive	\$140,000	45.9% (held through MHC which owns 100.0% of MHCAMK Pte Ltd)	—
MHCBDK Pte Ltd	29 May 1997 Singapore	Inactive	\$100,000	45.9% (held through MHC which owns 100.0% of MHCBDK Pte Ltd)	—
MHCYWT Pte Ltd	16 April 1996 Singapore	Practice of general medical practitioners	\$149,980	36.7% (held through MHC which owns 80.0% of MHCYWT Pte Ltd)	Yang Hon Mee @ Yang Mary – 20.0%
Health Outreach Pte Ltd (formerly known as MHCL Pte Ltd)	25 October 1996 Singapore	Practice of medical and health screening services	\$303,512	45.9% (held through MHC which owns 100.0% of Health Outreach Pte Ltd)	—

## GROUP STRUCTURE

Name of company/business	Date and place of incorporation/registration and business	Principal business	Issued and paid-up capital	Effective equity interest held by our Company (%)	Other shareholders and % held
MHC Healthcare	13 November 1996 Singapore	Practice of general medical practitioners	\$3,000,000	45.9% (held through MHC which owns 100.0% of MHC Healthcare Pte Ltd)	—
AMHC Pte Ltd	26 September 1996 Singapore	Practice of general medical practitioners	\$332,143	45.9% (held through MHC which owns 100.0% of AMHC Pte Ltd)	—
MHC Healthnet	4 June 1998 Singapore	Inactive	\$2	45.9% (held through MHC which owns 100.0% of MHC Healthnet)	—
PHHK	8 December 1999 Hong Kong	Investment holding and provision of management services	HK\$20	100.0%	—
CPMS(HK)	26 June 1998 Hong Kong	Inactive	HK\$20,000	100.0%	—
HCL(HK)	16 June 1989 Hong Kong	Provision of medical services	HK\$10	80.0%	Chan Wen Cheng, Charles – 20.0%
HCMC(HK)	24 March 1999 Hong Kong	Inactive	HK\$10,000	80.0%	Chan Wen Cheng, Charles – 20.0%
<b>Eldercare and Wellness</b>					
PHT	1 September 2004 Singapore	Provision of non-medical wellness services	\$50,000	40.0%	Healthcare & Wellness – 30.0%
PCT <sup>(1)</sup>	9 September 2004 Singapore	Provision of TCM services	—	40.0% (held through PHT which owns 100.0% of PCT)	Humility Health – 30.0%
PHW <sup>(1)</sup>	30 May 2003 Singapore	Management of wellness services	—	40.0% (held through PHT which owns 100.0% of PHW)	—

## GROUP STRUCTURE

Name of company/business	Date and place of incorporation/registration and business	Principal business	Issued and paid-up capital	Effective equity interest held by our Company (%)	Other shareholders and % held
Pacific Eldercare and Nursing	18 November 2003 Singapore	Provision of nursing home services	\$1,800,000	40.0%	Dr William Chong – 20.0% Peter Tai – 20.0% Lim Ka Liang – 10.0% Julianah Abu – 10.0%
PH Nursing Home	3 April 2002 Singapore	Provision of nursing home services	\$2,400,000	40.0%	Dr William Chong – 20.0% Peter Tai – 20.0% Lim Ka Liang – 10.0% Julianah Abu – 10.0%
Haach Pacific	18 June 2004 Singapore	Provision of services and products related to wellness and beauty	\$100,000	40.0%	Haach Lifestyle – 60.0%
TWLPL	12 April 2004 Singapore	Provision of services and products related to wellness and beauty	\$100,000	48.0% (40.0% held directly by our Company and 8.0% held indirectly through Haach Pacific which owns 20.0% of TWLPL)	PH Associates – 20.0% Graciousness – 20.0%

**Notes:-**

- (1) These are unincorporated entities registered under the Business Registration Act (Chapter 32) of Singapore.
- (2) Our Company holds a 70% interest in Pacific Hospitals(India) in trust for PH India.

None of our subsidiaries listed above are listed on any stock exchange.

Whilst the above is our Group structure as of the date of this Prospectus, we may from time to time review and undertake steps to rationalise our Group structure.

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## GENERAL INFORMATION ON OUR GROUP

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### HISTORY

Our Company was incorporated as Pacific Healthcare Holdings Pte. Ltd. in Singapore under the Act on 26 January 2001 as an exempt private limited company. On 9 September 2005, we converted to a public company and changed our name to Pacific Healthcare Holdings Ltd..

In late 1999, Dr William Chong, Dr Sandra Chu and Dr Martin Huang envisioned the creation of a medical and dental specialists' group dedicated towards a multi-disciplinary and patient-centric approach to healthcare.

Our Group was formed through the amalgamation of several medical specialist and dental practices. Please refer to the "Historical Acquisitions of the Founding Entities" as described in the section on "Restructuring Exercise" of this Prospectus. Our initial team of specialists included Dr Lee Wei Hong (Obstetrics and Gynaecology), Dr Lim Tai Tian (Cardiology), Dr P'ng Jin Chye, Damian (Urology), Dr Ravi Seshadri @ Srinivasan (ENT Surgery), Dr Tan Keng Yew, Adrian (Neurology), Dr Tan Choon Heng, John (General and Vascular Surgery), Dr Tan Eng Kiat, Kevin (Endocrinology), Dr Tay Tze Hsin, Marc (Ophthalmology), Dr Tay Kheng Lip, David (Prosthodontics) and Dr Yung Shing Wai (Orthopaedic Surgery).

### Our Vision

Our vision is to develop a premier healthcare group, renowned for *Care, Compassion and Medical Excellence* both in Singapore and Asia. Our goal is to deliver quality care and service to our patients emphasising the total health and well-being of the patient, rather than focusing on the disease entity. Our Group's core competencies lie in specialist healthcare and include the fields of cosmetic surgery and aesthetic medicine, obstetrics and gynaecology, and implant and aesthetic dentistry. Looking ahead, developing regional medical centres and facilities are also an integral part of our business model.

### Our Growth

#### **Investment by SCPEL**

Pursuant to an investment agreement dated 27 February 2001 between our Company, the Founders and SCPEL, SCPEL granted our Company a convertible loan facility of up to \$12.00 million. The convertible loan provided the initial funding for our Company to amalgamate medical and dental specialists and to grow our business. We drew down an aggregate sum of \$11.00 million on the convertible loan facility, \$10.00 million in 2001 and another \$1.00 million in 2002.

SCPEL, which is incorporated in Hong Kong, is a subsidiary of SCB and its principal business is to undertake private equity investments. Through the convertible loan, SCPEL became a shareholder in our Company.

#### **Development of Healthcare Services**

The growth and development of our business took place through our adoption of a two-prong strategy, namely growth of our healthcare services (comprising Specialist Healthcare Division and Primary Healthcare Division) and expansion into overseas markets.

#### Specialist Healthcare Division

Our Specialist Healthcare Division is the foundation on which we have established ourselves as a premier provider of quality healthcare. This division comprises two business units: Clinical Services Unit and Facilities Management Unit.

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## GENERAL INFORMATION ON OUR GROUP

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### *Clinical Services Unit*

The Specialist Healthcare Division provides healthcare services to patients that require specialist medical and dental attention. It was spearheaded by the incorporation in September 2000 of our subsidiary company, MDSH, which operates a multi-disciplinary specialist medical centre, the MD Specialist Healthcare Centre.

The MD Specialist Healthcare Centre is located on the 12th floor of the Paragon along Orchard Road, Singapore. It commenced operations in December 2000 and offers a wide range of medical specialist care in the areas of cardiology, dermatology, psychiatry, endocrinology, neurology, obstetrics and gynaecology, cosmetic surgery, ophthalmology, ENT surgery, general and vascular surgery, orthopaedic surgery, urology, paediatrics and specialist dental surgery.

MDSH has satellite specialist clinics at East Shore Medical Centre and Mt Elizabeth Medical Centre. The clinic at East Shore Medical Centre provides medical specialist care in the areas of ENT surgery and urology. The clinic at Mt Elizabeth Medical Centre provides medical specialist care in general and vascular surgery, orthopaedic surgery, endocrinology, neurology and cardiology.

In February 2001, we acquired Tay Eye Surgery Pte Ltd (later renamed as PHSS), a specialist ophthalmology clinic which provides treatment for ophthalmologic conditions and TCSC, a provider of cosmetic surgery and aesthetic medicine.

In May 2002, we established a 51.0 per cent. joint venture called ARC at Mount Elizabeth Medical Centre in Singapore. ARC specialises in cosmetic surgery for aesthetic and reconstructive purposes. ARC also has a satellite clinic at East Shore Medical Centre. We acquired a further 29.0 per cent. interest in ARC in June 2004.

In March 2003, we incorporated PHWC to expand our obstetrics and gynaecology services with a clinic located at Mount Elizabeth Medical Centre.

We also operate other medical specialist clinics. Kiddies Clinic is a paediatric clinic which was restructured in October 2003 when the initial team of paediatricians left our Group. It is now known as PCC. Following the exit of the initial team, our Company through PCC acquired a 49.0 per cent. interest in TPC in November 2003 to continue the provision of paediatric services within our Group. We also divested TW, a wholly owned subsidiary of Kiddies Clinic, to its original owners, following the restructuring of our paediatric service.

In October 2004, PHWC extended its services with the opening of an additional clinic, Pacific Specialist, on the 20th floor of the Paragon. This clinic provides obstetrics and gynaecology services in particular for subfertility and women's wellness. In addition, we have relocated our cosmetic surgery and dermatology services from the 12th floor of the Paragon to the 20th floor.

In December 2004, PHSS established Pacific Colorectal, a clinic located on the 11th floor of the Paragon which specialises in the treatment of diseases of the large intestines and rectum. It also provides endoscopy services as part of a cancer screening programme.

### *Facilities Management Unit*

In February 2001, we established a day surgery centre, SSLC at the Paragon. It provides operating theatres, endoscopy and cosmetic laser facilities for use by accredited doctors including those not within our Group. The facility is a Medisave approved day surgery centre.

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## GENERAL INFORMATION ON OUR GROUP

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Our Facilities Management Unit further expanded to include the provision of psychiatric services through ARH, a private psychiatric hospital located at Adam Road, Singapore, which offers both inpatient and outpatient services. We acquired an 80.0 per cent. equity interest and have effectively controlled ARH since July 2001. Subsequently in June 2004, we entered into a sale and purchase agreement to acquire the balance 20.0 per cent. equity interest.

In May 2003, we established PHDS to focus on the early detection of fetal abnormalities such as Down Syndrome through high resolution ultrasound scan in combination with maternal blood investigations.

In June 2004, we, through Pacific Hospital Consultants (formerly known as Medilane), entered into a sale and purchase agreement to purchase the land on which ARH is currently located. We plan to redevelop the site. Please refer to the section on "Future Plans" of this Prospectus for further details. We hold a 40.0 per cent. stake in Pacific Hospital Consultants.

### Primary Healthcare Division

Our Primary Healthcare Division was established as part of our goal of providing comprehensive healthcare. This division comprises three business units: Dentistry Unit, General Practice Medicine Unit, and Eldercare and Wellness Services Unit.

#### *Dentistry Unit*

Our Dentistry Unit can trace its origins to 26 November 1986 with the incorporation of Atria-Pan in Singapore by Dr William Chong and his sister, Dr Iris Chong. Atria-Pan comprises four clinics in Singapore including the main centre on the 11th floor of Wisma Atria, which has 16 treatment rooms, and branches in Toa Payoh, Pandan Gardens and Laguna Park.

Atria-Pan has also expanded into other related dentistry services. In December 2001, Atria-Pan acquired Image Ceramic, a dental laboratory which manufactures customised dental appliances such as crowns, veneers and bridges for dentists. We corporatised Image Ceramic into ICDL in April 2004.

In October 2003, we acquired PDIC (formerly known as Guan San Enterprises Pte Ltd), which owns the dental practice known as DTA co-located with MDSH on the 12th floor of the Paragon. The clinic has four treatment rooms and offers prosthodontics service, management of patients with temporal mandibular joint pain and other dental services.

In December 2003, we acquired Implanet and CMS which are currently inactive. Implanet historically organised seminars for dentists in Singapore and CMS was involved in the procurement and distribution of dental products. In addition, we have another inactive company, PH Asia which was in the business of providing dental services.

#### *General Practice Medicine Unit*

In December 2001, Atria-Pan acquired AMA, a medical general practice. This allowed the medical centre at Wisma Atria to offer a full range of general medical and dental services.

AMA expanded its medical general practice network with the acquisition of HCS in June 2002 and TC@C in January 2003.

In October 2002, we incorporated PHA and PHMS as investment holding companies for the acquisition of independent as well as group general medical practices across Singapore. In 2003, we acquired through PHA and PHMS an interest in the following medical practices: PMFC, VMP, J8FC, PPCS, DLP, T&T, Clinic1886, PMM and THC.

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## GENERAL INFORMATION ON OUR GROUP

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Between December 2002 and February 2003, we also acquired a passive 45.9 per cent. investment in MHC through the acquisition of 100.0 per cent. of MHC Holdings. As at LPD, MHC operates five clinics including a health screening centre under the branding MHC Healthcare. We converted our passive investment into an associated company in May 2004. Please refer to the section on "Restructuring Exercise" for further details.

In 2003, we also acquired Pacific Tiong Bahru Medical Centre Pte Ltd (now known as TBMC) and the businesses of PWMC, both of which we subsequently divested in 2004.

We acquired a 51.0 per cent. interest in ALL in April 2004. ALL is in the business of providing medical assistance which includes scheduling of doctors appointments and other ancillary services such as helping with visa applications and hotel reservations for our overseas patients.

### *Eldercare and Wellness Services Unit*

From 2000 to 2004 the government released six parcels of 30-year leasehold land in different parts of Singapore for the purpose of building nursing homes. The lands and the successful bids are listed in the table below.

<b>Date tender awarded</b>	<b>Location of land</b>	<b>Land area (sq.m.)</b>	<b>Tender Price</b>
Sept 2000	Lorong 6 Toa Payoh	2,000	\$6,860,000
April 2001	Clementi Ave 5	2,346	\$5,160,000
Jan 2002	Jalan Bukit Merah	2,000	\$3,180,000
Feb 2003	Senja Road (Bukit Panjang)	2,000	\$2,680,000
Feb 2003	Woodlands Ave 1	2,000	\$4,100,000
Jan 2004	Simei Street 3	2,200	\$4,500,000

(source: <http://www.hdb.gov.sg>)

As part of our entry into the eldercare and wellness services sector, we were successful in our bids for two parcels of land. In January 2002, we won the tender to lease a piece of land at Bukit Merah in Singapore from the HDB at \$3.18 million. In April 2002, PH Nursing Home, a 40.0 per cent. owned associated company, was incorporated to own and operate the nursing home. The 259-bed nursing home commenced operations in 4Q FY2004.

In February 2003, we won another tender to lease a piece of land at Bukit Panjang in Singapore from HDB at \$2.68 million. In November 2003, Pacific Eldercare and Nursing, a 40.0 per cent. owned associated company was incorporated, to own and operate the nursing home.

In April 2003, our Company signed a Global Strategic Partnership Agreement with Ascendas to explore healthcare projects in Singapore and the region. Ascendas would begin by managing the development of our nursing home at Bukit Panjang as well as the planned redevelopment of the land at Adam Road. Likewise, we would be the preferred provider and partner of Ascendas in their local and regional healthcare projects.

In May 2003, we established PHW to set-up and manage a fitness centre, the ACS Wellness Club, on the premises of the Anglo-Chinese School (Barker Road Campus) in Singapore. It contains a pilates studio with reformers, and comprehensive fitness and sports profiling facilities.

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## GENERAL INFORMATION ON OUR GROUP

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In September 2004, we set up a centre at Orchard Medical Specialist Centre on the 5th floor of Lucky Plaza for the purposes of providing TCM medical services through our associated company, PHT in which we hold a 40.0 per cent. stake. Our business associates, Healthcare & Wellness and Humility Health own 30.0 per cent. each.

In October 2004, we officially opened a wellness centre, The Wellness Lounge, at the Paragon. We hold a direct 40.0 per cent. equity stake in TWLPL, the joint venture company. We also have an indirect stake of 8.0 per cent. through Haach Pacific which holds a 20.0 per cent. stake in TWLPL. The other parties are PH Associates and Graciousness, which own 20.0 per cent. each in TWLPL. The wellness centre provides a wide range of skincare, facial, body contouring and other treatments.

In October 2004, we officially opened a maternity spa at the Paragon. We hold a 40.0 per cent. equity stake in Haach Pacific, the joint venture company. Haach Lifestyle owns the remaining 60.0 per cent. stake. The maternity spa is managed by Haach Lifestyle and focuses on providing maternity programmes and related services. We are presently reviewing the maternity spa business with our joint venture partner as it has not been performing well since commencement of business. As at 1 September 2005, the maternity spa has temporarily ceased operations, pending such review of the operations and future direction of the maternity spa, which may result in the dissolution of the joint venture, scaling down or divestment of such business.

### **Overseas Market Expansion**

#### Hong Kong

Our Group embarked on our overseas expansion plan in March 2000 when we ventured into Hong Kong, through our subsidiary company, PHHK (formerly known as Dental-Link Services Limited) which acquired HKOIC(HK), ADCL(HK), CPMS(HK) and HCMC(HK). We established a dental implant centre which occupies the entire floor of 6,000 sq ft in Henley Building in central Hong Kong.

In December 2001, PHHK acquired equity interest of 80.0 per cent. in HCL(HK). HCL(HK) provides medical services (which include the services of doctors and medical support staff and procurement of drugs and medical supplies) at medical practices operated by the HKUST and the City University in Kowloon. HCL(HK) receives monthly compensations from the respective universities for these services.

PHHK divested 50.0 per cent. of HKOIC(HK) in April 2003 and the balance in May 2004. In May 2004, PHHK divested its entire stake in ADCL(HK). Pursuant to the divestment, PHHK entered into a contract with HKOIC(HK) and ADCL(HK) to rent out part of its facilities and also provide management and administrative services to these entities. Please refer to the section on the "Restructuring Exercise" in this Prospectus.

PHHK currently has two inactive companies, CPMS(HK) and HCMC(HK).

#### India

In December 2002, we signed a memorandum of understanding with the Department of Industries & Commerce of the Andhra Pradesh Government to set up a women's and children's hospital cum cord blood bank and research centre in Hyderabad, Andhra Pradesh. This facility will also house a multi-disciplinary specialist centre.

In November 2003, we incorporated PH India in which we hold a 70.0 per cent. equity interest. The remaining 30.0 per cent. is held by our business associate, Noble Healthcare. In April 2004, our Company signed a joint venture agreement with Vitae Healthcare(India) to establish Pacific Hospitals(India) to spearhead the development of all our healthcare projects in Hyderabad. Pacific Hospitals(India) has recently established a four-storey multi-disciplinary specialist centre in Jubilee Hills, Hyderabad. This centre, which officially opened in October 2004, houses consulting suites for

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## GENERAL INFORMATION ON OUR GROUP

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medical specialists and dentists, a medical diagnostic laboratory, a health screening centre with imaging facilities, a day surgery centre, a 24-hour pharmacy and a spa exclusively for women.

Please refer to the section on "Future Plans" of this Prospectus for more details on our expansion plans in India.

### **Significant Milestones in the History of Our Group**

The key milestones in the development of our Group are highlighted chronologically below:-

2001	<ul style="list-style-type: none"><li>• Formation of Pacific Healthcare through the amalgamation of certain medical specialist and dental clinics</li><li>• Official opening of the Medical Specialist and Day Surgical Centre at the Paragon by Mr Lim Hng Kiang, then Minister for Health and Second Minister for Finance of Singapore</li><li>• Investment by SCPEL</li><li>• Acquisition of ARH</li><li>• Establishment of General Practice Medicine Unit</li></ul>
2002	<ul style="list-style-type: none"><li>• Ground breaking ceremony of our nursing home at Bukit Merah by Dr Balaji Sadasivan, the then Minister of State (Health) and Minister of State (Environment)</li><li>• Signing of Memorandum of Understanding with the Department of Industries &amp; Commerce of the Andhra Pradesh Government, India</li></ul>
2003	<ul style="list-style-type: none"><li>• Awarded tender for second nursing home at Bukit Panjang</li><li>• Signing of Global Strategic Partnership Agreement with Ascendas</li><li>• Opening of ACS Wellness Centre</li><li>• Opening of Women Fetal Centre which is the first in Singapore to offer First Trimester Pregnancy Screening for Down Syndrome</li></ul>
2004	<ul style="list-style-type: none"><li>• Signing of joint venture agreement with Vitae Healthcare(India) to set up a multi-disciplinary specialist centre and cord blood bank and research centre</li><li>• Opening of Pacific Specialist Practice, maternity spa and The Wellness Lounge at the Paragon by Dr Vivian Balakrishnan, then Acting Minister for Community Development, Youth and Sports and Second Minister of State for Trade and Industry</li><li>• Opening of our multi-disciplinary specialist centre in Hyderabad, India by Dr Tony Tan, then Deputy Prime Minister and Co-ordinating Minister for Security and Defence, Prime Minister's Office</li></ul>
2005	<ul style="list-style-type: none"><li>• Opening of Pacific Healthcare Nursing Home at Bukit Merah by Mr Heng Chee How, Minister of State, Ministry of Trade and Industry and Mayor of Central Singapore Community Development Council</li></ul>

## GENERAL INFORMATION ON OUR GROUP

### BUSINESS OVERVIEW

References in this section "Business Overview" to "our Group", "we", "our", and "us" refer to Pacific Healthcare Holdings Ltd., its subsidiaries and/or its associated companies, as the context may require.

#### Introduction

Our Directors believe that health is a state of complete physical, mental and social well-being. Our core values of "Care, Compassion and Medical Excellence" represent our belief in delivering quality care and service to all of our patients.

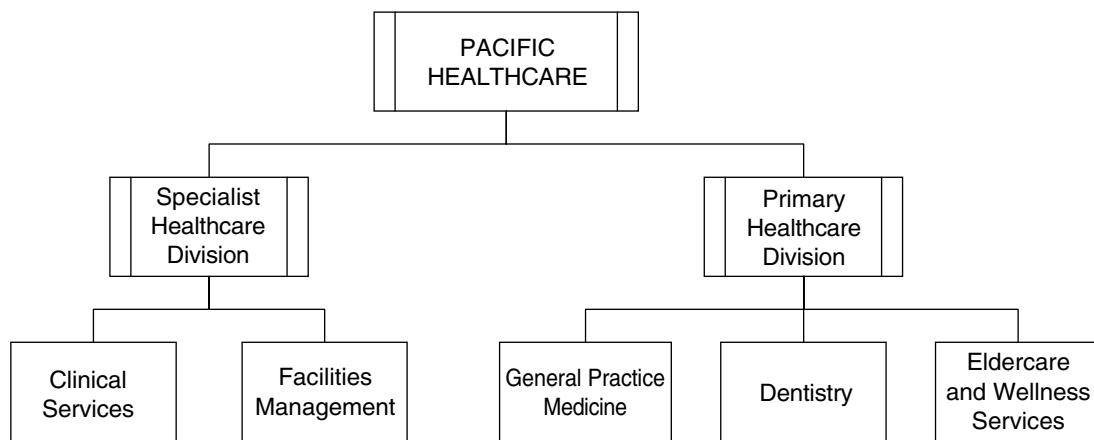
Our Company aims to provide a comprehensive range of healthcare services, encompassing specialist medical care, general practice medicine, dentistry, health screening, wellness services as well as the operation of nursing homes, day surgery centres and hospital. We have established an integrated network of medical and dental practices and our services cater to people of all age groups.

We believe that we have a team of reputable doctors and healthcare professionals who believe and practise the concept of multi-disciplinary healthcare. Our Company intends to continually attract such like-minded professionals and expand our integrated healthcare network within Singapore and around the region.

#### Overview

Our business is organised into two healthcare service divisions, namely: –

- (a) Specialist Healthcare Division; and
- (b) Primary Healthcare Division.



The Specialist Healthcare Division comprises two units, namely Clinical Services and Facilities Management. The Primary Healthcare Division comprises three units, namely General Practice Medicine, Dentistry, and Eldercare and Wellness Services.

Each of these medical units is operationally autonomous yet has the flexibility to work together in an integrated network. Such collaboration allows for better coordination of individual patient care. In addition, upon patient's consent, medical records can be shared throughout our healthcare network and a multi-disciplinary approach to treatment is taken.

As at LPD, we have a panel of approximately 90 healthcare professionals in Singapore, Hong Kong and India. Our patients have the benefit of having different healthcare professionals working together attending to their needs and viewing his/her healthcare needs in its entirety. Depending on the state of illness and the nature of treatment required, the treatment period for a patient varies and ranges from a single medical consultation to recurring lifelong medical care. After the normal operating hours, our medical and dental practitioners are on call and conduct emergency visits when the need arises.

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## GENERAL INFORMATION ON OUR GROUP

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We serve walk-in, referred, corporate and private patients. For FY2004, approximately 86.6 per cent. of our total revenue was derived from private patients with the balance 13.4 per cent. contributed by our corporate clients.

We serve on the panels of more than 200 companies ranging from multinational corporations and international insurance companies, to public and private enterprises.

Since 2001, some of our subsidiaries have been participants in the Singapore Government's Primary Care Partnership Scheme which engages private general practitioners and dentists to provide common outpatient medical services to the needy elderly.

### **Specialist Healthcare Division (Singapore)**

Our Specialist Healthcare Division is the foundation on which we have established ourselves as a premier provider of quality healthcare. We have two units under this division, namely, the Clinical Services Unit and the Facilities Management Unit. Our operations are principally located on the entire 12th floor of the Paragon. We have also recently expanded to include units on the 11th and 20th floors of the Paragon.

On aggregate, the Specialist Healthcare Division accounted for approximately 46.0 per cent., 50.8 per cent. and 52.5 per cent. of the overall revenue of our Group in FY2002, FY2003 and FY2004 respectively.

#### **Clinical Services Unit**

We operate specialist clinics in numerous medical and surgical disciplines. In particular, we have focused on developing depth within certain medical speciality areas such as cosmetic surgery and aesthetic medicine, obstetrics and gynaecology and paediatrics. These are disciplines where we believe we have leading clinicians in their respective medical fields, who in turn attract and manage a team of fellow medical professionals.

We have six operating subsidiaries under our Clinical Services Unit: ARC, MDSH, PCC, PHSS, PHWC and TCSC.

Entity	Clinic(s)	Location(s) in Singapore
ARC	Aesthetic & Reconstructive Centre	Orchard East Coast
MDSH	MD Specialist Healthcare Centre The Vein Clinic The ENT Clinic JC Png Urology	Orchard Orchard East Coast East Coast
PCC	Thomson Paediatric Clinic Bishan Children Clinic Tiong Bahru Children Clinic Paediatric Centre (Serangoon Gardens)	Thomson Bishan Tiong Bahru Serangoon Gardens
PHSS	Tay Eye Surgery Pacific Colorectal Centre	East Coast Orchard
PHWC	Women Fetal Centre Pacific Specialist Practice	Orchard Orchard
TCSC	The Cosmetic Surgery Clinic	Orchard

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## GENERAL INFORMATION ON OUR GROUP

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Under this unit, we have established the MD Specialist Healthcare Centre in 2000 which offers a wide range of medical services in one location. It offers patients the convenience of multi-disciplinary medical care whereby different specialists collectively manage a patient.

MDSH operates the MD Specialist Healthcare Centre which occupies the 12th floor of the Paragon. Our team of experienced medical specialists are trained in various disciplines. These include cardiology, endocrinology, neurology, paediatrics, psychiatry, obstetrics and gynaecology, ENT surgery, general surgery, orthopaedic surgery and urology. This allows MDSH to provide specialist care in a multi-disciplinary setting. In addition, there is a specialist clinic for vascular surgery called The Vein Clinic which is also located on this floor.

TCSC operates a clinic on the 20th floor of the Paragon providing plastic surgery services.

PHWC operates specialist clinics in Mt Elizabeth Medical Centre (through WFC) and the 20th floor of the Paragon (through Pacific Specialist). We have three obstetrician and gynaecologists, and one dermatologist operating in these clinics.

PCC, through its associated company TPC, operates clinics in Thomson Medical Centre, Tiong Bahru Plaza, Bishan and Serangoon Gardens. It has a team of five paediatricians, including three neonatologists.

PHSS operates clinics in the Paragon and East Shore Medical Centre. We have an ophthalmologist providing specialist treatment for various eye conditions and a colorectal surgeon providing specialist treatment for various diseases affecting the intestines and the rectum.

ARC is located at Mount Elizabeth Medical Centre with a branch at East Shore Medical Centre. It focuses on providing cosmetic surgery and aesthetic reconstructive services. We have a plastic and reconstructive surgeon operating from this clinic.

Our Company has entered into service contracts with all of our specialists. The majority of these contracts are for a five-year term, with the rest of the contracts for terms ranging from three to seven years.

### Facilities Management Unit

We manage two medical and surgical facilities and a diagnostic service in Singapore.

Entity	Clinic(s)	Location(s) in Singapore
SSLC	Specialist Surgery and Laser Centre	Orchard
ARH	Adam Road Hospital	Bukit Timah
PHDS	PH Diagnostics Services	Orchard

SSLC operates our day surgery centre, Specialist Surgery and Laser Centre, located at the Paragon. This day surgery centre caters to all accredited doctors and their ambulatory patients for surgical procedures which allow patients to be discharged on the same day. The centre offers packaged facility services and patients are charged depending on the length of time spent and the type of equipment used for their treatment. There are two major and three minor operating theatres which are equipped to carry out procedures under general anaesthesia, intravenous sedation or local anaesthesia. The centre is also equipped with full endoscopic facilities and cosmetic laser equipment. In addition, it has a six-bed recovery bay for the use of patients prior to discharge within the same day of surgery. SSLC is a Medisave-approved day surgery centre.

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## GENERAL INFORMATION ON OUR GROUP

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ARH operates a private psychiatric hospital, Adam Road Hospital, at 19 Adam Road, Singapore. The 49 bed hospital has both inpatient and outpatient facilities to accommodate patients requiring short and long term treatment. Our team of psychiatrists specialise in the diagnosis and treatment of a wide range of mental illness. ARH is a Medisave-approved psychiatric hospital. We intend to redevelop the Adam Road Hospital building in the near future. Please refer to the section on "Future Plans" of this Prospectus.

PHDS was established in 2003 and operates a diagnostic service for the detection of fetal abnormalities during the first three months of pregnancy. This first trimester pregnancy test is believed to be the first of its kind in Southeast Asia and is available to accredited in-house, as well as external doctors. PHDS accepts cases not only from Singapore, but also from around the region. In view of declining fertility rates and medical complications arising from women deciding to have children at a later stage of life, we believe that non-invasive early detection tests are important.

### **Primary Healthcare Division (Singapore)**

Our Primary Healthcare Division complements our Specialist Healthcare Division in enabling our Group to provide a comprehensive range of quality healthcare. We have three medical units under this division, namely, the General Practice Medicine Unit, Dentistry Unit, and Eldercare and Wellness Services Unit.

Our team of medical specialists from the Specialist Healthcare Division collaborates closely with the doctors in our Primary Healthcare Division, which allows our General Practice Medicine Unit to provide a greater continuity of care for patients, by tapping on the specialist doctors' in-depth understanding and expertise of specific illnesses.

In aggregate, the Primary Healthcare Division in Singapore contributed approximately 54.0 per cent., 49.2 per cent. and 47.5 per cent. of the overall revenue of our Group in FY2002, FY2003 and FY2004 respectively.

#### **General Practice Medicine Unit**

We have three operating subsidiaries in Singapore, namely AMA, PHMS and PHA, managing our medical general practice network. Through our ownership of MHC Holdings, we also have an investment in our associate company MHC which manages a network of general practice medical clinics in Singapore.

The services provided under these general practice medical clinics include, *inter alia*, health screening, immunisations, treatment of common ailment conditions, general consultations and aesthetic medicine.

Most of our general practice medical doctors are experienced general practitioners with some having undergone further training or received diplomas in fields such as industrial medicine, geriatrics and aesthetic medicine.

## GENERAL INFORMATION ON OUR GROUP

As at LPD, we operate a total of 19 medical clinics, including five from MHC group and three associated companies, as part of our general practice medical network. These clinics are located across Singapore as illustrated in the table below.

Entity	Clinic(s)	Location(s) in Singapore
AMA	Atria Medical Associates Healthcare Clinic and Surgery The Clinic@Cuppage	Orchard Hougang Orchard
PHMS	Pacific Medicare Family Clinic Vagus Specialist and Family Clinic Pacific Mah Medical Clinic Peninsula Plaza Clinic & Surgery Drs Lee & Partners Drs Thompson & Thomson Junction 8 Family Clinic	Jurong Woodlands Ang Mo Kio CBD CBD and Tampines CBD Bishan
PHA	Victoria Medical Hall Clinic & Surgery Victoria Medical Clinic & Surgery Town Hall Clinic	CBD Yishun Alexandra
MHC Holdings	MHC Medical Centre (Amara) MHC Medical Centre (Kallang) MHC Family & Specialist Medical Centre (Yew Tee) MHC Family Clinic (Ang Mo Kio) MHC Medical Centre (NUH Staff Clinic)	CBD Kallang Choa Chu Kang Ang Mo Kio Kent Ridge

AMA operates a general medical practice with emphasis on aesthetic medicine and health screening. Its main office is located in Wisma Atria and it operates three clinics.

PHMS operates eight medical clinics through its subsidiaries. PHMS provides administrative, finance and marketing support for these general practice medical clinics.

PHA, through its two associated companies, THC and Clinic1886, manages a network of three independent general practice medical clinics. PHA provides administrative and marketing support for these clinics.

MHC, our associated company, operates five medical clinics including a health screening centre under the branding MHC Healthcare.

Our general practice medical network provides quality healthcare services to patients across Singapore. We also organise and participate in public talks and seminars.

### Dentistry Unit

We have two operating subsidiaries in Singapore, namely Atria-Pan and PDIC. Atria-Pan operates four clinics in Singapore. It also has three subsidiaries, namely ICDL, CMS and Implanet.

The services provided under the Dentistry Unit include general dental treatment, endodontics, orthodontics, periodontics, prosthodontics, occlusal rehabilitation, paedodontics, oral surgery, dental implants and aesthetic dentistry and the provision of dental appliances and prostheses.

Our core competence is in the field of implant dentistry and the management of temporal mandibular joint dysfunction, where certain of our dentists have in-depth experience. Our clinic in Wisma Atria is also able to fabricate computer generated cosmetic porcelain crowns and fillings.

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## GENERAL INFORMATION ON OUR GROUP

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We operate five clinics in our dentistry practice network in Singapore as illustrated in the table below.

Entity	Clinic(s)	Location(s) in Singapore
Atria-Pan	Atria-Pan Dental Group — Wisma Atria Atria-Pan Dental Group — Laguna Park Atria-Pan Dental Group — Pandan Gardens Chong & Associates Dental Surgeons	Orchard East Coast West Coast Toa Payoh
PDIC	Dr David K.L. Tay & Associates	Orchard

Atria-Pan operates four clinics in Singapore. The largest and main clinic is located in Wisma Atria, Orchard Road and can cater to 16 patients at any one time. The remaining three clinics are situated in residential estates, namely Laguna Park, Pandan Gardens and Toa Payoh.

PDIC operates a clinic under the name DTA on the 12th floor of the Paragon, within the MD Specialist Healthcare Centre.

Our Dentistry Unit has approximately 23 dentists working together as at LPD, of whom 14 have additional qualifications. Both Atria-Pan and PDIC offer the entire spectrum of general dentistry, including implant and aesthetic dentistry and also provides specialist dental services.

We also operate other dentistry related services. ICDL is a dental laboratory that manufactures customised dental appliances such as crowns, veneers and bridges for in-house dentists and those outside our Group in Singapore. Implanet historically organised dental courses and seminars. CMS was involved in the procurement and distribution of dental products. Both Implanet and CMS are currently inactive.

### Eldercare and Wellness Services Unit

#### *Eldercare*

With an aging population in Singapore, we believe that there will be a growing market demand for well-managed healthcare for the elderly in Singapore. Our approach towards this business segment is to provide preventive and interceptive therapies for the aging population, emphasising comprehensive health checks, lifestyle change and appropriate nutrition from early adulthood. We will also provide institutional care for those who require it in the form of nursing homes and rehabilitation.

We believe that as a healthcare group providing comprehensive medical and dental services, we would be able to meet the medical needs of the elderly.

#### *Investment in nursing homes*

We have entered the eldercare and wellness services market segment through a 40.0 per cent stake in our associated company PH Nursing Home. In January 2002, we successfully tendered for a piece of land at Jalan Bukit Merah. Our first nursing home commenced business in December 2004. This purpose-built home has approximately 259 beds and offers services such as 24-hour nursing care and monitoring, physiotherapy, dietitian services, routine medical checks and occupational therapy for elderly patients who require nursing care and medical attention. The total construction and set-up cost for the nursing home was approximately \$11.0 million.

In April 2004, our Company signed a management agreement with PH Nursing Home to manage the day-to-day operations of this nursing home.

We successfully bid for another piece of land for our second nursing home in February 2003. We are currently building a new nursing home at Bukit Panjang through our 40.0 per cent. associated company Pacific Elderly and Nursing. In May 2003, we engaged Ascendas to be the project manager for the development of this nursing home. Construction has commenced and is expected to be completed in 2006.

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## GENERAL INFORMATION ON OUR GROUP

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The total development cost for our second nursing home is estimated at \$10.5 million, comprising \$2.7 million for the purchase of the land, \$6.4 million for construction cost, and the remaining \$1.4 million for fitting out and miscellaneous contingencies. The project is partly funded by land and construction loans from SIFL, and shareholders' proportionate contribution. The land purchase has been fully funded and construction work is currently still ongoing. Our 40.0 per cent. share of the remaining construction costs and cost for fitting out and miscellaneous contingencies as well as the repayment of the loan principal, which is likely to commence at the earliest in 2Q 2006, is expected to be funded by the shareholders' proportionate contribution subsequently. Our Company intends to fund this through our operational cashflow.

In April 2004, our Company signed a management agreement with Pacific Eldercare and Nursing to manage the day-to-day operations of this proposed nursing home. Upon completion, this nursing home will offer 24-hour nursing care to patients with varying medical dependencies. In addition, the residents will have access to comprehensive medical care, physiotherapy and related services provided by our network of healthcare professionals.

We intend to grow the operations of our nursing homes through strategic partnerships with third parties. Whenever suitable opportunities arise, such strategic partnerships may include a reduction in and/or divestment of our equity stake, following which we will provide management services to these nursing homes.

### *Wellness Services in Singapore*

The wellness services provided by our Group complement the Group's core business in the areas of cosmetic surgery and aesthetic medicine, women's healthcare and implant and aesthetic dentistry. For example, in the area of cosmetic surgery, patients usually require physical/fitness therapy services as well as other beauty-related services like body contouring, facials and other similar services to maintain their physical appearances after surgery.

We have entered into joint venture arrangements with various parties to offer complementary non-medical services.

#### *(a) Maternity Spa at the Paragon*

We have entered into a joint venture agreement on 16 June 2004 with Haach Lifestyle to provide non-medical wellness services through a joint venture company, Haach Pacific. We hold a 40.0 per cent. equity stake, while Haach Lifestyle owns the remaining 60.0 per cent stake in Haach Pacific.

The joint venture agreement provides Haach Pacific and/or Haach Lifestyle the right of first refusal as the exclusive manager to manage all of our Group's projects in relation to spa and lifestyle wellness businesses with the exception of existing projects undertaken.

Haach Pacific established its first project, a maternity spa at the Paragon to provide non-medical wellness services, focusing on women and maternity programmes. These include massage, post natal physical reconditioning, hydrotherapy, stress relieving therapies and other health enhancement programmes. These services are expected to enhance physical and mental well-being.

The maternity spa was officially opened in October 2004. Our share of costs for the establishment of this new maternity spa was financed through shareholders' funds, bank borrowings, and cash generated from operations. We are presently reviewing the maternity spa business with our joint venture partner as it has not been performing well since commencement of business. As at 1 September 2005, the maternity spa has temporarily ceased operations, pending the review of such operations and future direction of the maternity spa, which may result in the dissolution of the joint-venture, scaling down and/or divestment of such business. In the worst case scenario of a dissolution of the joint venture, the impact on the Proforma Group NTA for FY2004 is not expected to be material and the illustrative adjusted NTA per share will be 3.59 cents instead of

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## GENERAL INFORMATION ON OUR GROUP

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3.71 cents. The impact on the Proforma Group net profit for FY2004 is expected to be a one-time write-off of approximately \$0.23 million and the illustrative adjusted EPS for FY2004 will be 2.22 cents instead of 2.34 cents.

(b) *The Wellness Lounge at the Paragon*

We have established a joint venture company, TWLPL, to operate and manage The Wellness Lounge at the Paragon. We hold a direct 40.0 per cent. equity stake in TWLPL and an indirect stake of 8.0 per cent. through Haach Pacific which holds a 20.0 per cent. equity stake in TWLPL. The other parties are PH Associates and Graciousness, who each own 20.0 per cent. in TWLPL.

The Wellness Lounge provides a wide range of skincare, facial, body contouring and other treatments. It has treatment rooms for skin and body care, including liposonic treatment for weight control, endermologie for body toning and other procedures for skin care.

The Wellness Lounge was officially opened in October 2004. The establishment of this new wellness centre was financed by shareholders' funds, bank borrowings and cash generated from operations.

(c) *Other wellness services*

We have established a joint venture company, PHT to expand our services to include TCM medical and physiotherapy services and other wellness services. We hold a direct 40.0 per cent. equity stake in PHT. The other parties are Healthcare & Wellness and Humility Health who each owns 30.0 per cent. in PHT. PHT manages a fitness centre, the ACS Wellness Club, on the premises of the Anglo-Chinese School (Barker Road Campus) in Singapore. It contains a pilates studio with reformers, a gym and sports profiling facilities. In September 2004, PHT opened a centre, PCT, located at Orchard Medical Specialist Centre, Lucky Plaza, offering TCM medical and physiotherapy services. The establishment of this new centre was financed by shareholders' funds, bank borrowings and cash generated from operations.

We also sub-lease space on the 20th floor of the Paragon to two third-party medical related businesses.

### **Overseas Operations**

Outside of Singapore we operate primarily through the provision of healthcare facilities for use by medical and dental professionals, for which we levy a charge which may either be fixed or a percentage of revenue. We also provide medical services and offer management services, which include *inter alia*, human resource, marketing, accounting and IT support to various clinics.

Whilst we are subject to general risks associated with doing business outside Singapore (please refer to the section on "Risk Factors" in this Prospectus), we have not experienced any occurrences associated with these risks that have had a material effect on our financial performance as at LPD.

#### *General Practice Medicine in Hong Kong*

In Hong Kong, we operate through our subsidiary PHHK. It is an investment holding company with a subsidiary involved in medical healthcare, HCL(HK). PHHK also provides facilities for use by external dentists as well as management and administrative services to general medical and dental practices.

HCL(HK) provides medical services at medical practices operated by the HKUST and the City University in Kowloon. These medical facilities serve primarily the students and teaching staff. HCL(HK) receives monthly compensation from the respective universities for these services which include the services of doctors and medical support staff.

#### *Dentistry Unit in Hong Kong*

In Hong Kong, PHHK provides facilities for use by external dentists. It occupies an entire floor of approximately 6,000 sq ft in Henley Building in central Hong Kong and is fully equipped with five dental

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## GENERAL INFORMATION ON OUR GROUP

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operatories, x-ray machines, equipment for dental implants and aesthetic dentistry procedures including tooth whitening, dental implant and oral surgical facilities. There is also a minor operating theatre and a recovery room to enable procedures, which require intravenous sedation. We charge a fee for the use of these facilities.

Our facilities are mainly utilised by two dental companies who lease most of our premises for a fixed monthly fee and a percentage of their revenue. We also offer the use of our facilities to external dentists who may from time to time require the use of our specialised equipment.

PHHK also provides management and administrative services to the above dental companies.

*Multi-disciplinary specialist centre, in Hyderabad, India*

On 26 April 2004, we signed a joint venture agreement with Vitae Healthcare(India) to establish a multi-disciplinary specialist centre, in Hyderabad, India. We leased a new four-storey building in Jubilee Hills with a built in area of approximately 8,000 sq ft for ten years commencing from 1 May 2004. The centre which houses consulting suites for medical specialists and dentists, a medical diagnostic laboratory, a health screening centre with imaging facilities, a day surgery centre, a 24-hour pharmacy and a spa exclusively for women was officially opened in October 2004.

Our day surgery centre caters to all accredited doctors and their ambulatory patients for surgical procedures which allow patients to be discharged on the same day. The centre offers packaged facility services and patients are charged depending on the length of time spent and the type of equipment used for their treatment. There are two operating theatres which are equipped to carry out procedures under general anaesthesia, intravenous sedation or local anaesthesia and a four-bed recovery bay for the use of patients prior to discharge within the same day of surgery. The centre is also equipped with endoscopic facilities and cosmetic laser equipment.

Our consulting suites have been equipped for various medical and surgical disciplines, including internal medicine, paediatrics, obstetrics and gynaecology, plastic surgery and dentistry. We have contracted with various healthcare professionals, who are not directly employed by us, to use these facilities. We derive our revenue through a service charge for utilising our consultation suites.

We also derive revenue through diagnostic services including the provision of imaging, ultra-sound and laboratory investigations, and the sale of medicines from our 24-hour pharmacy.

We also have plans to set up a cord blood bank and research centre in Hyderabad, Andhra Pradesh. Please refer to the section on "Future Plans" of this Prospectus.

### CAPACITY AND UTILISATION

Save as disclosed below and the section on "Licences" of this Prospectus, to the best of our Directors knowledge and belief, there are no regulatory requirements that may materially affect our Group's utilisation of tangible fixed assets.

It is not practical to measure the utilisation of medical and surgical facilities at both our specialist and primary division as usage of equipment is part of the procedure during the treatment of our patients. This includes our dental facilities in Hong Kong.

However, the utilisation of hospital beds at Adam Road Hospital and the operating theatres at our Specialist Surgery and Laser Centre would demonstrate a more accurate measure of the utilisation of our medical and surgical facilities. The utilisation of these facilities is as follows:-

#### ***Adam Road Hospital***

Adam Road Hospital is a private psychiatric hospital which provides specialist psychiatric care located at 19 Adam Road, Singapore 289891. We lease the premises and details of the lease are set out in the section on "Properties and Fixed Assets" of this Prospectus.

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## GENERAL INFORMATION ON OUR GROUP

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ARH has a private psychiatric hospital licence issued by MOH under the Private Hospitals and Medical Clinics Act (Chapter 248) of Singapore. It also has a registered pharmacy certificate issued by the Health Sciences Authority under the Medicine Act (Chapter 176) of Singapore.

The hospital's inpatient unit houses a total of 49 beds in three classes of wards i.e. Class A (single bed ward), Class B (4-bed ward) and Class C (13-bed ward). The utilisation rate of our inpatient hospital beds from FY2002 to FY2004 based on the average number of beds occupied in a day are as follows:-

Year	Total number of beds	Average number of beds occupied in one day	Utilisation rate*
2002	49	23	46.9%
2003	49	24	49.0%
2004	49	23	46.9%

\* Based on 49 beds over 365 days.

The utilisation rate has been fairly stable for the past three financial years.

### **Specialist Surgery and Laser Centre**

Our day surgery centre commenced operations in February 2001 and it is located at Unit No #12-01, Paragon, 290 Orchard Road, Singapore 238859. We lease the premises and details of the lease are set out in the section on "Properties and Fixed Assets" of this Prospectus.

Our day surgery centre has two major and three minor operating theatres and a six-bed recovery bay for patients to recuperate before they are discharged within the same day of the surgery. SSLC has a medical clinic licence issued by MOH under the Private Hospitals and Medical Clinics Act (Chapter 248) of Singapore. It has also been approved under the Voluntary Sterilisation Act (Chapter 347) and Termination of Pregnancy Act (Chapter 324) to carry out sexual sterilisation and termination of pregnancy respectively.

The centre operates from 9 a.m. to 6 p.m. daily from Monday to Friday and from 9 a.m. to 1 p.m. on Saturday. It is closed on Sundays and public holidays.

The utilisation rates of our operating theatres from FY2002 to FY2004 based on the time occupied by patients are as follows:-

Year	Utilisation rate*
2002	53.6%
2003	59.2%
2004	53.3%

\* Based on the total operating hours including the changeover time between procedures. (average of 30 minutes for major operating theatres and 20 minutes for minor operating theatres).

The increase in the utilisation rate in FY2003 was due to the increase in the number of procedures as our centre became more established. The decline in the utilisation rate in FY2004 was mainly due to the expansion of our centre facilities and increased down-time arising from the renovation of the day surgery centre.

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## GENERAL INFORMATION ON OUR GROUP

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### ***Multi-disciplinary specialist centre, in Hyderabad, India***

We have a four-storey multi-disciplinary specialist centre in Hyderabad, India which commenced operations in 4Q FY2004. We lease the premises located at Plot No. 237, Road No. 16, Jubilee Hills, Hyderabad 500033, Andhra Pradesh, India and details of the lease are set out in the section on "Properties and Fixed assets" of this Prospectus.

Pacific Hospitals(India) has a provisional licence to carry out the operation of a clinic and diagnostic centre.

The centre houses consulting suites for medical specialists and dentists, a medical diagnostic laboratory, a health screening centre with imaging facilities, a day surgery centre and a women's spa. As this centre only commenced operations in 4Q FY2004, the utilisation rate of the centre is not meaningful.

The total renovation and set-up cost for this centre was approximately \$1.5 million.

In addition to the above, our associated companies have the following facilities:-

### ***PH Nursing Home***

PH Nursing Home operates a nursing home in Bukit Merah. The nursing home commenced business in December 2004. This purpose-built home has approximately 259 beds. As this nursing home only commenced operations in 4Q FY2004, the utilisation rate of this nursing home is not meaningful. The total land, construction and set-up cost for this nursing home was approximately \$11.0 million.

### ***Pacific Eldercare and Nursing***

Pacific Eldercare and Nursing is currently in the process of building a nursing home located at Bukit Panjang. This nursing home is expected to be completed in 1Q FY2006. This purpose-built home will have approximately 265 beds. The total land, construction and set-up cost for this new nursing home is estimated at \$10.5 million.

### ***Maternity Spa and The Wellness Lounge at the Paragon***

Our wellness centre and maternity spa at the Paragon were officially opened in October 2004. As The Wellness Lounge and maternity spa only commenced operations in 4Q FY2004, the utilisation rates of these facilities are not meaningful.

The Wellness Lounge has treatment rooms for skin and body care, including liposonic treatment for weight control, endermologie for body toning and equipment for skin care. The total renovation and set-up cost for this wellness centre was approximately \$0.9 million.

The maternity spa has treatment rooms including facilities such as a hydro-bath and hair spa stations. The total renovation and set-up cost for the maternity spa was approximately \$0.4 million.

## **SERVICE QUALITY CONTROL**

Service quality is a very important aspect of our operations. We seek feedback from our patients via questionnaires, which are conveniently placed at our clinics, medical centres and hospital. Feedback from these questionnaires will be collated and the relevant issues addressed by the respective clinics, medical centres or hospital. Our patients can also contact us through emailing us at [customerservice@pachealthholdings.com](mailto:customerservice@pachealthholdings.com).

Occasionally, our patients directly provide feedback to our doctors and healthcare professionals. These feedbacks may include issues pertaining to adequacy of patient care, treatment outcome and pricing. The majority of these feedbacks are attended to at the respective clinics, medical centres and hospital.

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## GENERAL INFORMATION ON OUR GROUP

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In addition, we have a Medical Advisory Committee, which is in turn assisted by a Medical Audit Committee, a Procurement Committee, a Continuing Education Committee, a Credentials Committee and an Infection Control and Medicine Committee. These committees are in compliance with MOH requirements. All appointed committee members serve a two-year term. Issues that are related to areas managed by the respective committees will be reported to the committees concerned and addressed.

### ***Medical Advisory Committee***

The role of our Medical Advisory Committee includes, *inter alia*, the following:–

- (a) to advise the management and Board of Directors of our Group and serve as a liaison body between management, Board of Directors and the medical professionals of our Group;
- (b) to devise medical and ethical policies for our Group; and
- (c) to establish standard procedures for the rendering of medical services whenever practical and advisable.

Our Medical Advisory Committee comprises three members who meet annually or whenever required. The members are Dr Ravi Seshadri@Srinivasan, Dr Khoo Kian Ming, Andrew and Dr Ang Poon Liat. The Head of the Medical Advisory Committee is Dr Ravi Seshadri@Srinivasan.

### ***Medical Audit Committee***

The role of our Medical Audit Committee includes, *inter alia*, the following:–

- (a) to ensure that medical and ethical policies, service procedures and service standards are adhered to;
- (b) to determine methods of and areas for clinical practice auditing;
- (c) to make recommendations to the Medical Advisory Committee regarding medical practices or policies which, in its view, are necessary for reviews;
- (d) to investigate incidents of untoward clinical practices as and when referred by the Medical Advisory Committee or clinic/medical centre administrators as well as to provide reports regarding its deliberations and findings; and
- (e) to keep itself relevant with legislative requirements regarding quality assurance of healthcare providers.

Our Medical Audit Committee consists of three members and the committee meets annually or when necessary. The members are Dr Yung Shing Wai, Dr Lee Wei Hong and Dr William Chong. The Head of the Medical Audit Committee is Dr Yung Shing Wai.

### ***Procurement Committee***

The role of the Procurement Committee includes, *inter alia*, the following:–

- (a) to keep abreast with new developments in medical equipment and ensure that medical equipment used by our Group are comparable to competitors in order to maintain our Group's competitiveness in the industry; and
- (b) to source for appropriate medical equipment at the lowest cost possible, but not compromising on service quality.

Our Procurement Committee comprises three members who meet annually or whenever necessary. The members are Dr Heah Sieu Min, Dr Tan Choon Heng, John and Dr Sandra Chu. The Head of the Procurement Committee is Dr Heah Sieu Min.

### ***Continuing Education Committee***

The role of the Continuing Education Committee includes, *inter alia*, the following:–

- (a) to keep track of professional seminars and courses available locally and overseas and to inform the relevant doctors or medical staff about these seminars and courses and encourage them to attend; and

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## GENERAL INFORMATION ON OUR GROUP

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(b) to assist the Medical Advisory Committee in formulating policies pertaining to the improvement of the quality and skills of our doctors and medical staff.

Our Continuing Education Committee comprises three members who meet annually or whenever necessary. The members are Dr Tan Keng Yew, Adrian, Dr Ung Eng Khean, Kenneth and Dr Tay Kheng Lip, David. The Head of the Continuing Education Committee is Dr Tan Keng Yew, Adrian.

### ***Credentials Committee***

The role of the Credentials Committee includes, *inter alia*, the following:-

(a) to review and evaluate the qualifications of medical and visiting specialists and locums for initial appointment; and

(b) to accredit users of high-tech/new modalities of treatment and re-accredit from time to time as decided by the Medical Advisory Committee.

Our Credentials Committee comprises three members who meet annually or whenever necessary. The members are Dr Martin Huang, Dr Ravi Seshadri @ Srinivasan and Dr P'ng Jin Chye, Damian. The Head of the Credentials Committee is Dr Martin Huang.

### ***Infection Control & Medicine Committee***

The role of the Infection Control and Medicine Committee includes, *inter alia*, the following:-

(a) to develop and monitor all drug utilisation policies and practices within the clinic or medical centre or hospital and to ensure optimum clinical results and minimum potential for hazards;

(b) to conduct surveillance of inadvertent infection potentials and review and analysis of actual infections; and

(c) to advise on the development of standards for clinic or medical centre or hospital sanitation and medical asepsis, dietary and food handling, disposal of biological wastes and sources of pollution.

The Infection Control and Medicine Committee comprises three members who meet annually or whenever necessary. The members are Dr Tan Sian Ann, Ann, Dr Ngui Tet Shin, Francis and Dr Lim Tai Tian. The Head of the Infection Control and Medicine Committee is Dr Tan Sian Ann, Ann.

## **CUSTOMERS AND MARKETS**

Our customers are mainly individual patients. Though we serve on the panels of more than 200 companies, our business and profitability are not materially dependent on any single individual or corporate contract. There are no individual or corporate clients who each accounted for 5.0 per cent. or more of our Group's revenue in each of the past three financial years. In FY2004, our two largest corporate clients, Singapore Airlines Group and HSBC Insurance Group, collectively accounted for less than 5.0 per cent. of total Group revenue.

The distribution of revenue between corporate clients and individual patients over the past three financial years from FY2002 to FY2004 are shown in the table below:-

<b>Customer category</b>	<b>Percentage of Group's Revenue</b>		
	<b>FY2002</b>	<b>FY2003</b>	<b>FY2004</b>
Corporate clients	14.1%	13.9%	13.4%
Individual patients	85.9%	86.1%	86.6%
	100.0%	100.0%	100.0%

In FY2004, approximately 1.4 per cent. of revenue from Specialist Healthcare Division were from corporate clients with the remaining 98.6 per cent. of revenue from individual patients.

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## GENERAL INFORMATION ON OUR GROUP

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In FY2004, approximately 25.1 per cent. of revenue from Primary Healthcare Division were from corporate clients with the remaining 74.9 per cent. of revenue from individual patients.

Save for shares of some corporate clients traded on the SGX-ST which are held for the purpose of personal investments, none of our Directors, Executive Officers or Substantial Shareholders is related to or has any interest, direct or indirect, in any corporate clients of our Group.

### SUPPLIERS AND RAW MATERIALS

The following table sets forth our suppliers who accounted for 5.0 per cent. or more of our Group's total purchases for the last three financial years:—

Suppliers	Nature of supplies	Percentage of Group's Purchases		
		FY2002	FY2003	FY2004
Zuellig Pharma Pte Ltd	Drugs and surgical supplies	18.5%	18.5%	25.6%
	Drugs, dental supplies and medical products	3.4%	5.2%	4.8%
Parkway Group	Diagnostic and hospital services	4.0%	4.9%	6.1%

\* JDH Group comprises JDH Marketing (Singapore) Pte Ltd and JDH (Hong Kong) Limited

The year-to-year fluctuation in percentage of total purchases from individual suppliers is dependent on our procurement decision and availability of supply. Amongst other things, the factors considered are the quality, pricing, delivery schedule and the payment terms from the respective suppliers.

Zuellig Pharma Pte Ltd is one of the largest pharmaceutical distributors in Singapore representing many major international pharmaceutical companies. We purchase drugs and surgical supplies from Zuellig Pharma Pte Ltd. The increase in our purchases from Zuellig Pharma Pte Ltd from FY2002 to FY2004 was mainly due to our increased consumption of the products supplied by Zuellig Pharma Pte Ltd, which was in line with the increase in our overall revenue.

JDH Group specialises in the distribution of healthcare and pharmaceutical products for pharmaceutical companies, dental and diagnostics suppliers, medical device manufacturers and over-the-counter product companies. We purchase drugs, dental supplies and medical products from JDH Group. Our purchases from JDH Group had been fairly consistent from FY2002 to FY2004.

Parkway Group provides a range of healthcare services and facilities. Our doctors utilise their laboratory, radiology and hospital facilities. The increase in such services from FY2002 to FY2004 was mainly due to our increase in the usage of such facilities provided by Parkway Group, which was in line with the increase in our overall revenue.

Our business and profitability are not materially dependent on any single supplier.

None of our Directors, Executive Officers or Substantial Shareholders are related to or has any interest, direct or indirect, in our major suppliers mentioned above.

### INVENTORY MANAGEMENT

Our inventory includes dry and liquid medicines, dental materials, general medical supplies such as rubber gloves, syringes and other disposables as well as special medical supplies such as anesthetic gases. Some of our medicines and supplies are temperature-sensitive and have to be stored in special cabinets where the temperature can be controlled. Restricted medicines whose usage and consumption are controlled by MOH are kept under lock and key. In each of our clinics, medical centres and hospital, physical records are kept to monitor purchases and sale of all medicine.

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## GENERAL INFORMATION ON OUR GROUP

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We intend to centralise our procurement function to improve efficiency and to enjoy bulk discounts. We have started the process of centralising the purchase of selected branded drugs and consumables in Singapore.

All of our centres and clinics are responsible for their own inventory management. Each centre and clinic monitors its own inventory levels closely. When inventories fall below certain levels (that are pre-determined as the minimum levels required for the proper functioning of the clinic/centre based on historical experiences), the procurement personnel responsible for each clinic/centre will place orders with the respective vendors at the agreed bulk preferential rates.

All of our centres and clinics also conduct regular checks on the expiry dates of their supplies to ensure that expired medications and supplies are not given to or used on our patients. We adopt the first-in-first-out policy for all our medicines and supplies, i.e. older inventories are consumed first. Expired medicines and supplies are disposed in accordance with MOH guidelines.

Our inventory turnover days from FY2002 to FY2004 were as follows:–

	FY2002	FY2003	FY2004
Inventory turnover* (days)	114	133	123

\* The inventory days are computed based on the following formula: inventory days = closing inventory/cost of sales x 365 days. Cost of sales is defined as the costs of drugs, consumables and medical supplies.

Our provision for obsolete inventory or inventory written off over the past three financial years were as follows:–

\$'000	FY2002	FY2003	FY2004
Inventory written off	—	—	36
As a percentage of profit before taxation	—	—	0.6%

### CREDIT POLICY

#### *Sales*

Generally, our private patients are charged on a cash basis for professional services rendered, use of facilities and sale of medicine and related products. We accept various modes of payments including cash, cheque, credit card, telegraphic bank transfer and electronic payments (NETS or Network for Electronic Transfers (Singapore)). We may, in certain cases, depending on the patient's financial background, payment history, credit worthiness and duration of relationship, extend credit to our patients to allow them to progressively settle their medical bills.

We have entered into agreements with all of our corporate clients and for some of them, we have extended 30 to 60 days credit terms.

Our trade receivables comprised mainly amounts receivable from our corporate clients, amounts due from third party hospitals for procedures carried out by our doctors for their patients in these premises, amounts due from credit card companies for our patients who pay by credit cards and certain private patients.

The collection days of our Group for the past three financial years were as follows:–

	FY2002	FY2003	FY2004
Collection days*	36	31	37

\* The collection days are computed based on the following formula: collection days = closing trade debtors/revenue x 365 days

## GENERAL INFORMATION ON OUR GROUP

The amount of provision for doubtful debts, bad debts written off and doubtful debts written back/(recovered) for the past three financial years were as follows:-

\$'000	FY2002	FY2003	FY2004
Provision for doubtful debts	78	117	148
Bad debts written off	66	—	36
Doubtful debts written back/(recovered)	—	—	(5)
	144	117	179

Provision of doubtful debts, bad debts written off and doubtful debts written back/(recovered) as a percentage of profit before income tax	3.1%	2.1%	3.1%
Provision of doubtful debts, bad debts written off and doubtful debts written back/(recovered) as a percentage of revenue	0.4%	0.3%	0.4%

### *Purchases*

The credit term generally granted by our suppliers of drugs, consumables, medical supplies, laboratories services and anaesthesia is up to 90 days.

The average payment days of our Group for the past three financial years were as follows:-

	FY2002	FY2003	FY2004
<b>Payment days*</b>	78	123	121

\* The payment days are computed based on the following formula: payment days = closing trade creditors/cost of sales  $\times$  365 days. Cost of sales is defined as the costs of drugs, consumables, medical supplies, laboratory, radiology and anaesthesia fees, and net of changes in inventory

In FY2003, payment days increased to 123 days due mainly to an increase in bulk purchases of inventories in the last quarter of FY2003. Payment days remained fairly consistent in FY2004.

## **MARKETING AND DISTRIBUTION**

In Singapore, our marketing activities are regulated by the MOH, SMC, SDC, SMA, SDA and the Advertising Standards Association of Singapore.

In Hong Kong, we are regulated by the Hong Kong Department of Health, the Medical Council of Hong Kong, Hong Kong Academy of Medicine and The Hong Kong Medical Association.

In India, we are regulated by the Government of India Ministry of Health and Family Welfare, the Indian Dental Council and Indian Medical Council of Andhra Pradesh.

We are restricted by the regulations of these entities on the type, scope and amount of marketing activities we can carry out at all times. Please refer to the section on "Government Regulations" of this Prospectus for more information on these regulations.

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## GENERAL INFORMATION ON OUR GROUP

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Due to these constraints, our marketing strategies are as follows:-

### Common Group Branding

We have established a common branding for the whole Group via the usage of our '*Pacific Healthcare*' name on all of our printed materials, corporate presentations and listings in the telephone directories. We also circulate in-house informational brochures and pamphlets with our corporate name and logo at our premises to visiting clients, or send them to our existing clients in our mailing list to increase their awareness towards our brand. In addition, our doctors, nurses and other medical support staff are also encouraged to adopt our Group's core philosophies of *Care, Compassion and Medical Excellence*.

### Educational Talks and Written Publications

Educational talks are regularly organised and conducted by our in-house doctors for our existing patients to boost awareness and to educate them on healthcare issues and the services available. We also conduct continuing medical and dental education seminars and lectures locally and overseas for external doctors and participate in healthcare conferences and exhibitions.

Certain of our doctors have also contributed articles and opinions to various magazines and editorials and scientific journals. All these activities have indirectly increased awareness of our Group in the local and overseas markets and have enabled us to increase our patient base.

### Overseas Initiatives

We are an active participant in the *SingaporeMedicine* initiatives spearheaded by the Singapore Tourism Board. This allows us to interact with key players in the healthcare industry as well as to meet prospective clients. Our participation in these conferences and exhibitions, for example in Indonesia, Malaysia and the United Arab Emirates, has greatly enhanced awareness of our Group and our branding in the market.

We have also established a marketing representative office in Jakarta, Indonesia.

### Corporate Web Sites

Each of our key subsidiaries maintains its own web site with links to our Group's main site maintained by Pacific Healthcare. Both existing and prospective clients can learn about our services via these sites.

### Presentations to Prospective Corporate Clients

We conduct multimedia presentations to prospective corporate clients locally and overseas. Introductions have been made either directly through word-of-mouth, personal patient contacts and our web sites or directly through our marketing executives via marketing calls.

Prospective corporate clients are presented with an integrated healthcare network offering a comprehensive range of services tailored to the needs of their employees.

In order to further boost our company identity, our corporate clients as well as valued private patients can be issued with a Pacific Healthcare card.

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## GENERAL INFORMATION ON OUR GROUP

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### SEASONALITY

Generally, our business is not subject to any major seasonal influences that will affect the demand for our services. However, it is subject to minor fluctuations and our revenue is generally lower during the first half of the year, especially the first quarter as a result of work-days lost to public holidays.

The demand for elective treatments, such as cosmetic surgery and aesthetic medicine, and implant and aesthetic dentistry, is typically higher in the second half of the year and our Directors believe this is in anticipation of the festive season. In addition demand for general dentistry and health screening is typically also higher in the second half of the year. Our Directors believe demand for such services is higher in the second half of the year because of the expiration of annual healthcare entitlements by the end of the calendar year. As we derive a significant amount of our revenue from such services, our revenue increases accordingly.

The higher revenue in the second half of the year will generally result in better profit margins as compared to the first half of the year. This is because once the fixed costs (such as rental of premises and depreciation and amortisation expenses) are accounted for, the margin and profit will improve.

### INTELLECTUAL PROPERTY

#### Trademarks and Patents

We have registered or made applications to register the following proprietary trademark:-

Trademark	Country	Registration Number	Category/ Class	Registration Date	Renewal Date
	Singapore	T03/02522Z	44	20 February 2003	20 February 2013
	Hong Kong	300039096	44	26 June 2003	25 June 2013
	Country	Application Number	Category/ Class	Application Date	
	PRC	3622641	44	8 July 2003	
	India	01246372	42	28 October 2003	

We do not own any patents. Our business or profitability is not materially dependent on any trademark or patent.

### LICENCES

In Singapore, as at LPD, we have obtained the following licences from MOH under the Private Hospitals and Medical Clinics Act 1980 (Chapter 248) for our medical centres, clinics, hospital and laboratories. We are dependent on these licences to carry on our business. Failure to renew such licences will have a material adverse effect on operations and profitability. As at LPD, we have all the necessary licences and permits for our operations. Please refer to the section on "Government Regulations" of this Prospectus for more information on the main laws and regulations that we are subject to.

## GENERAL INFORMATION ON OUR GROUP

### ***Licences issued under the Private Hospitals and Medical Clinics Act (Chapter 248) by Ministry of Health of Singapore***

The following licences are subject to inspections on an ad-hoc or pre-arranged basis and are specific to location and not transferable. An inspection is carried out prior to the expiry of a licence.

<b>Licensed Location</b>	<b>Name of Licensed Premise</b>	<b>Licence Number</b>	<b>Tenure (years)</b>	<b>Duration</b>	<b>Licensed Activity</b>
435 Orchard Road #11-01/02/03 Singapore 238877	Atria Pan Dental Group Pte Ltd	04/944138/99/3	2	4 October 2003 to 3 October 2005	Medical clinic
5000F Marine Parade Road #01-21 Laguna Park Singapore 449289	Atria Pan Dental Group Pte Ltd	94/943917/2003	2	1 January 2004 to 31 December 2005	Medical clinic
415 Pandan Gardens #01-118 Singapore 600415	Atria Pan Dental Group Pte Ltd	94/943976/2003	2	1 January 2004 to 31 December 2005	Medical clinic
70 Toa Payoh Lorong 4 #01-353 Singapore 310070	Chong & Associates Dental Surgeons	94/945287/2005	2	19 February 2005 to 18 February 2007	Medical clinic
435 Orchard Road #11-04/05 Singapore 238877	Atria Medical Associates Pte Ltd	94/944677/2004	2	1 July 2004 to 30 June 2006	Medical clinic
Blk 212 Hougang Street 21 #01-319 Singapore 530212	Healthcare Clinic and Surgery	94/943802/2003	2	1 January 2004 to 31 December 2005	Medical clinic
51 Cuppage Road #01-04 Starhub Centre Singapore 229469	The Clinic @ Cuppage	94/945361/2005	2	13 March 2005 to 12 March 2007	Medical clinic
253 Jurong East Street 24 #01-227 Singapore 600253	Pacific Medicare Family Clinic Pte Ltd	94/945574/2005	2	17 April 2005 to 16 April 2007	Medical clinic
30 Woodlands Avenue 1 #02-03/04 The Woodgrove Singapore 739065	Vagus Specialist and Family Clinic	94/945216/2004	2	30 January 2005 to 29 January 2007	Medical clinic
452 Ang Mo Kio 10 #01-1773 Singapore 560452	Pacific Mah Medical	94/944381/2004	2	8 March 2004 to 7 March 2006	Medical clinic
111 North Bridge Road #04-36 Peninsula Plaza Singapore 179098	Peninsula Plaza Clinic & Surgery Pte Ltd	94/944083/2003	2	1 January 2004 to 31 December 2005	Medical clinic
11 Collyer Quay #03-28 The Arcade Singapore 049317	Drs Lee & Partners Pte Ltd	94/944069/2003	2	1 January 2004 to 31 December 2005	Medical clinic
5 Tampines Central 6 #01-13 Telepark Singapore 529482	Drs Lee & Partners, Medical Centre Telepark	94/943377/2003	2	13 January 2004 to 12 January 2006	Medical clinic
24 Raffles Place #02-08 Clifford Centre Singapore 048621	Drs Thompson & Thomson Pte Ltd	94/943811/2003	2	1 January 2004 to 31 December 2005	Medical clinic
339 Thomson Road #03-05/06 Thomson Medical Centre Singapore 307677	Thomson Paediatric Centre	94/944779/2004	2	3 August 2004 to 2 August 2006	Medical clinic

## GENERAL INFORMATION ON OUR GROUP

Licensed Location	Name of Licensed Premise	Licence Number	Tenure (years)	Duration	Licensed Activity
298 Tiong Bahru Road #01-03/04 Central Plaza Singapore 168730	Tiong Bahru Children Clinic	94/945663/2005	2	17 May 2005 to 16 May 2007	Medical clinic
75 Serangoon Garden Way Singapore 555971	Paediatric Centre (Serangoon Garden)	94/944322/2004	2	18 February 2004 to 17 February 2006	Medical clinic
503 Bishan St 11 #01-464 Singapore 570503	Junction 8 Family Clinic	94/945906/2005	2	13 August 2005 to 12 August 2007	Medical clinic
Blk 279 Bishan St 24 #01-50 Singapore 570279	Bishan Children Clinic	94/945251/2005	2	9 February 2005 to 8 February 2007	Medical clinic
290 Orchard Road #11-03 Paragon Singapore 238859	Pacific Colorectal Centre	94/945162/2004	2	2 December 2004 to 1 December 2006	Medical clinic
290 Orchard Road #12-01 Paragon Singapore 238859	Dr David K.L. Tay & Associates	94/945118/2004	2	8 December 2004 to 7 December 2006	Medical clinic
	MD Specialist Healthcare Pte Ltd	94/945147/2004	2	4 December 2004 to 3 December 2006	Medical clinic
	Specialist Surgery and Laser Center	94/945213/2004	2	10 January 2005 to 9 January 2007	Medical clinic
	The Vein Clinic	94/944502/2004	2	15 April 2004 to 14 April 2006	Medical clinic
290 Orchard Road #20-01 Paragon Singapore 238859	MD Specialist Healthcare Pte Ltd	94/945034/2004	2	12 October 2004 to 11 October 2006	Medical clinic
	Pacific Specialist Practice	94/945777/2005	2	3 June 2005 to 2 June 2007	Medical clinic
	The Cosmetic Surgery Clinic Pte Ltd	94/945037/2004	2	12 October 2004 to 11 October 2006	Medical clinic
319 Joo Chiat Place #03-07 East Shore Medical Centre Singapore 427989	The ENT Clinic	94/945215/2004	2	13 January 2005 to 12 January 2007	Medical clinic
	J C Png Urology	94/945602/2005	2	30 April 2004 to 29 April 2007	Medical clinic
	Aesthetic & Reconstructive Centre	94/945343/2005	2	13 March 2005 to 12 March 2007	Medical clinic
319 Joo Chiat Place #04-07 East Shore Medical Centre Singapore 427989	Tay Eye Surgery	94/944199/2004	2	1 February 2004 to 31 January 2006	Medical clinic
3 Mount Elizabeth #13-08 Mount Elizabeth Medical Centre Singapore 228510	Aesthetic & Reconstructive Centre	94/943086/2003	2	25 November 2003 to 24 November 2005	Medical clinic

## GENERAL INFORMATION ON OUR GROUP

Licensed Location	Name of Licensed Premise	Licence Number	Tenure (years)	Duration	Licensed Activity
3 Mount Elizabeth #05-06 Mount Elizabeth Medical Centre Singapore 228510	MD Specialist Healthcare Pte Ltd	94/943702/2003	2	10 December 2003 to 9 December 2005	Medical clinic
	Women & Fetal Centre	94/945696/2005	2	21 May 2005 to 20 May 2007	Medical clinic
19 Adam Road Singapore 289891	Adam Road Hospital	01/320000/93/6	2	11 October 2003 to 10 October 2005	Private Psychiatric Hospital
6 Lengkok Bahru Singapore 159051	Pacific Healthcare Nursing Home Pte Ltd	47/503220/2004	2	29 November 2004 to 28 November 2006	Nursing Home
456 Alexandra Road #02-01 NOL Building Singapore 119962	Town Hall Clinic	94/943422/2003	2	1 January 2004 to 31 December 2005	Medical clinic
328 North Bridge Road #03-02 Raffles Hotel Arcade Singapore	Victoria Medical Hall Clinic & Surgery	94/944315/2004	2	10 March 2004 to 9 March 2006	Medical clinic
Blk 285 Yishun Avenue 6 #01-04 Singapore 760285	Victoria Medical Clinic & Surgery	04/944119/99/3	2	15 October 2003 to 14 October 2005	Medical clinic

### ***Approval issued under the Voluntary Sterilisation Act (Chapter 347) by Ministry of Health of Singapore***

The following licences are subject to inspections on an ad-hoc or pre-arranged basis and are specific to location and not transferable. An inspection is carried out prior to the expiry of a licence.

Approved Institution	Address of Approved Institution	Approval Number	Tenure (years)	Duration	Approved treatment
Specialist Surgery & Laser Centre	290 Orchard Road #12-01 Paragon Singapore 238859	0192	2	17 August 2005 to 16 August 2007	Sexual sterilization

### ***Approval issued under the Termination of Pregnancy Act (Chapter 324) by Ministry of Health of Singapore***

The following licences are subject to inspections on an ad-hoc or pre-arranged basis and are specific to location and not transferable. An inspection is carried out prior to the expiry of a licence.

Approved Institution	Address of Approved Institution	Approval Number	Tenure (years)	Duration	Approved treatment
Specialist Surgery & Laser Centre	290 Orchard Road #12-01 Paragon Singapore 238859	0812	2	17 August 2005 to 16 August 2007	Termination of pregnancy

## GENERAL INFORMATION ON OUR GROUP

### ***Certificate issued under the Medicine Act (Chapter 176) by the Health Sciences Authority of Singapore***

The following licences are subject to inspections on an ad-hoc or pre-arranged basis and are specific to location and not transferable. An inspection is carried out prior to the expiry of a licence.

<b>Certification</b>	<b>Certificate Number</b>	<b>Location of Pharmacy</b>	<b>Tenure (years)</b>	<b>Duration</b>	<b>Condition</b>
Certificate of Registration of Pharmacy	PH01813	19 Adam Road Singapore 289891	1	25 April 2005 to 24 April 2006	To provide a minimum of 35 hours of dispensing service per week

### ***Licences issued under the Radiation Protection Act (Chapter 262) by the Health Sciences Authority of Singapore***

The following licences are subject to ad-hoc inspections carried out at least once a year and are specific to location and not transferable.

<b>Licenced Equipment</b>	<b>Licence Number</b>	<b>Location of Equipment</b>	<b>Tenure (years)</b>	<b>Duration</b>	<b>Purpose of equipment</b>
Non-ionising radiation irradiating apparatus (laser)	N2/01531/0012	290 Orchard Road #12-01 Paragon Singapore 238859	1	1 January 2005 to 31 December 2005	Medical Surgery
	N2/01575/0003	290 Orchard Road #12-01 Paragon Singapore 238859	2	1 March 2004 to 28 February 2006	Medical Surgery
	N2/01575/0002	290 Orchard Road #12-01 Paragon Singapore 238859	2	1 March 2004 to 28 February 2006	Medical Surgery
	N2/01575/0004	290 Orchard Road #12-01 Paragon Singapore 238859	2	1 November 2003 to 31 October 2005	Medical Surgery
	N2/01575/0009	290 Orchard Road #12-01 Paragon Singapore 238859	1	1 November 2004 to 31 October 2005	Medical Surgery
	N2/00754/0003	Blk 253 Jurong East Street 24 #01-227 Singapore 600253	2	1 April 2004 to 31 March 2006	Medical Surgery
	N2/01077/0003	435 Orchard Road #11-05 Wisma Atria Singapore 238877	2	1 February 2005 to 31 January 2007	Medical Surgery
	N2/01077/0004	435 Orchard Road #11-05 Wisma Atria Singapore 238877	2	1 February 2005 to 31 January 2007	Medical Surgery
Non-ionising radiation irradiating apparatus (laser)	N2/01077/0007	435 Orchard Road #11-05 Wisma Atria Singapore 238877	2	1 May 2005 to 30 April 2007	Medical Surgery
	N2/01575/0001	290 Orchard Road #12-01 Paragon Singapore 238859	2	1 March 2004 to 28 February 2006	Medical Surgery
Non-ionising radiation irradiating apparatus (ultrasound)	N2/01531/0001	290 Orchard Road #12-01 Paragon Singapore 238859	1	1 December 2004 to 30 November 2005	Medical diagnostic

## GENERAL INFORMATION ON OUR GROUP

<b>Licenced Equipment</b>	<b>Licence Number</b>	<b>Location of Equipment</b>	<b>Tenure (years)</b>	<b>Duration</b>	<b>Purpose of equipment</b>
	N2/01531/0011	290 Orchard Road #12-01 Paragon Singapore 238859	2	1 August 2004 to 31 July 2006	Medical diagnostic
	N2/02168/0001	290 Orchard Road #20-01 Paragon Singapore 238859	1	1 November 2004 to 31 October 2005	Medical diagnostic
	N2/02168/0002	290 Orchard Road #20-01 Paragon Singapore 238859	1	1 November 2004 to 31 October 2005	Medical diagnostic
	N2/00754/001	Blk 253 Jurong East Street 24 #01-227 Singapore 600253	2	1 July 2005 to 30 June 2007	Medical diagnostic
	N2/01464/0001	30 Woodlands Avenue 1 #02-03/04 The WoodGrove Singapore 739065	2	1 June 2004 to 31 May 2006	Medical diagnostic
	N2/01077/0001	435 Orchard Road #11-05 Wisma Atria Singapore 238877	1	1 June 2005 to 31 May 2007	Medical diagnostic
	N2/01923/0001	3 Mount Elizabeth #05-06 Mount Elizabeth Medical Centre Singapore 228510	2	1 May 2005 to 30 April 2007	Medical diagnostic
	N2/00720/0002	319 Joo Chiat Place #04-07 East Shore Medical Centre Singapore 427990	2	1 March 2004 to 28 February 2006	Medical diagnostic
Ionising irradiating apparatus (dental x-ray machine)	L5/00035/0005	435 Orchard Road #11-01/02/03 Singapore 238877	1	1 January 2005 to 31 December 2005	Dental diagnosis
	L5/00035/0016	435 Orchard Road #11-01/02/03 Singapore 238877	1	1 January 2005 to 31 December 2005	Dental diagnosis
	L5/00035/0025	435 Orchard Road #11-01/02/03 Singapore 238877	1	1 June 2005 to 31 May 2006	Dental diagnosis
	L5/00035/0034	435 Orchard Road #11-01/02/03 Singapore 238877	1	1 January 2005 to 31 December 2005	Dental diagnosis
	L5/02274/0001	5000F Marine Parade Road #01-21 Laguna Park Singapore 449289	1	1 September 2005 to 31 August 2007	Dental diagnosis
	L3/00035/0014	435 Orchard Road #11-01/03 Singapore 238877	1	1 November 2004 to 31 October 2005	Dental diagnosis
	L3/00035/0030	435 Orchard Road #11-01/03 Singapore 238877	1	1 January 2005 to 31 December 2005	Dental diagnosis

## GENERAL INFORMATION ON OUR GROUP

<b>Licenced Equipment</b>	<b>Licence Number</b>	<b>Location of Equipment</b>	<b>Tenure (years)</b>	<b>Duration</b>	<b>Purpose of equipment</b>
	L3/00035/0033	435 Orchard Road #11-01/03 Singapore 238877	1	1 January 2005 to 31 December 2005	Dental diagnosis
	L3/00035/0013	435 Orchard Road #11-01 Singapore 238877	1	1 September 2005 to 31 August 2007	Dental diagnosis
Ionising irradiating apparatus (dental x-ray machine)	L3/00035/0001	435, Orchard Road #11-02 Singapore 238877	1	1 January 2005 to 31 December 2005	Dental diagnosis
	L3/00035/0003	5000F Marine Parade Road #01-21 Laguna Park Singapore 449289	1	1 January 2005 to 31 December 2005	Dental diagnosis
	L3/00035/0004	5000F Marine Parade Road #01-21 Laguna Park Singapore 449289	1	1 January 2005 to 31 December 2005	Dental diagnosis
	L3/00035/0010	435 Orchard Road #11-01 Singapore 238877	1	1 August 2005 to 31 July 2006	Dental diagnosis
	L3/00035/0011	435 Orchard Road #11-01 Singapore 238877	1	1 August 2005 to 31 July 2006	Dental diagnosis
	L3/00035/0012	435 Orchard Road #11-01 Singapore 238877	1	1 August 2005 to 31 July 2006	Dental diagnosis
	L3/00035/0015	435 Orchard Road #11-01/03 Singapore 238877	1	1 November 2004 to 31 October 2005	Dental diagnosis
	L3/00035/0028	3 Second Hospital Avenue #01-01 Singapore 168937	1	1 July 2005 to 30 June 2007	Dental diagnosis
	L3/00035/0031	435 Orchard Road #11-01/03 Singapore 238877	1	1 January 2005 to 31 December 2005	Dental diagnosis
	L3/00035/0032	435 Orchard Road #11-01/03 Singapore 238877	1	1 January 2005 to 31 December 2005	Dental diagnosis
	L3/00110/0001	415 Pandan Gardens #01-118 Singapore 600415	1	1 January 2005 to 31 December 2005	Dental diagnosis
	L3/02293/0001	70 Toa Payoh Lorong 4 #01-353 Singapore 310070	2	1 November 2004 to 31 October 2006	Dental diagnosis
	L5/02293/0002	70 Toa Payoh Lorong 4 #01-353 Singapore 310070	2	1 November 2004 to 31 October 2006	Dental diagnosis

## GENERAL INFORMATION ON OUR GROUP

***Report of Examination issued under the Factories Act (Chapter 104) by the Ministry of Manpower of Singapore***

The following licences are subject to inspection every two years and are specific to location and not transferable.

Type of Pressure Vessel	Registration Number	Location of Equipment	Validity period (years)	Date of last inspection	Due date of next Inspection
Steam Boiler (Steriliser)	BR67870A	290 Orchard Road #12-01 Paragon Singapore 238859	2	24 December 2003	23 December 2005
	BR68990B	319 Joo Chiat Place #03-07 East Shore Medical Centre Singapore 427989	2	12 November 2003	11 November 2005
	BR70540E	30 Woodlands Avenue 1 #02-03/04 The Woodgrove Singapore 739065	2	5 January 2004	4 January 2006
	BR69760E	290 Orchard Road #12-01 Paragon Singapore 238859	2	24 December 2003	23 December 2005
	BR81000B	3 Mount Elizabeth #05-06 Mount Elizabeth Medical Centre Singapore 228510	2	6 July 2005	5 July 2007
Steam Boiler (Autoclave)	BR65520X	435 Orchard Road #11-01/02 Singapore 238877	2	13 September 2004	12 September 2006
	BR65540P	435 Orchard Road #11-01/02 Singapore 238877	2	13 September 2004	12 September 2006
	BR65550C	435 Orchard Road #11-01/02 Singapore 238877	2	13 September 2004	12 September 2006
	BR70610K	435 Orchard Road #11-01 Singapore 238877	2	13 September 2004	12 September 2006
	BR66310V	415 Pandan Gardens #01-118 Singapore 600415	2	18 December 2004	17 December 2006
	BR65570B	70 Toa Payoh Lorong 4 #01-353 Singapore 310070	2	25 August 2004	24 August 2006
	BR77630X	3 Mount Elizabeth #14-08 Mount Elizabeth Medical Hospital Singapore 228510	2	31 July 2004	30 July 2006
	BR085944B	290 Orchard Road #20-1 Paragon Singapore 238859	2	2 December 2004	1 December 2006
	BR78870J	5000F Marine Parade Road #01-21 Laguna Park Singapore 449289	2	20 February 2005	19 February 2007

## GENERAL INFORMATION ON OUR GROUP

Type of Pressure Vessel	Registration Number	Location of Equipment	Validity period (years)	Date of last inspection	Due date of next Inspection
	BR74140N	503 Bishan Street 11 #01-464 Singapore 570503	2	27 February 2004	26 February 2006
	BR69010C	5 Tampines Central 6 #01-13 Singapore 579482	2	14 November 2004	13 November 2006
	BR78000X	51 Cuppage Road #01-04 StarHub Centre Singapore 299469	2	5 August 2004	4 August 2006
	BR67610C	212 Hougang Street 21 #01-319 Singapore 530212	2	28 October 2004	27 October 2006
	BR63190L	11 Collyer Quay #03-28 The Arcade Singapore 049317	2	22 July 2004	21 July 2006
	BR085044A	456 Alexandra Road #02-01 NOL Building Singapore 119962	2	15 September 2004	14 September 2006
	BR77160K	24 Raffles Place #02-08 Clifford Centre Singapore 048621	2	6 October 2004	5 October 2006
	BR64420N	328 North Bridge Road #03-02 Raffles Hotel Arcade Singapore 188719	2	13 May 2005	12 May 2007
	BR085642C	6 Lengkok Bahru Singapore 228510	2	9 October 2004	8 October 2006
Steam Boiler (Tubeless)	BR59370X	290 Orchard Road #12-01 Paragon Singapore 238859	2	17 January 2005	16 January 2007
Air Receiver (Receiver)	AR48104X	435 Orchard Road #11-01/02 Singapore 238877	2	5 August 2004	4 August 2006
	AR38077X	435 Orchard Road #11-01/02 Singapore 238877	2	5 August 2004	4 August 2006
	AR57019N	435 Orchard Road #11-01/02/03/04/05 Singapore 238877	2	4 December 2003	3 December 2005
	AR57995P	435 Orchard Road #11-01/02 Singapore 238877	2	4 December 2003	3 December 2005
	AR58493V	435 Orchard Road #11-01/02 Singapore 238877	2	5 August 2004	4 August 2006
	AR58502A	435 Orchard Road #11-01/02 Singapore 238877	2	4 December 2003	3 December 2005

## GENERAL INFORMATION ON OUR GROUP

Type of Pressure Vessel	Registration Number	Location of Equipment	Validity period (years)	Date of last inspection	Due date of next Inspection
	AR58733X	435 Orchard Road #11-01/02 Singapore 238877	2	4 December 2003	3 December 2005
	AR37625K	5000F Marine Parade Road #01-21 Laguna Park Singapore 449289	2	27 July 2004	26 July 2006
	AR56978E	5000F Marine Parade Road #01-21 Laguna Park Singapore 449289	2	9 December 2003	8 December 2005
	AR26252C	415 Pandan Gardens #01-118 Singapore 600415	2	9 December 2003	8 December 2005
	AR51495C	70 Toa Payoh Lorong 4 #01-353 Singapore 310070	2	10 December 2003	9 December 2005
	AR086575J	10 Ubi TechPark #17-52 Lobby C Ubi Crescent Singapore 408564	2	18 February 2005	17 February 2007
Steam Receiver (Steriliser)	SR06133B	290 Orchard Road #12-01 Paragon Singapore 238859	2	17 January 2005	16 January 2007

### ***Provisional Trade Registration Licence under the HMC Act 1955 by Municipal Corporation of Hyderabad, India***

Licenced Location	Name of Licenced Premise	Licence Number	Tenure (years)	Duration	Licensed Activity
Plot No. 237, Road No. 16 Jubilee Hills	Pacific Hospitals Private Limited	073-045-0082	1	1 April 2005 to 31 March 2006	Clinic and diagnostic centre

### **RESEARCH AND DEVELOPMENT**

Currently, our Group does not undertake any research and development activities.

However, we have signed a joint venture agreement with Vitae Healthcare(India) to, *inter alia*, set up a cord blood bank and research centre, as part of Pacific Hospitals(India). The cord blood bank and research centre will be established to receive umbilical cords from donors. The stem cells from these umbilical cords may be used to treat medical conditions. Pacific Hospitals(India) is in negotiations with various parties on projects that may include the establishment of facilities in these fields.

We are currently exploring the opportunities for cooperation with an international research institute to secure the relevant technology and know-how for the procurement, processing, inventory and storage of cord blood and stem cells. Please refer to the section on "Future Plans" for more information.

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## GENERAL INFORMATION ON OUR GROUP

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### COMPETITION

In all countries where we operate, leading healthcare service providers from both public and private sectors are our main competitors. Our Group, however, differs from most of these providers in the type and extent of medical services, range of facilities, geographic spread of our network and customer outreach.

#### Singapore

Apart from the restructured hospitals, we have identified the following private healthcare providers as our main competitors in Singapore who have certain service offerings similar to our Group:–

Parkway Holdings Limited is a company listed on the SGX-ST. We believe we compete with Parkway Holdings Limited in the general practice medicine, dentistry and day surgery sectors.

Raffles Medical Group Ltd is a company listed on the SGX-ST. We believe we compete with Raffles Medical Group Ltd in the general practice medicine, dentistry, day-surgery as well as in the specialist healthcare sectors.

AsiaMedic Limited is a company listed on the SGX-SESDAQ. We believe we compete with AsiaMedic Limited in the areas of ophthalmology, cosmetic surgery and health screening.

Econ Healthcare Ltd is a company listed on the SGX-SESDAQ. We believe our associated companies, PH Nursing Home and Pacific Eldercare and Nursing compete with Econ Healthcare Ltd in the eldercare market. In addition to Econ Healthcare Ltd, we compete with Orange Valley Investments Pte Ltd and various voluntary welfare organisations that operate nursing homes.

Thomson Medical Centre Limited is a company listed on the SGX-SESDAQ. We believe we compete with Thomson Medical Centre Limited in the area of obstetrics and gynaecology.

BUPA Health Care Asia Pte Ltd operates a network of general practitioners clinics, private medical laboratories and healthcare benefit programmes. We believe we compete with BUPA Health Care Asia Pte Ltd only in the general practice medicine market.

Excellence Healthcare Pte Ltd is a company based in Camden Medical Centre, Singapore. We believe we compete with Excellence Healthcare Pte Ltd in the provision of specialist services such as cardiology, ophthalmology, paediatrics, obstetrics and gynaecology, plastic surgery as well as dentistry and general health screening.

#### Hong Kong

In Hong Kong, we provide medical services to medical practices operated by the HKUST and the City University in Kowloon. These medical facilities serve primarily the students and teaching staff.

HCL(HK) receives monthly compensations from the respective universities for these services which include the services of doctors and medical support staff. These contracts with HKUST and the City University are awarded through open tender and are subject to re-tender upon expiry. Potential competitors for these contracts are general medical clinics or groups that meet the tender specifications.

We have identified the following main competitors in Hong Kong:–

Quality HealthCare Asia Limited, a company listed on The Stock Exchange of Hong Kong Limited and Town Health International Holdings Company Limited, a company listed on the Growth Enterprise Market in Hong Kong.

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## GENERAL INFORMATION ON OUR GROUP

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### India

In Hyderabad, Andhra Pradesh, we operate a multi-disciplinary specialist centre which includes consulting suites for medical specialists and dentists, a medical diagnostic laboratory, a health screening centre with imaging facilities, a day surgery centre and a women's spa. Our current competitors include the network of government outpatient clinics operated by the Department of Health in India as well as numerous private and independent medical clinics. However, we aim to differ from these service providers in terms of the service level and breadth we provide our clients.

We have identified the following main competitor in Hyderabad, Andhra Pradesh:-

Apollo Hospitals Enterprise Limited is a company listed on the National Stock Exchange of India Ltd, Madras Stock Exchange Ltd. and Stock Exchange, Mumbai. We believe we compete with Apollo Hospitals Enterprise Limited mainly in the outpatient medical specialist sector.

### Regional Competition Trends

There is an increasing trend towards medical tourism in the Asia Pacific region. In this respect, we may face competition from healthcare providers in other countries such as Malaysia and Thailand who may be able to offer medical services at a more competitive price.

## COMPETITIVE STRENGTHS

Our Directors have identified the following key factors that have and will continue to enable our Group to compete effectively:-

### ***We have a comprehensive and integrated range of healthcare services***

We are one of the largest healthcare service providers in Singapore and as at LPD, we operate a total of 11 specialist clinics, 11 general practice medical clinics, five dental clinics, a day surgery centre and a psychiatric hospital. We also operate four specialist clinics, eight general practice medical clinics, a nursing home, a wellness centre and a TCM service centre through our associated companies as part of our healthcare network.

We believe that by being a fully integrated healthcare service provider, featuring both breadth of services and depth in particular fields, we will collectively be able to serve our patients better.

We have established links between our primary healthcare network of general practice doctors and our specialists. Our integrated network allows for the coordination of individual patient care, which in turn provides a more complete form of healthcare management and treatment for our patients. Our patients have the benefit of having different professionals working together and viewing his/her healthcare needs in its entirety, i.e. the adoption of a multi-disciplinary approach to treatment.

Through this network, we provide a wide range of healthcare services including medical specialist care in cardiology, dermatology, endocrinology, neurology, psychiatry, ophthalmology, obstetrics and gynaecology, paediatrics, ENT surgery, general and vascular surgery, plastic surgery, orthopaedic surgery, urology, colorectal surgery and also dentistry and general practice medicine.

As part of our effort to broaden the range of our services, we have invested in two nursing homes, Adam Road Hospital and wellness facilities in Singapore.

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## GENERAL INFORMATION ON OUR GROUP

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### ***We have a team of qualified, experienced and committed medical specialists and healthcare professionals***

Our Group's reputation is founded on the expertise, experience and service quality of our healthcare professionals. Many of our doctors and dentists are highly qualified in their fields of specialty. Several of our medical specialists and dentists are recognised either internationally or regionally for their expertise in their respective fields and have been asked to share their knowledge at lectures, courses and conferences both locally and overseas.

Due to the collective reputation and public awareness of several of our specialists, we have been able to attract other doctors and dentists to our Group, allowing us to further build on our existing strengths and core competencies and to create an institutional reputation in many fields.

In addition, most of our doctors and dentists have signed service contracts for five years, the rest ranging from three to seven years. Most of our doctors and dentists are also shareholders of our Company signaling their commitment to the long-term reputation and success of our Company.

### ***We have an experienced and proven management team***

We have a management team of dedicated, experienced and qualified personnel with proven track records in the healthcare industry. Our Executive Directors namely Dr William Chong, Dr Sandra Chu and Dr Martin Huang have been responsible in growing our business from its inception. They are supported by a team of committed Executive Officers. Their combined experience and business acumen have been instrumental to our growth. Their ability to identify new market opportunities, implement strategic plans and exercise prudent financial management will be invaluable to our continuing success and development in the future.

### ***We have clinics which are well-established practices***

Many of our clinics are well-established practices with proven track records and a base of long-standing clients/patients. Most of our doctors and dentists have more than ten years of professional experience in their respective fields. Having these healthcare professionals and clinics in our Group enhances the reputation of our Group and also increases our overall patient base.

### ***We adopt a holistic and patient-centric approach to healthcare***

We believe that healthcare today goes beyond disease management and encompasses an approach which focuses on the total well-being of the patient. We provide a comprehensive range of healthcare services ranging from primary preventive services like health checks and vaccinations to complex specialist care involving management of multiple disease conditions in the elderly. We adopt a patient-centric approach to healthcare and attend to the overall needs and concerns of the patient rather than focusing on individual illnesses. This often involves multi-disciplinary care and lifestyle changes rather than just medical or surgical intervention.

### ***We have a regional outlook***

We have operations in Hong Kong and India. Our Hong Kong operations commenced in March 2000 while our Indian operations commenced in October 2004.

Our overseas operations to a large extent replicate parts of our Singapore business operations. We are however cognizant of the differences in operating environment in different countries and while our basic concept and philosophy remain the same, we will focus on healthcare services for which there is an identifiable need and sustained demand. We also focus on facility management and in niche specialties in our areas of core competence rather than on general clinical services.

We may also explore other opportunities in the region, including India, Indonesia, Vietnam and China.

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## GENERAL INFORMATION ON OUR GROUP

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### GOVERNMENT REGULATIONS

We are subject to all relevant laws and regulations of the countries where our business operations are located. We identify the main laws and regulations that materially affect our operations and the relevant regulatory bodies as follows:-

#### Singapore

##### ***Private Hospitals and Medical Clinics Act (Chapter 248) (the “Hospitals Act”) of Singapore Private Hospitals and Medical Clinics Regulations (the “Hospital Regulations”)***

Adam Road Hospital, the nursing home operated by PH Nursing Home and all our clinics hold licenses issued by MOH which are subject to the provisions of the Hospitals Act, the Hospital Regulations and any directions or guidelines as may be given or issued from time to time by the Director of Medical Services (“DMS”). Our nursing home, which will be operated by Pacific Eldercare and Nursing will also be subject to the Hospitals Act and Hospital Regulations when it commences operations.

The Hospitals Act and Hospital Regulations provide for, *inter alia*, the factors that determine when a license may be issued or refused, persons who may manage, *inter alia*, private hospitals and their duties, the suspension or revocation of licenses, the establishment of quality assurance committees by the licensees of private hospitals or healthcare establishments and the powers of the DMS.

In determining whether to issue or refuse to issue a license, the DMS shall have regard to, *inter alia*, the following:-

- (a) the character and fitness of the applicant to be issued with a license or, where the applicant is a body corporate, the character and fitness of the members of the board of directors or committee or board of directors or committee or board of trustees or other governing body of the body corporate;
- (b) the ability of the applicant to operate and maintain a healthcare establishment in accordance with the prescribed standards as may be given or issued by the DMS from time to time in respect of any matter relating to the management, operation, maintenance or use of a healthcare establishment;
- (c) the suitability of the premises or conveyance (including the facilities and equipment therein) to be licensed for use as a healthcare establishment; and
- (d) the adequacy of the nursing and other staff that are to be employed at the premises or conveyance to be licensed.

##### ***Medical Registration Act (Chapter 174) of Singapore Medical Registration Regulations***

The Medical Registration Act and subsidiary legislation provide for, *inter alia*, the establishment of the Singapore Medical Council and the registration of medical practitioners in Singapore.

Some of the important functions of the Singapore Medical Council are as follows:-

- (a) to approve or reject applications for registration under this Act or to approve such application subject to such restrictions as it may think fit;
- (b) to issue practising certificates to registered medical practitioners;
- (c) to make recommendations to the appropriate authorities for the training and education of registered medical practitioners; and
- (d) to determine and regulate the conduct and ethics of registered medical practitioners.

No person shall practice as a medical practitioner unless he is registered under this Act and has a valid practicing certificate. Any person who is not so qualified and, *inter alia*, (a) practices medicine (b) wilfully and falsely pretends to be a duly qualified medical practitioner (c) practices medicine or any branch of

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## GENERAL INFORMATION ON OUR GROUP

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medicine, under the style or title of physician, surgeon, doctor (d) advertises or holds himself out as a medical practitioner, shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$100,000 or to imprisonment for a term not exceeding 12 months or to both. In the case of a second or subsequent conviction, to a fine not exceeding \$20,000 or to imprisonment for a term not exceeding two years or to both.

### ***Dentists Act (Chapter 76) of Singapore Dentists Regulations***

Similarly, the Dentists Act and Dentists Regulations provide for, *inter alia*, the establishment of the Dental Council and the registration of dentists in Singapore.

Some of the important functions of the Dental Council are as follows:-

- (a) to approve or reject applications for registration as a dentist under this Act or to approve such application subject to such restrictions as it may think fit;
- (b) to issue certificates of registration and practising certificates to registered dentists;
- (c) to make recommendations to the appropriate authorities for the training and education of registered dentists; and
- (d) to determine and regulate the conduct and ethics of registered dentists.

No person shall practice dentistry in Singapore unless he is a registered dentist and has a practicing certificate in force. Any person in contravention the above shall be guilty of an offence. In addition, any person who, *inter alia*, (a) pretends to be, takes or uses the name or title of dentist (b) fraudulently procures or attempts to procure registration as a dentist under this Act (c) wilfully makes or causes to be made any false entry in the register, buys, sells or fraudulently obtains a certificate of registration or a practicing certificate shall also be guilty of an offence. Any person guilty of an offence shall be liable on conviction to a fine not exceeding \$25,000 and, in the case of a second or subsequent conviction, to a fine not exceeding \$50,000 or to imprisonment for a term not exceeding six months or to both.

### ***Nurses and Midwives Act (Chapter 209) (the “Nurses Act”) of Singapore Nurses and Midwives Regulations (the “Nurses Regulations”)***

The Nurses Act and Nurses Regulations provide for the registration and enrolment of nurses and for matters connected herewith.

Under the Nurses Act, no person shall employ or engage a person who is not a qualified nurse to carry out any act of nursing. Any person who contravenes the abovementioned will be guilty of an offence and liable on conviction to a fine and/or imprisonment. In any proceedings for such an offence, it is a defence for the employer to prove that he did not know that the person concerned was not a qualified nurse and that he had exercised due diligence to ascertain if that person was a qualified nurse.

### ***Medicines Act (Chapter 176) of Singapore***

The Medicines Act stipulates, *inter alia*, general provisions for the manufacturing of and dealing in medicinal products, the considerations of the Minister of Health (the “Minister”) for granting a wholesaling license to a wholesaler who intends to purchase medicines for the purpose of distributing these medicines to clinics and other retail outlets and the need to regulate pharmacies, the labelling of medicines, the packaging of medicines and the content of informational and advertising literature on medicinal products targeting the public.

All persons and corporations must obtain licenses to sell, supply, export, procure the sale of, procure the supply or exportation of, procure the manufacture or assembly of, or import any medicinal product, unless when the preparation, dispensary, assembly, or procuring the preparation or dispensary of the medicinal product is in accordance with the prescription given by a medical practitioner or done under the supervision of a registered pharmacist.

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## GENERAL INFORMATION ON OUR GROUP

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The Minister has also set forth regulations that prescribe the conditions and requirements to be complied by a person carrying on a retail pharmacy business, the rules for labelling, packaging and displaying medicinal products, and information on the medicinal products in brochures and advertisements. No person is allowed to falsely label and describe a medicinal product, as well as mislead people as to the nature or quality of the product or as to the uses or effects of these products.

Any person who contravenes the aforesaid regulations shall be guilty of an offence and be liable on conviction to a fine or to imprisonment or to both. The Minister also has the right to revoke a license as it deems apt.

In addition to the above legislation, our operations are also subject to such other legislation governing and/or affecting the healthcare industry, including the Pharmacists Registration Act (Chapter 230) of Singapore, Sale of Drugs Act (Chapter 185) of Singapore, Misuse of Drugs Act (Chapter 185) of Singapore and their corresponding subsidiary legislation.

### **Traditional Chinese Medicine Practitioners Act (Chapter 333A) of Singapore (the “TCM Act”)**

The TCM Act provides for, *inter alia*, the establishment of a TCM Practitioners Board and the registration of TCM practitioners in Singapore. TCM practitioners who practise the prescribed practice of TCM (as defined under the TCM Act) have to be registered under the TCM Act and be issued with a licence to practise. The Minister may from time to time declare any type of practice of traditional Chinese medicine as a prescribed practice of TCM if he is of the opinion that it is in the public interest for that type of practice of TCM to be regulated under the TCM Act.

The TCM Practitioners Board was established as the licencing body for the registration of TCM Practitioners, accreditation of TCM schools and courses for TCM, and is also responsible for regulating the professional conduct and ethics of registered TCM practitioners, including TCM physicians and acupuncturists, regardless of their place of practice.

No person shall carry out, or advertise or otherwise hold himself out to be qualified to carry out any prescribed practice of TCM unless he is a qualified person in respect of that prescribed practice of TCM and is registered under the TCM Act. No person shall employ or engage a person who is not a qualified person in respect of a prescribed practice of TCM to carry out that prescribed practice of TCM. Any person who contravenes the above shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$25,000 or to imprisonment for a term not exceeding six months or to both and, in the case of a second or subsequent conviction, to a fine not exceeding \$50,000 or to imprisonment for a term not exceeding 12 months or to both. In addition, any person who, *inter alia*, (a) procures or attempts to procure registration under this Act (b) wilfully makes or causes to be made any false entry in the register, buys, sells or fraudulently obtains a certificate of registration or a practicing certificate shall also be guilty of an offence and shall be liable on conviction to a fine not exceeding \$10,000 or to imprisonment for a term not exceeding two years or to both.

### ***The Ethical Code (the “Code”) and the Ethical Guidelines (the “Ethical Guidelines”) of the Singapore Medical Council (“SMC”)***

There are legislations and codes of medical ethics, practice and guidelines set out by the MOH, SMC and SMA, including the Code and the Ethical Guidelines (collectively referred to as “the Guidelines”).

The SMC has the role of promulgating the Code which represents the fundamental tenets of conduct and behaviour expected of doctors practising in Singapore, and the Ethical Guidelines which elaborate on the application of the Code and are intended as a guide to all practitioners as to what the SMC regards as the minimum standards required of all practitioners in the discharge of their duties and responsibilities in the context of practice in Singapore.

Furthermore, the Ethical Guidelines set out standard required of information provided by doctors about their services. In general, doctors may provide information about their qualifications, areas of practice,

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## GENERAL INFORMATION ON OUR GROUP

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practice arrangements and contact details. Under the Ethical Guidelines, all such information shall be factual, accurate, verifiable and shall not be misleading, sensational, persuasive, laudatory, comparative or disparaging. The Ethical Guidelines further discusses the issues relating to a doctor's activities outside of his medical practice including a doctor's relationship with non-medical companies.

If a doctor is found to be in breach of any of the Guidelines, the same doctor may be asked by the relevant governing bodies to defend and explain his actions and may also face disciplinary proceedings for professional misconduct.

### *Maternity Spa and The Wellness Lounge at the Paragon*

As described in the section on "Business Overview" of this Prospectus, we have a 40.0 per cent. equity investment in Haach Pacific and an effective 48.0 per cent. equity investment in TWLPL to operate the maternity spa and The Wellness Lounge at the Paragon respectively. Some of the doctors within Pacific Healthcare Holdings are currently on the board of directors in the two companies.

Haach Pacific, TWLPL and we are aware of the Guidelines governing the conduct of a doctor in practice of his/her profession and in the conduct of any other business activity that the doctor may undertake, whether by himself, in partnership with others, or as an officer of a company including any activity that is non-medical in nature. We have further obtained a sought advice and a legal opinion regarding the investments and to confirm our Directors' understanding of the Guidelines and its parameters. In addition, MOH and the SMC are aware of the above investments.

Pursuant to the above, our Directors are of the view that the above activities undertaken by Pacific Healthcare, the doctors within our Group ("Doctors") and the clinics in which they operate are not in breach of the Guidelines as:—

- (a) Pacific Healthcare is an investment holding company which does not directly engage in the business of providing medical services, specialist or otherwise nor does it hold a licence to operate a medical clinic and therefore, our Company in itself will not be subject to the Guidelines;
- (b) the Doctors participating in the above venture and activities are only doing so in their official and not professional capacity. Under the Guidelines, a doctor is permitted to be associated with persons not qualified to provide medical or medical support services or non-medical companies or have an interest in non-medical companies which do not provide legitimate medical or medical support services only if he does so or is so interested in an official (and not professional) capacity; and
- (c) Pacific Healthcare has taken steps to implement procedures to ensure all the Doctors are aware of, understand and strictly adhere to the Guidelines.

We have obtained a legal opinion from Infinitus Law Corporation of 78 Shenton Way # 08–01 Singapore 079120, to confirm our Directors' understanding of this position. In addition, MOH and the SMC are aware of the above investments.

Our Directors are of the view that we are in compliance with the Guidelines for the reasons mentioned above.

### **Hong Kong**

#### ***Medical Registration Ordinance (Chapter 161) ("MRO") of Hong Kong*** ***Dentists Registration Ordinance (Chapter 156) ("DRO") of Hong Kong***

The MRO and DRO are administered by the Hong Kong Government's Department of Health in conjunction with the Medical Council of Hong Kong and the Dental Council of Hong Kong respectively, and provide, *inter alia*, for the required qualifications and the registrations of, and the issue of licences to, medical practitioners and dentists and other related matters to enable to them to carry on medical and dental practices.

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## GENERAL INFORMATION ON OUR GROUP

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The provision of medical, management and administrative services to medical or dental practices in Hong Kong is governed by the Medical Clinics Ordinance (Chapter 343) of Hong Kong (“MCO”) and DRO.

The MCO provides that any person who “*carries on or takes part in the management of a clinic which is not registered* commits an offence and is liable (i) on summary conviction to a fine of HK\$50,000 and to imprisonment for two years or (ii) on conviction upon indictment to imprisonment for three years”.

The MCO defines a “*clinic*” to mean “*any premises used or intended to be used for the medical diagnosis or treatment of persons suffering from, or believed to be suffering from, any disease, injury or disability of mind or body,*” but specifically excludes from such definition the following practices:–

- (a) premises used in the manner aforesaid which are maintained or controlled by any department of the Government of Hong Kong, or by the Chinese University of Hong Kong, or by the University of Hong Kong;
- (b) private consulting rooms used exclusively by registered medical practitioners in the course of their practice on their own account and not bearing any title or description which includes the word “*clinic*” or “*polyclinic*” in the English language; or
- (c) premises used exclusively by dentists duly registered in accordance with the provisions of DRO in the course of their practice on their own account and not bearing any title or description which includes the word “*clinic*” or “*polyclinic*” in the English language.

So long as any medical practice is used exclusively by registered medical practitioners within the terms of exemption (b) and any dental practice is used exclusively by registered dentists within the terms of exemption (c) as mentioned above, such practice is not a “*clinic*” and does not require registration under MCO.

### *Contracts entered into by HCL(HK) with each of HKUST and City University*

On the two medical practices maintained or controlled by HKUST and City University, it is unclear as to why these two universities have not been included in MCO under exemption (a) mentioned above and therefore the question of registration of their practices under MCO remains open. Since HCL(HK) merely provides medical services (i.e., providing healthcare professionals like doctors and medical support staff and procurement of drugs and medical supplies) to these two practices as a service provider, there is no violation of section 14(1)(a) of MCO on the part of HCL(HK).

Section 14(1)(a) of MCO proscribes any “*person*” from carrying on or taking part in the management of a clinic which is not registered. Under the Interpretation and General Clauses Ordinance (Chapter 1) of Hong Kong, “*person*” is defined in section 3 to include “*any public body and any body of persons, corporate or unincorporate*”. Further, section 101E of the Criminal Procedure Ordinance (Chapter 221) of Hong Kong provides as follows:–

*“Where a person by whom an offence under any Ordinance has been committed is a company and it is proved that the offence was committed with the consent or connivance of a director of other officer concerned in the management of the company, or any person purporting to act as such director or officer, the director or other officer shall be guilty of the like offence.”*

Accordingly any breach or offence by any company under MCO may also result in a breach or offence by any consenting director or officer concerned in the management of the company.

### India

The Indian Medical Council Act, 1956, governs the registration of certain medical practitioners and supervision of medical education in India. The State of Andhra Pradesh has a corresponding Statute known as the Andhra Pradesh Medical Practitioners’ Registration (Amendment) Act 1986.

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## GENERAL INFORMATION ON OUR GROUP

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The Indian Medical Council ("IMC") also acts as the disciplinary controlling body and is almost analogous to the General Medical Council that exists in England. There is a corresponding state medical council (the "State Medical Council") in each state in India. The abovesaid IMC will also consult the Central Government of India before a final decision is given by them on an appeal against disciplinary action taken by any State Medical Council. Their decision will be final.

Primarily, the disciplinary control over the medical practitioners is maintained by the State Medical Councils, which have the power to remove the names of medical practitioners permanently or for a specified period from their registers, when they are judged after due inquiry to have been guilty of infamous conduct in any professional respect. They have also the power to direct the restoration of any name so removed. It must be borne in mind that the State Medical Councils do not take cognizance of any offence of misconduct committed in writing accompanied by one or more statutory declarations as to the facts alleged, when they assume the functions of professional Courts of Justice.

Under section 20-A of the above said Act (No. 24 of 1964) the IMC has now recently prescribed standards of professional conduct and etiquette and a code of ethics for medical practitioners and also specified in a warning notice which violations thereof shall constitute infamous conduct in any professional respect, i.e. professional misconduct.

Professional misconducts or infamous conducts include, *inter alia*:-

- (a) conviction by a court of law involving moral turpitude;
- (b) contravention of the Drugs Act and regulations made thereunder;
- (c) breach of patient confidence without any solid reason to do so; and
- (d) performing or enabling an unqualified person to perform an abortion or any illegal operation for which there is no medical, surgical or psychological indication.

A medical practitioner in India should also observe the provisions of the relevant State acts like the Drugs Acts, Pharmacy Act, Poisonous and Dangerous Drugs Act and such other Acts, rules and regulations made by the Central Government/State Governments or local Administrative Bodies for protection and promotion of public health. Apart from the abovesaid Acts, there is also the Drugs and Magic Remedies (Objectionable Advertisements) Act, 1954 which provides mechanisms to control the advertisement of drugs in certain cases, to prohibit the advertisement for certain purposes of remedies alleged to possess magic qualities and matters connected therewith.

In case of violation of any rules and regulations by a medical practitioner, the appropriate State Medical Council may award such punishment as deemed necessary or may direct the removal altogether or for a specified period from the Register the name of any registered practitioner who has been convicted of any such offence as implies in the opinion of the IMC and/or State Medical Councils, a defect of character or who after an enquiry at which opportunity has been given to such registered practitioner to be heard in person or by pleader, has been held by the appropriate Medical Council to have been guilty of serious professional misconduct. The appropriate Medical Council may also direct that any name so removed shall be restored.

In addition to the relevant Acts, rules and regulations as mentioned above, a medical practitioner should also observe guidelines and policies issued by the Government of India, which includes, the Ethical Guidelines for Biomedical Research on Human Subjects, Indian Council of Medical Research, 2000, the Draft Guidelines for Stem Cell Research/Regulation, ICMR (under revision) and the Indian Council of Medical Research Policies on Ethical Issues and Consent Process Pertaining to Stem Cell Research 2005, Department of Biotechnology, Government of India 2005. These guidelines and policies do not prescribe any specific punishment for failing to comply with them.

## GENERAL INFORMATION ON OUR GROUP

### PROPERTIES AND FIXED ASSETS

As at LPD, our Group owns the following property:-

Location and Description	Tenure	Gross built-in area (sq ft)	Gross land area (sq ft)	Annual land rent	Net book value as at 31 December 2004 \$		Use of property
					2004	2004	
<b>Pacific Hospitals(India)</b>							
Survey No.28, Khajaguda Village, Serlingampally Mandal, Ranga Reddy District, Andra Pradesh, India	Freehold	100,000	217,801	Nil	207,000	207,000	Medical

As at LPD, our Group leases the following properties:-

Tenant and Location	Operating Entities	Tenure	Gross built-in area (sq ft)	Use of property
<b>Atria-Pan</b>				
435 Orchard Road #11-01/02/03/05 Singapore 238877	Atria Medical Associates Atria Pan Dental Group-Wisma	Three-year lease commencing 1 January 2005	4,650	Clinic
435 Orchard Road #11-04 Singapore 238877	Atria Medical Associates	Two-year and two and-a-half (2½) month lease commencing 13 October 2005	1,722	Clinic
435 Orchard Road #11-06 Singapore 238877	Atria Medical Associates	Three-year lease commencing 1 January 2005	118	Clinic
435 Orchard Road 11 Floor Common Corridor Singapore 238877	Atria Medical Associates	Three-year lease commencing 1 January 2005	476	Clinic
5000F Marine Parade Road #01-21 Laguna Park Singapore 449289	Atria Pan Dental Group-Laguna Park	Three-year lease commencing 1 April 2004	1,589	Clinic
415 Pandan Gardens #01-118 Singapore 600415 <sup>(1)</sup>	Atria Pan Dental Group-Pandan Gardens	Two-year lease commencing 18 January 2004	600	Clinic
<b>ARH</b>				
19 Adam Road Singapore 289891	Adam Road Hospital	Six-year lease commencing 1 July 2001	10,000	Psychiatric hospital, clinic and office
<b>C&amp;A</b>				
70 Toa Payoh Lorong 4 #01-353 Singapore 310070	Chong & Associates Dental Surgeons	Three-year lease commencing 1 May 2005	123	Clinic

## GENERAL INFORMATION ON OUR GROUP

<b>Tenant and Location</b>	<b>Operating Entities</b>	<b>Tenure</b>	<b>Gross built-in area (sq ft)</b>	<b>Use of property</b>
<b>DLP</b>				
11 Collyer Quay #03-28 The Arcade Singapore 049317	Drs Lee & Partners	Two-year lease commencing 1 December 2003	1,358	Clinic
5 Tampines Central 6 #01-13 Telepark Singapore 529482	Drs Lee & Partners	Two-year lease commencing 16 December 2003	550	Clinic
<b>HCS</b>				
212 Hougang Street 21 #01-319 Singapore 530212	Healthcare Clinic and Surgery	Two-year lease commencing 1 June 2004	800	Clinic
<b>ICDL</b>				
10 Ubi Crescent #07-52 Ubi Tech Park Lobby C Singapore 408564	ICDL	Three-year lease commencing 1 October 2002	1,152	Dental laboratory
<b>J8FC</b>				
503 Bishan St 11 #01-464 Singapore 570503	Junction 8 Family Clinic	Three-year lease commencing 1 June 2003 with an option to renew for another two years	650	Clinic
<b>Khoo Kian Ming, Andrew<sup>(2)</sup></b>				
3 Mount Elizabeth #13-08 Mount Elizabeth Medical Centre Singapore 228510	Aesthetic and Reconstructive Centre	Three-year lease commencing 21 November 2003	829	Clinic
<b>MDSH</b>				
290 Orchard Road #12-01 Paragon Singapore 238859	The Specialist Surgery and Laser Centre, DTA, MDSH, The Vein Clinic, The Cosmetic Surgery Clinic	Three-year lease commencing 1 November 2004	13,950	Clinic
290 Orchard Road #11-02/03 Paragon Singapore 238859	Pacific Healthcare Pacific Colorectal	Three-year lease commencing 1 November 2004	1,302	Office and Clinic
<b>Pacific Healthcare</b>				
304 Orchard Road #05-03/05 Lucky Plaza Orchard Medical Specialist Centre Singapore 238863	ALL	Three-year three months lease commencing 1 October 2004	2,874	Office
304 Orchard Road #05-50 Lucky Plaza Orchard Medical Specialist Centre Singapore 238863	PCT			TCM centre

## GENERAL INFORMATION ON OUR GROUP

<b>Tenant and Location</b>	<b>Operating Entities</b>	<b>Tenure</b>	<b>Gross built-in area (sq ft)</b>	<b>Use of property</b>
<b>PHMS</b>				
3 Mount Elizabeth #05-06 Mount Elizabeth Medical Centre Singapore 228510	PHWC (Women & Fetal Centre), MDSH, PH Diagnostics Services	Three-year lease commencing 1 January 2003	796	Clinic
<b>PHSS</b>				
636 Bukit Batok Central #01-10 (2nd Floor) Singapore 650636	—	Three-year lease commencing 15 October 2005	—	Clinic
<b>PHWC</b>				
290 Orchard Road #20-01, Paragon Singapore 238859	MDSH Pacific Specialist	Four-year lease commencing 1 July 2004 with an option to renew for another three years	9,666	Clinic
290 Orchard Road #20-02, Paragon Singapore 238859	Haach Pacific			Spa
290 Orchard Road #20-03, Paragon Singapore 238859	TWLPL			Wellness centre
<b>PMFC</b>				
253 Jurong East Street 24 #01-227 Singapore 600253	Pacific Medicare Family Clinic	Three-year lease commencing 1 January 2004	756	Clinic
<b>PMM</b>				
452 Ang Mo Kio 10 #01-1773 Singapore 560452	Pacific Mah Medical Clinic	Three-year lease commencing 1 October 2003 with an option to renew for another two years	700	Clinic
<b>PPCS</b>				
111 North Bridge Road #04-36 Peninsula Plaza Singapore 179098	Peninsula Plaza Clinic & Surgery	Five-year lease commencing 1 October 2003	663	Clinic
<b>Ravi Seshadri@ Srinivasan<sup>(2)</sup></b>				
319 Joo Chiat Place #03-07 East Shore Medical Centre Singapore 427989	The ENT Clinic, JC Png Urology Clinic, Aesthetic and Reconstructive Centre	Three-year lease commencing 1 November 2003	836	Clinic

## GENERAL INFORMATION ON OUR GROUP

<b>Tenant and Location</b>	<b>Operating Entities</b>	<b>Tenure</b>	<b>Gross built-in area (sq ft)</b>	<b>Use of property</b>
<b>Tay Tze-Hsin, Marc<sup>(2)</sup></b> 319 Joo Chiat Place #04-07 East Shore Medical Centre Singapore 427990	PHSS (Tay Eye Surgery)	Three-year lease commencing 1 June 2003	839	Clinic
<b>TC@C</b> 51 Cuppage Road #01-04 Starhub Centre Singapore 229469	The Clinic@Cuppage	Two-year lease commencing 1 January 2004	1,055	Clinic
<b>T&amp;T</b> 24 Raffles Place #02-07/12 Clifford Centre Singapore 048621	Drs Thompson & Thomson	Three-year lease commencing 1 July 2003	1,946	Clinic
<b>VMP</b> 30 Woodlands Avenue 1 #02-03/04 The Woodgrove Singapore 739065	Vagus Specialist and Family Clinic	Three-year lease commencing 1 August 2004	1,166	Clinic
<b>Hong Kong</b>				
<b>PHHK</b> 28th Floor, Henley Building, No 5 Queen's Road Central, Hong Kong		Four-year lease commencing 1 April 2004	5,739	Clinic
<b>HCL(HK)</b> Unit 1801 18 Floor, East Point Centre 555 Hanessy Road Hong Kong		One-year lease commencing 1 March 2005 with an option to renew for another two years	1,000	Clinic
<b>India</b>				
<b>Pacific Hospitals(India)</b> Plot No.237, Road No.16, Jubilee Hills, Hyderabad 500033 Andra Pradesh, India		Ten-year lease commencing 1 May 2004	8,000	Medical centre

### Notes:-

- (1) *The premises are leased from Dr William Chong and his wife, Cho Yu-Mei. Please refer to the section on "Interested Person Transactions" in this Prospectus for more information.*
- (2) *The property is leased by doctors who are employed by our Group. The doctors have each signed a deed of undertaking confirming and undertaking that the premises shall be used solely for the benefit of our Group.*

We have obtained the relevant licences for all of our operating clinics, medical centres and hospitals. Please refer to the section on "Licences" of this Prospectus.

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## GENERAL INFORMATION ON OUR GROUP

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The fixed assets of our Group comprising land, medical equipment, furniture and fittings, office equipment and motor vehicle had a net book value of approximately \$12.58 million as at 31 December 2004.

### INSURANCE COVERAGE

We have effected the following insurance to cover our operational, human resource and fixed asset risks:-

#### *Operational Risks*

- (a) Medical Malpractice Liability for ARH – for any possible litigation that may arise due to the malpractice of any of our doctors and staff;
- (b) Loss of Money for any possible loss of money in transit from or to our clinic, or money kept at the clinic, due to fire, lightning or burglary;
- (c) Business Interruption for any loss in gross revenue and profit due to fire, lightning or burglary; and
- (d) Public Liability for any possible accidents that may happen at our medical centres/clinics/hospital involving third parties.

#### *Human Resource Risks*

- (a) Group Hospital and Surgical for the medical needs of all our employees;
- (b) Term Life, Personal Accident and Dread Disease for our medical specialists;
- (c) Workmen's Compensation for any mishap that may occur to any of our employees during the course of their work;
- (d) Directors and Officers Liability Insurance for all our Directors and key officers of our company; and
- (e) Keyman Insurance for all our Executive Directors.

#### *Fixed Assets Risks*

- (a) Damages to Property for our building, fixtures, fittings, stock, material, machinery and all other contents within our business premises that may be damaged or lost due to fire, lightning or burglary; and
- (b) Commercial Vehicle for our ambulance.

In addition to the above, all our doctors and other medical staff have personal professional medical indemnity insurance cover.

The above insurance policies are reviewed annually by our Group.

To the best of our Directors' knowledge, as at LPD, there have been no disciplinary action or legal proceedings taken against our Group in relation to the provision of healthcare services, save as those disclosed in the section "General and Statutory Information" of this Prospectus.

### STAFF TRAINING

#### Internal training policies

Given the nature of our business as a healthcare service provider, we recognise that our employees are our most important resource and they play a crucial role in contributing to the success of our business. We place significant emphasis on staff training to maintain a caring, competent and progressive

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## GENERAL INFORMATION ON OUR GROUP

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workforce in order to provide quality healthcare services. Our training policies are geared towards ensuring that the knowledge and skills of our staff remain relevant in a continuously changing environment.

Our employees are required to undergo in-house orientation to familiarise them with our corporate vision, service quality standards, policies and procedures. On-the-job training is provided to new employees to equip them with the necessary working knowledge and practical skills to perform their tasks. In addition, our staff are encouraged to attend both internal and external workshops and seminars to acquire new skills to improve their job competency.

Our human resources department is in charge of coordinating our internal training programmes.

### External training policies in Singapore

Medical practitioners comprising general practitioners and specialists are required by the Singapore Medical Council ("SMC") under the Continuing Medical Education Programme ("Singapore CME") to constantly upgrade their knowledge and skills in order to maintain their competence to practice. Under the SMC guideline, it is compulsory for a medical practitioner to accumulate a minimum of 50 credit points, with 20 per cent. of the points accredited for core knowledge, within two Singapore CME years to qualify for a Singapore CME certificate issued by the SMC. A Singapore CME year runs from January to December of each year. All our doctors comply with the SMC requirements for continuing medical education.

Dentists are governed by the Singapore Dental Council and they are encouraged to participate in the Continuing Professional Development programmes on a voluntary basis. Such a programme is expected to be compulsory for dentists by end 2005.

### External training policies in Hong Kong

General practitioners in Hong Kong are governed by The Medical Council of Hong Kong ("MCHK") while Hong Kong Academy of Medicine ("HKAM") oversees the provision of specialist training and Continuing Medical Education ("Hong Kong CME") for medical specialists in Hong Kong. General practitioners are not required but strongly encouraged to enroll in Hong Kong CME programs whereas for medical specialists, Hong Kong CME is mandatory. Under the MCHK guideline, a general practitioner who has accumulated a minimum of 30 credit points a year within a three-year Hong Kong CME cycle will be awarded a certificate. For a medical specialist, he is required to obtain at least 90 credit points over a three-year Hong Kong CME cycle with a minimum of 30 credit points a year.

### External training policies in India

Medical practitioners comprising general practitioners and specialists are governed by the Indian Medical Council ("IMC"). Dental practitioners are governed by the Indian Dental Council ("IDC"). At present there is no mandatory requirement to attend Continuing Medical Education Programmes ("Indian CME"). However it is the practice of many healthcare practitioners in India to attend conferences and courses both locally and overseas. The Indian Medical Association, the Indian Dental Association and other specialist associations are actively involved in organizing such conferences.

As most of our in-house training was conducted on-the-job and the cost of external professional medical programmes were borne by the individual doctors, the amount incurred in relation to staff training over the past three financial years had not been significant. Staff training expenditure for FY2002, FY2003 and FY2004 amounted to approximately \$59,000, \$30,000 and \$23,000 respectively.

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## GENERAL INFORMATION ON OUR GROUP

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### PROSPECTS

#### Healthcare Industry Overview

Healthcare services can be broadly divided into the primary, secondary and tertiary market segments.

Primary healthcare is the first level of service delivery and is often the level at which a patient enters the healthcare system. Primary healthcare commonly deals with the management of simple ailments as well as stable chronic diseases and is provided at outpatient polyclinics and private medical and dental general practitioners' clinics.

Secondary healthcare refers to specialised medical services and hospital care, excluding highly sub-specialised medical services. Secondary healthcare can be provided in an outpatient medical specialist setting or within a hospital. Access to secondary healthcare is often through referrals from the primary healthcare services.

Tertiary healthcare refers to specialist healthcare of higher complexity requiring specialised skills, personnel, technology and support services and is provided in appropriately equipped hospitals.

#### ***Prospects for the Healthcare Service Industry in Singapore***

In Singapore, the healthcare delivery system can be broadly divided into two sectors, namely public healthcare including restructured hospitals, and private healthcare. The government offers a wide range of medical services ranging from primary healthcare to tertiary healthcare via a network of polyclinics, hospitals and specialty centres. The private sector comprises numerous private clinics and hospitals.

Patients are free to choose from either public or private sectors. However, some constraints may be imposed either by financial means or by existing corporate healthcare plans. While a protocol for specialist referral is recognised in Singapore, patients here are also allowed direct access to specialist healthcare.

Singapore aims to be a regional medical hub and attract overseas patients to undergo medical care. It is well known for its medical excellence and patients from around the region have come to seek a wide spectrum of healthcare treatments.

In October 2003, the Economic Development Board, Singapore Tourism Board and International Enterprise Singapore launched *SingaporeMedicine*, a multi-agency government initiative aimed at promoting and establishing Singapore as one of Asia's leading medical hub. Leveraging on Singapore's reputation for clinical excellence, highly-trained medical workforce, a well-regulated healthcare environment, the availability of the latest medical technology and good medical infrastructure, the government aims to attract one million foreign patients annually by year 2012. The Singapore Tourism Board has also organised roadshows to promote the awareness of Singapore's healthcare services overseas.

Our Directors believe that Singapore's reputation as a regional medical hub and the multi-agency government initiative augurs well for our Group. As more overseas patients may seek medical treatment in Singapore, we expect to benefit from the increase in demand for such healthcare services.

Our Directors are of the view that the healthcare service industry in Singapore will continue to grow, fueled by several major factors.

Firstly, Singapore's strong economic development in the last four decades has enabled Singaporeans to enjoy a standard of living equal to that of developed countries. This has however been linked to an increase in the incidence of diabetes, hypertension, heart disease, strokes and cancer of the colon,

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## GENERAL INFORMATION ON OUR GROUP

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often described as diseases of affluence. These factors, together with the rising educational levels and expectations of the population will result in a long-term demand for specialist healthcare services in Singapore.

Secondly, the increasing societal demands and work pressures have brought with it health-related implications. Stress related ailments such as insomnia, depression and fatigue, dietary excesses and a sedentary pace of living will result in a long-term demand for physical and mental wellness services in Singapore.

Thirdly, as a result of media attention and changes in society's attitude towards physical appearance, there is a tendency to focus on improving or enhancing one's external appearance by both men and women. This is reflected in the increasing demand for cosmetic surgery and aesthetic medicine, and implant and aesthetic dentistry.

Fourthly, women now constitute a significant part of the workforce and are increasingly financially independent. The demands of career and the changing attitudes towards the timing of marriage and family may result in delayed parenthood. With increased maternal age, there is a decrease in fertility and an increase in complications during pregnancy. This increases the need for assisted reproduction, fetal diagnosis and other aspects of obstetric care.

Fifthly, the declining birthrate and the preference for smaller family units will lead to an increasingly aging population. This places an increasing demand on medical facilities and social infrastructure to provide care for our elderly population. The importance of preventive health programmes, as well as the long-term need for nursing homes will continue to rise.

Finally, despite the 1997 Asian financial crisis and recent global economic downturn affecting Singapore, the healthcare industry has shown itself fairly resilient. Regardless of prevailing economic conditions, people still continue to seek essential medical services.

### ***Prospects for the Healthcare Service Industry in Hong Kong***

In Hong Kong, healthcare services are provided via a dual system of public and private healthcare sectors, similar to Singapore. Government institutions provide extensive primary, secondary and tertiary services at subsidised rates.

The private sector in Hong Kong is made up of numerous medical clinics and a number of private hospitals. These private healthcare service providers are alternatives to the existing government facilities and cater to a niche market of corporate clients and private individuals from Hong Kong and the neighbouring countries.

Hong Kong was historically a former British colony and its healthcare system developed along western medical teachings and practices. Since Hong Kong is now part of the People's Republic of China ("PRC"), the world's most populous nation, our Directors believe that its established healthcare system provides an alternative to existing facilities in the PRC. With changes in immigration and travel regulations in the PRC, our Directors believe that there is a large potential pool of patients who might utilise the established healthcare system in Hong Kong, thus improving the prospects for the healthcare service industry.

### ***Prospects for the Healthcare Service Industry in India***

The healthcare system in India comprises the government and private service providers. The government's three-tiered healthcare infrastructure comprises primary health centres, sub-centres serving semi-urban and rural areas and community health centres. Private healthcare is offered at numerous medical clinics and private hospitals.

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## GENERAL INFORMATION ON OUR GROUP

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We believe that the potential of healthcare in India will be fueled by several factors. India has the second largest population in the world and is one of the fastest growing world economies. Its strong economic growth will result in an increasing affluence of its population, and will ensure a growing demand for private healthcare services. The high quality of medical services at considerably lower cost has also been attracting patients, particularly from the Middle East and South Asia.

India also has a shortage of doctors and hospital beds. These factors, coupled with the increasing development of medical tourism in India may result in an increased demand for healthcare services and healthcare facilities in India.

### **Order Book**

As at LPD, due to the nature of our business, we do not have any orders on hand save for the university contracts under HCL(HK) of approximately HK\$2,534,000 for the period from 1 July 2005 to 30 June 2006. Although certain of our healthcare professionals and clinics maintain a register for patient appointments in advance, these appointments are not legally binding, can be cancelled or postponed easily and thus do not constitute our orders on hand.

### **BUSINESS STRATEGY**

Our corporate vision is to develop our Group into a premier healthcare service provider, renowned for *Care, Compassion and Medical Excellence* both in Singapore and the Asia region. In line with this vision, we have embarked on an active, yet moderated, expansion plan based on both organic growth, as well as appropriate joint ventures and/or acquisitions of established healthcare businesses that offer synergistic opportunities for our Group.

Our business strategies aim to strengthen our competitive advantage and sustain future growth and are as follows:-

#### **Enhance our corporate branding**

We have built Pacific Healthcare on the strong reputation and clinical practice of our established medical specialist, general practice and dental clinics. Many of these clinics individually have credible track records of over ten years. By establishing a common 'umbrella' identity and corporate branding for our Group, we are confident that patients will come to identify us as a leading and integrated healthcare provider that is able to provide comprehensive and multi-disciplinary medical and dental treatments by experienced and reputable healthcare professionals.

We have registered or are in the process of registering the Pacific Healthcare trademark in countries where we have a presence or are intending to venture into, for example Singapore, Hong Kong and India.

To ensure patient treatment is consistent across our various clinics, our medical doctors, dentists, nurses and other medical support staff are encouraged to adopt our Group's core philosophies of *Care, Compassion and Medical Excellence*. Additionally, our various medical and dental clinics and hospital seek to comply with a common set of service standards as specified by the relevant regulatory bodies.

#### **Provision of comprehensive and integrated healthcare services**

We currently provide a wide range of healthcare services ranging from *inter alia* preventive care, general and specialist medical care, to cosmetic medicine and dental procedures for patients from all age groups.

This comprehensive healthcare network gives patients the benefit of being treated in a multi-disciplinary manner within our Group. Our integrated approach allows patients to tap on the wealth of knowledge of the various medical doctors and dentists within our Group. A more efficient system of

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## GENERAL INFORMATION ON OUR GROUP

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follow-up and referral treatment (for example from primary medical care to specialist medical care and back to primary medical care) is also possible, saving the patient time and costs.

Where opportunities arise, our Group intends to increase the scope of our services so as to continually provide current, comprehensive and integrated healthcare services for the benefit of our patients.

### **Focus on potential growth areas**

While we intend to generally enhance our range of services to our patients, the following are the key growth areas identified by our Group in the immediate future:–

(i) Specialist Healthcare

(a) *Multi-disciplinary Specialist Healthcare*

The increasing affluence in Asia has brought along with it disease trends similar to urban societies in developed economies. Stress, dietary excesses and a sedentary pace of living is associated with the rise in conditions like diabetes, hypertension, heart disease, strokes and colorectal cancers. These diseases are often inter-related and many patients suffer from more than one of the above.

Our team of medical specialists cover a wide range of specialties and practise a multi-disciplinary approach to healthcare. We will continue to focus on expanding our services and facilities, as well as explore other specialist healthcare related fields which complement our services.

(b) *Cosmetic Surgery and Aesthetic Medicine*

With the advent of modern communications, broadcasting and the Internet, trends and fads are rapidly transmitted worldwide. The attention and focus of the media on beauty, aesthetics and fitness has translated to an increase in demand for cosmetic-related services. Being a private healthcare service provider catering to a large proportion of private paying local and foreign patients, we believe that the desires of people to improve physical appearances and keep fit will drive our growth in the areas of cosmetic surgery and aesthetic medicine.

Our current team of experienced healthcare professionals provide an integrated solution to medical aesthetics. We will continually focus on this area and seek to improve, enhance or expand our services where opportunities arise.

(c) *Women's and children's healthcare*

Women today have better educational, social and economic standing and are better able to influence the ultimate nature of healthcare received. Her medical needs are widespread and range from *inter alia* pre and post natal consultations, various gynaecological treatments, to the management of menopausal disturbances. Delay in the age of parenthood has also fuelled the need for assisted reproduction. It also increases the risk of complications during pregnancy. Three of our gynaecologists are licensed in-vitro fertilisation specialists and one also has an interest in fetal-maternal medicine.

Additionally, parents by having fewer children are more inclined to devote greater resources on their children's healthcare needs. In Singapore, through our associated company TPC, we have a group of five paediatricians, of which three are neo-natologists.

Through our subsidiary PH India, we may expand in the area of women's and children's healthcare in India. We believe that there will be an increasing demand for women's and children's healthcare in the future.

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## GENERAL INFORMATION ON OUR GROUP

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### (ii) Implant and Aesthetic Dentistry

While the conventional methods of tooth replacement like dentures and bridges may meet basic functional requirements, there is a growing demand for implant dentistry as it provides better chewing ability, is more comfortable and has a more natural feel. The better long-term results and the ability to dispense with denture wear have also led to its increased popularity.

In addition, the emergence of modern tooth whitening techniques and tooth-coloured fillings have brought aesthetic dentistry to the forefront. Our current team of dentists have developed a reputation of excellence in these fields. Our clinic in Wisma Atria is also able to fabricate computer generated cosmetic porcelain crowns and fillings. We will continue to focus on further developing our reputation in these fields.

We will from time to time, review our business strategies and focus to take into account market conditions and trends. Such review may result in the acquisition of new businesses and/or rationalisation of our existing investments.

### Regional Expansion

We are confident about our prospects in the region as the economies continue to recover and grow. Specifically, our Directors believe that there are growth opportunities for our Group in Hong Kong and India, where we have a presence and intend to grow our clinics and facilities through acquisitions, joint ventures and strategic alliances as and when such business opportunities arise.

In particular, India is one of the most populous nations in the world and is one of the fastest growing world economies. Our Directors believe that an increasing affluence of its population will ensure a growing demand for private healthcare services. This would result in a demand-supply gap for private healthcare services in India. These macro factors would augur well for any proposed well-managed private healthcare group in India.

Our Group's healthcare strategy in India is targeted at the upper-middle to higher income earners brackets. As India is also promoting its medical tourism, our Group plans to leverage on this and use our experience in Singapore to help promote Pacific Hospitals(India)'s services to its neighbouring countries, in particular the Middle Eastern countries and Europe.

We intend to focus on building the "Pacific Hospital" brand in India through establishing state-of-the-art medical facilities in key cities in India, in conjunction with local Indian joint venture partners. We also plan to continue to focus on our Group's core competencies in cosmetic surgery and aesthetic medicine, women's and children's healthcare and implant dentistry.

A wider regional presence will enhance our services to our patients as we can offer an integrated network, namely through *inter alia* medical and dental clinics in other countries, including India, Indonesia, Vietnam and China.

### FUTURE PLANS

#### Expansion in Specialist Healthcare Market Segment

We will continue our expansion in the Specialist Healthcare market segment as this represents our area of core competence and is additionally our major income source. In particular, we will delve into growth areas such as cosmetic surgery and aesthetic medicine, women's and children's healthcare and specialist dentistry. We will also be focusing on early detection and treatment of common cancers, such as colorectal, breast and cervical cancer. We intend to engage new specialist doctors, and will expand our existing facilities, set up or acquire other specialist clinics, day surgery or endoscopy centres.

We will also continue to expand our business through joint ventures and strategic alliances in other healthcare-related areas, which we believe will complement our current and future plans. We are

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## GENERAL INFORMATION ON OUR GROUP

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currently exploring opportunities for cooperation with an international research institute to secure the relevant technology and know-how for the procurement, processing, inventory and storage of cord blood and stem cells. We believe that such an approach will expand our range of healthcare services and provide an impetus for our future growth.

We intend to use approximately \$3.5 million of the proceeds from the Invitation to finance such expansion or acquisition as and when the opportunities arise.

### **Redevelopment of Adam Road Hospital**

On 25 June 2004, through our associated company Pacific Hospital Consultants, we entered into a sale and purchase agreement with WYCPL to purchase the land on which Adam Road Hospital is located (the "Property"). The purchase price of the Property was agreed at \$10.8 million.

Whilst the hospital is recognised in the field of mental healthcare, we intend to redevelop the land in order to upgrade the hospital as well as to optimise the use of the land in a prime area such as Adam Road. In addition to providing care for existing patients, we also intend to locate medical specialist clinics within the redeveloped hospital, and offer other value added medical specialist services such as rehabilitation, wellness and day surgery facilities, whilst keeping the number of beds in the hospital's psychiatric specialist wing constant. The businesses will be structured as distinct and separate entities.

We plan to relocate the psychiatric business to another location during the construction period currently scheduled for 2006. We will closely monitor the business environment before embarking on any redevelopment plans.

The total redevelopment cost for the Adam Road Hospital (excluding fitting out and medical equipment) is estimated at \$15.0 million, comprising \$10.8 million purchase price and \$4.2 million construction cost. On 2 August 2005, Pacific Hospital Consultants completed the purchase of the Property and had obtained a loan from SIFL amounting to 70.0 per cent. of the purchase price for the Property. Pacific Hospital Consultants subsequently expects to obtain a construction loan from SIFL to finance part of the construction cost in 2006. The balance of the funding requirement will be financed proportionately by all shareholders of Pacific Hospital Consultants.

We intend to use approximately \$2.0 million of the proceeds from the Invitation to finance our 40.0 per cent. share of this project, which should adequately cover our share of construction cost not financed by the expected SIFL construction loan, loan repayment commitments and internal funding required for the next two years.

### **Establishment of a cord blood bank and research centre in Hyderabad and business expansion in India**

On 26 April 2004, we entered into a joint venture agreement with Vitae Healthcare(India) to jointly set up a multi-disciplinary specialist centre, cord blood bank and research centre, and a women's and children's hospital in Hyderabad, India. PH India has a 70.0 per cent. shareholding (which is held by our Company in trust for PH India) in the joint venture company, Pacific Hospitals(India). The multi-disciplinary specialist centre was set up in October 2004.

We intend to set up a cord blood bank and research centre within our existing multi-disciplinary specialist centre in Hyderabad, India. We plan to use approximately \$1.0 million of the proceeds from the Invitation which is expected to be sufficient to fund our Company's commitment as well as any initial loan repayment anticipated for the next five years of this project.

As part of our expansion plans in India, we entered into a memorandum of understanding ("MOU") with a local Indian partner Katra Healthcare Pvt Ltd ("Katra") on 2 May 2005. This MOU provides a framework for merging the Group's Indian operations with Katra's through a joint venture, which may include the setting up and/or management of a women's and children's hospital in Hyderabad, India,

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## GENERAL INFORMATION ON OUR GROUP

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and expansion of other medical specialist clinics and healthcare and wellness related businesses in key cities in India, where suitable business opportunities arise.

In anticipation of the Group's future expansion plans, in May 2003 we acquired a five-acre piece of freehold land in Hyderabad, India.

### OPTION AGREEMENTS

#### **Clinic1886**

PHA entered into an option agreement in January 2003 with Dr Yeoh Sin Hock and Dr Ho Sin Teck, Winston (collectively, the "Vendors") pursuant to which PHA granted to the Vendors a put option (the "Put Option 1") to require PHA to acquire 40.0 per cent. of the issued and paid-up share capital in Clinic1886 (the "Option Shares") held by the Vendors in the proportions as set out in the option agreement. The option agreement provided for Put Option 1 to be exercisable by the Vendors any time for a period of two months beginning on the expiry of the second anniversary of 1 January 2003. This option period has since been varied to commence six months commencing from 1st July 2005 pursuant to an agreement entered into between the parties hereto in March 2005. The consideration for the purchase of the Option Shares shall be in cash and determined in accordance with a formula set out in the option agreement which is based on the net profit after tax of Clinic1886 for the calendar years 2003 and 2004.

PHA entered into a second option agreement in January 2003 (the "Option Agreement 2") with the Vendors pursuant to which PHA granted to the Vendors another put option to acquire the remaining balance of up to 70.0 per cent. of the issued and paid-up share capital in Clinic1886 (the "Remaining Shares") then held by the Vendors (less all the Option Shares which have been purchased by PHA pursuant to Put Option 1, if any). The second put option is exercisable by the Vendors any time for a period of two months beginning on the expiry of the fifth anniversary of 1 January 2003. The consideration for the purchase of the Remaining Shares shall be in cash and determined in accordance with a formula set out in Option Agreement 2, which is based on the net profit after tax of Clinic1886 for the three calendar years 2005 to 2007.

#### **TC@C**

AMA entered into an option agreement in January 2003 with Dr Tan Thian Soo, Sydney and Liew Suet Yee, Jasmine (collectively, the "Vendors") pursuant to which AMA granted to the Vendors a put option to require AMA to acquire the remaining shares in TC@C then held by the Vendors representing 30.0 per cent. of the issued share capital of TC@C (the "Remaining Shares") in the proportions as set out in the agreement.

The put option is exercisable by the Vendors any time for a period of one month beginning on the expiry of the fifth anniversary of 31 January 2003. The consideration for the purchase of the Remaining Shares shall be in cash of \$198,000 or determined in accordance with a formula set out in the option to purchase agreement which is based on the average of the net profit after tax of TC@C for the three calendar years 2005 to 2007, whichever is the higher sum.

#### **TPC**

Our Company entered into an option agreement in March 2005 with Dr Ang Ai Tin and Dr Ang Poon Liat (collectively, the "Vendors") pursuant to which our Company granted the Vendors a call option (the "29.0 per cent. Call Option") to acquire 29,000 ordinary shares (the "29.0 per cent. Option Shares"), representing 29.0 per cent. of the issued share capital of an associate, TPC held by our Company. The 29.0 per cent. Call Option is exercisable by the Vendors at any time for a period of six months commencing on the date falling four months from the date of admission of the Company to the Official List of the SGX-ST. The consideration for the purchase of the 29.0 per cent. Option Shares shall be in cash. The consideration is to be determined in accordance with a formula set out in the call option

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## GENERAL INFORMATION ON OUR GROUP

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agreement which is based on the equivalent of approximately 4,545,323 Shares of our Company (to be issued by our Company to each Vendor pursuant to its initial purchase of TPC's shares) and on the average of the last dealt price on the Shares on the SGX-ST over five trading days immediately preceding the date of the exercise of the 29.0 per cent. Call Option.

### **THC**

PHA entered into a sale and purchase agreement in December 2003 with Dr P'ng Chin Guan, Julian pursuant to which PHA acquired 30.0 per cent. of the issued share capital of THC. Pursuant to the sale and purchase agreement, the parties have agreed to enter into a put and call option agreement for PHA to increase its shareholding in THC to 70.0 per cent. of its issued share capital. The consideration will be in cash and on such terms and conditions as may be agreed between the parties and the commencement date for the exercise of both the put and the call option shall be the day after the expiry of two years from 1 December 2003, or such date as the parties may agree.

### **DLP**

PHMS entered into a sale and purchase agreement in October 2003 with Dr Lee Leng Ghee, Willie and Dr Lee Ping Wen (collectively, the "Vendors") pursuant to which PHMS acquired 70.0 per cent. of the issued share capital of DLP ("the Initial Acquisition"). Pursuant to the sale and purchase agreement, PHMS granted the Vendors a put option in respect of the remaining balance of 30.0 per cent. of the issued shares then held by the Vendors. The commencement date of the exercise of the put option shall be any time after the full payment of the purchase consideration of the Initial Acquisition. The purchase price of the put option shall be in cash and shall be three times the average net profit after tax for the two consecutive financial years of DLP preceding the exercise of the option.

### **Pacific Eldercare and Nursing**

Our Company entered into an agreement in May 2004 (the "Agreement") with Dr William Chong who granted our Company a call option to purchase all or any part of the 20.0 per cent. issued shares ("Option Shares") held by him. The Agreement provides for the call option to be exercisable by our Company at any time within a period of five calendar years from the date of the Agreement ("Option Period"). This Option Period has since been varied to commence five calendar years from the first anniversary of our Company's IPO of its shares, pursuant to a deed entered into between the parties in December 2004. The consideration for the Option Shares shall be in cash and will be on the terms and conditions as may be agreed between the parties. Our Company has the right of first refusal if Dr William Chong wishes to sell, transfer or dispose of all or any portion of his shares.

### **PH Nursing Home**

Our Company entered into an agreement in May 2004 (the "Agreement") with Dr William Chong who granted our Company a call option to purchase all or any part of the 20.0 per cent. issued shares ("Option Shares") held by him. The Agreement provides for the call option to be exercisable by our Company at any time within a period of five calendar years from the date of the Agreement ("Option Period"). This Option Period has since been varied to commence five calendar years from the first anniversary of our Company's IPO of its shares, pursuant to a Deed entered into between the parties in December 2004. The consideration for the Option Shares shall be in cash and will be on the terms and conditions as may be agreed between the parties. Our Company has the right of first refusal if Dr William Chong wishes to sell, transfer or dispose of all or any portion of his shares.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following summary of unaudited proforma consolidated financial information of our Group should be read in conjunction with the full text of this Prospectus, including the Independent Auditors' Report and the Unaudited Proforma Consolidated Financial Information of our Group set out in Appendix I of this Prospectus.

<b>Operating Results of our Proforma Group<sup>(1)</sup></b>			
<b>\$'000</b>	<b>FY2002</b>	<b>FY2003</b>	<b>FY2004</b>
Revenue	34,276	35,988	42,179
Other operating income	529	561	907
Changes in inventories	416	238	(71)
Raw materials and consumables used	(6,832)	(6,948)	(8,288)
Staff costs	(15,898)	(16,261)	(19,825)
Depreciation and amortisation expenses	(1,892)	(2,160)	(2,302)
Other operating expenses	(5,914)	(6,094)	(6,940)
Total operating costs	(30,120)	(31,225)	(37,426)
Other (charges)/credits	(350)	(5)	58
Profit from operations	4,335	5,319	5,718
Finance costs	(287)	(385)	(648)
Income from associated companies	549	729	644
Profit before income tax	4,597	5,663	5,714
Income tax expense	(1,070)	(1,414)	(1,326)
Profit after income tax	3,527	4,249	4,388
Minority interests	(94)	(171)	(15)
Net profit attributable to shareholders	3,433	4,078	4,373
Basic EPS (cents) <sup>(2)</sup>	1.84	2.18	2.34

### Notes:-

- (1) The financial results of our Proforma Group for the period under review has been prepared on the basis that our Proforma Group has been in existence throughout the period under review. Please refer to Appendix I of this Prospectus for the Unaudited Proforma Consolidated Financial Information.
- (2) For comparative purposes, basic EPS is computed based on the net profit attributable to shareholders and the pre-Invitation share capital of 186,703,046 Shares.
- (3) Had the Service Agreements been in effect for the financial year ended 31 December 2004 and based on the proforma results of the Group, our profit before tax, the profit after tax, profits attributable to shareholders and EPS would have been \$5.50 million, \$4.22 million, \$4.20 million and 2.25 cents respectively.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

		As at 31 December 2004
<b>Financial position of our Proforma Group</b>		
	<b>\$'000</b>	
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents		4,039
Trade receivables <sup>(1)</sup>		4,281
Other receivables and prepayments		7,618
Inventories		1,968
Total current assets		<u>17,906</u>
<b>Non-current assets</b>		
Interests in associated companies		9,495
Property, plant and equipment		12,584
Intangible assets		14,021
Other receivables and prepayments		1,750
Total non-current assets		<u>37,850</u>
<b>Total assets</b>		<u>55,756</u>
<b>Current liabilities</b>		
Short term borrowings		28
Trade payables and accrued liabilities <sup>(2)</sup>		4,441
Other payables <sup>(3)</sup>		3,469
Income tax payable		1,014
Current portion of interest bearing borrowings		10,896
Current portion of finance leases		1,294
Total current liabilities		<u>21,142</u>
<b>Non-current liabilities</b>		
Deferred tax		667
Other payables <sup>(3)</sup>		1,801
Interest bearing borrowings		8,287
Finance leases		1,898
Total non-current liabilities		<u>12,653</u>
<b>Minority interests</b>		1,009
<b>Shareholders' equity</b>		20,952
<b>Total liabilities and equity</b>		<u>55,756</u>
NTA per Share (cents) <sup>(4)</sup>		<u>3.71</u>

**Notes:-**

- (1) \$0.99 million or approximately 23.1 per cent of our trade receivables remains outstanding as at LPD.
- (2) \$0.41 million or approximately 9.2 per cent of our trade payables and accrued liabilities remains outstanding as at LPD.
- (3) \$3.55 million of our other payables (current and non-current) are outstanding as at LPD, due mainly to amounts to be paid for our past acquisition, which will be paid in accordance with pre-agreed payment schedules under various sale and purchase agreements (please refer to the section on "Restructuring Exercise" of this Prospectus).
- (4) NTA per Share is computed based on the pre-Invitation share capital of 186,703,046 Shares.

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

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*The following discussion of our results of operations for the past three financial years ended 31 December 2002, 2003 and 2004 should be read in conjunction with the Independent Auditors' Report and the Unaudited Proforma Consolidated Financial Information set out in Appendix I of this Prospectus. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ significantly from those projected in the forward looking-statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly in "Risk Factors".*

### **OVERVIEW**

#### **Revenue**

We derive our revenue from two activities, namely Specialist Healthcare and Primary Healthcare where we serve walk-in, referred, corporate and private patients. These sources of revenue include:—

- (a) fees for clinical consultation, medical tests, treatment procedures and services rendered;
- (b) facility charges for the use of medical facilities and equipment;
- (c) the sale of medicine and related healthcare products; and
- (d) management fees earned from subsidiaries and associated companies.

Revenue from fees are recognised upon completion of services rendered. These fees vary depending on length of consultation, types of the medical tests, complexity of the treatment procedures and expertise of the individual specialist which are generally in line with the recommendations of the SMA, where applicable. These also include revenue derived from our fitness and wellness services.

Revenue from the use of medical facilities and equipment are charged either on a time usage basis, per procedure basis or a percentage of revenue. Our medical facilities include our day surgery centre, Adam Road Hospital in Singapore and our dental facilities in Hong Kong.

Revenue from the sale of medicine and related healthcare products are recognised upon delivery and acceptance of goods by patients.

Subsidiaries and associated companies are charged a management fee ranging from 2.5 per cent. to 5.0 per cent. of their revenue by our Company. These management fees are for services rendered by us which includes, assistance in the day to day operations, information technology and accounting support, promotional and marketing activities, and assistance in procurement. Management fees from subsidiaries are eliminated on consolidation.

In FY2004, our Specialist Healthcare Division and our Primary Healthcare Division contributed 52.5 per cent. and 47.5 per cent. of our revenue respectively. In FY2004, approximately 91.0 per cent. and 9.0 per cent. of our overall revenue were derived geographically from Singapore and Overseas (primarily Hong Kong) and were denominated in S\$ and HK\$ respectively. In FY2004, our corporate clients accounted for approximately 13.4 per cent. of our revenue, while remaining 86.6 per cent. were from private individual patients.

Our revenue is mainly dependent on the following factors:—

- (a) nature, complexity and duration of treatment as well as the level of medical expertise required;
- (b) patient demand, which is dependent on the individual preferences and their socio-economic circumstances;
- (c) utilisation of our facilities, which includes our day surgery centre, Adam Road Hospital in Singapore and our dental facilities in Hong Kong;

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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- (d) our ability to recruit and retain experienced and qualified healthcare professionals who have the expertise to provide quality and effective healthcare services to meet the demands of our patients;
- (e) our ability to maintain a good reputation as a quality healthcare service provider;
- (f) the percentage of the agreed management fees charged to our associated companies and the amount of revenues generated by our associated companies;
- (g) changes in government policies or regulations; and
- (h) the outbreak of diseases that may affect the demand for our services.

### **Other operating income**

Other operating income accounted for 1.5 per cent., 1.6 per cent. and 2.2 per cent. of our total revenue for FY2002, FY2003 and FY2004 respectively. It comprises mainly consultancy fee, honorarium, rental income from subleasing of premises, interest income from fixed deposits and loans to directors, their associates and our associated companies and sundry income.

### **Operating costs**

Our operating costs comprise changes in inventories, raw materials and consumables used, staff costs, depreciation and amortisation expenses, and other operating expenses.

#### *Changes in inventories*

Changes in inventories relates to the difference in inventory levels held by us at the beginning and the end of the financial year.

#### *Raw materials and consumables used*

The bulk of the cost relates to purchases of drugs and medicine, dental and medical supplies and other consumables. Other costs include expenses like medical test fees, hospital charges and miscellaneous costs. Medical test fees include those incurred for health screening, laboratory tests and radiology. Hospital charges are incurred for the rental of operating theatre and equipment. Our miscellaneous cost includes anesthesia fees and educational materials. Our raw materials and consumables used accounted for 19.9 per cent., 19.3 per cent. and 19.6 per cent. of our total revenue for FY2002, FY2003 and FY2004 respectively.

#### *Staff costs*

Our staff costs consist of remuneration paid to directors, doctors, nurses, as well as other medical and administrative support staff. These include fixed and variable components of salaries and wages, allowances, bonuses, CPF contributions, directors' remuneration and fees, and fees paid to associate doctors and dentists.

Our doctors are remunerated on a fixed and/or variable salary scheme. The variable component of the salary scheme is tied to the performance of the individual doctor. This is based on a fixed or graduated percentage of a performance indicator that includes the respective doctor's revenue or operating income. Our staff costs accounted for 46.4 per cent., 45.2 per cent. and 47.0 per cent. of our total revenue for FY2002, FY2003 and FY2004 respectively.

#### *Depreciation and amortisation expenses*

Depreciation expense refers to depreciation on our furniture and fittings, leasehold improvements, office equipment and medical equipment over their useful economic lives of between three to ten years. As permitted by Singapore Financial Reporting Standard ("FRS") 22 Business

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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Combinations, the goodwill arising from our acquisitions has been systematically amortised over 20 years to reflect the best estimate of the period during which future economic benefits were expected to flow to the Group.

Depreciation and amortisation costs accounted for 5.5 per cent., 6.0 per cent. and 5.5 per cent. of our total revenue for FY2002, FY2003 and FY2004 respectively.

On 1 July 2004, the Council on Corporate Disclosure and Governance issued FRS 103 Business Combinations that replaces FRS 22. FRS 103 is effective for financial years beginning on or after 1 July 2004 and will therefore be effective for our Group for the financial year beginning from 1 January 2005. Under FRS 103, goodwill arising from a business combination as recorded in the balance sheet of our Group will no longer be required to be amortised and charged to the income statement with effect from 1 January 2005. Instead, such goodwill will be tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, in accordance with revised FRS 36 Impairment of Assets.

### *Other operating expenses*

Other operating expenses comprise mainly rental expense incurred for our premises which accounted for approximately 50.8. per cent., 53.1 per cent. and 56.6 per cent. of our other operating expenses for FY2002, FY2003 and FY2004 respectively. Advertising and promotions, insurance, maintenance of equipment, utilities and credit cards charges are the other major components of our other operating expenses. Collectively, other operating expenses accounted for 17.3 per cent., 16.9 per cent. and 16.5 per cent. of our total revenue for FY2002, FY2003 and FY2004 respectively.

Our operating costs may be affected by the following factors:-

- (a) changes in prices of drugs and medicine, dental and medical supplies and other consumables;
- (b) changes in hospital charges or medical test fees;
- (c) changes in payroll and related costs due to factors such as fixed wages levels and the variable component of the salary scheme, availability of labour in the market, qualification and experience of the professionals and employees hired, number of head counts and changes in government policies and regulations such as CPF contributions;
- (d) an increase in depreciation of fixed assets due to additions of furniture and fittings, leasehold improvements, office equipment and medical equipment;
- (e) impairment losses of goodwill arising from past acquisitions; and
- (f) changes in rental expense that is dependent on the terms of our lease agreements, property market conditions in the locations in which we operate in and the grant of rebates.

### **Other (charges)/credits**

Our other (charges)/credits include bad debts written off or recovered, provision for doubtful trade and non-trade debts, foreign exchange differences, preliminary expenses written off, inventories written off and the gain or loss on disposal of fixed assets. These (charges)/credits are generally non-recurring in nature.

### **Finance costs**

Our finance costs comprise interest expense on loans from directors and their associates, borrowings from banks and financial institutions, and finance leases.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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Please refer to the section on "Restructuring Exercise" of this Prospectus for more information on the interest payable on the convertible loan from SCPEL and the indemnities given by our Founders.

### **Income from associated companies**

This refers to our share of profits, net of amortisation of goodwill, from our associated companies.

### **Taxation**

Our group's overall effective tax rates for FY2002, FY2003 and FY2004 were 23.3 per cent., 25.0 per cent. and 23.2 per cent. respectively. The Singapore statutory corporate tax rates for FY2002, FY2003 and FY2004 were 22.0 per cent., 22.0 per cent. and 20.0 per cent. respectively, whereas in Hong Kong, the statutory corporate tax rate were 16.0 per cent., 17.5 per cent. and 17.5 per cent. for FY2002, FY2003 and FY2004 respectively.

### **Minority Interests**

This represents minority shareholders' share of our subsidiaries' results, in subsidiaries which we do not have 100.0 per cent. equity interest.

## **RESULTS OF OPERATIONS**

### **Breakdown of our past performance by activity and geographic market**

A breakdown of our revenue and profit by activity and geographic market for the past three financial years ended 31 December 2002 and 2003 and 2004 are set out below. This analysis should be read in conjunction with the Independent Auditors' Report and the Unaudited Proforma Consolidated Financial Information set out in Appendix I of this Prospectus.

#### **By Activity**

##### **Revenue**

	FY2002		FY2003		FY2004	
	\$'000	%	\$'000	%	\$'000	%
Specialist Healthcare	15,774	46.0	18,282	50.8	22,127	52.5
Primary Healthcare	18,502	54.0	17,706	49.2	20,052	47.5
Total	34,276	100.0	35,988	100.0	42,179	100.0

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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### Profit before income tax

	FY2002		FY2003		FY2004	
	\$'000	%	\$'000	%	\$'000	%
Specialist Healthcare	3,228	54.1	4,368	62.2	5,014	62.6
Primary Healthcare	2,739	45.9	2,653	37.8	3,000	37.4
Total	5,967	100.0	7,021	100.0	8,014	100.0
Unallocated items:						
Interest income	93		121		55	
Finance costs	(287)		(385)		(648)	
Income from associated companies	549		729		644	
Corporate expenses	(1,725)		(1,823)		(2,351)	
	<u>4,597</u>		<u>5,663</u>		<u>5,714</u>	

### Profit before income tax margin

	FY2002	FY2003	FY2004
	%	%	%
Specialist Healthcare	20.5	23.9	22.7
Primary Healthcare	14.8	15.0	15.0
Overall	13.4	15.7	13.5

### By Geographic Market

#### Revenue

	FY2002		FY2003		FY2004	
	\$'000	%	\$'000	%	\$'000	%
Singapore	31,933	93.2	33,414	92.8	38,381	91.0
Overseas <sup>(1)</sup>	2,343	6.8	2,574	7.2	3,798	9.0
Total	<u>34,276</u>	100.0	<u>35,988</u>	100.0	<u>42,179</u>	100.0

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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### Profit before income tax

	FY2002		FY2003		FY2004	
	\$'000	%	\$'000	%	\$'000	%
Singapore	5,688	95.3	7,183	102.3	8,273	103.2
Overseas	279	4.7	(162)	(2.3)	(259)	(3.2)
Total	5,967	100.0	7,021	100.0	8,014	100.0
Unallocated items:						
Interest income	93		121		55	
Finance costs	(287)		(385)		(648)	
Income from associated companies	549		729		644	
Corporate expenses	(1,725)		(1,823)		(2,351)	
	<u>4,597</u>		<u>5,663</u>		<u>5,714</u>	

### Profit before income tax margin

	FY2002	FY2003	FY2004
	%	%	%
Singapore	17.8	21.5	21.6
Overseas	11.9	(6.3)	(6.8)
Overall	13.4	15.7	13.5

#### Note:-

(1) Overseas refers to our Hong Kong operations for the past three years and India operations for FY2004.

### FY2003 to FY2002

#### Revenue

Revenue increased by \$1.71 million or 5.0 per cent., from \$34.28 million in FY2002 to \$35.99 million in FY2003. This was largely due to an increase in revenue of \$2.51 million from the specialist healthcare division. However, the increase was offset by a decrease in revenue of \$0.79 million in the primary healthcare division.

Revenue from our specialist healthcare division increased by \$2.51 million or 15.9 per cent. from \$15.77 million in FY2002 to \$18.28 million in FY2003. This was primarily due to the organic growth in our clinical services unit and the establishment of WFC, a new specialist clinic. Revenue from our clinical services unit grew by \$2.41 million or 21.5 per cent. from \$11.19 million in FY2002 to \$13.60 million in FY2003. Our facilities management unit recorded an increase in revenue of \$0.10 million or 2.2 per cent. from \$4.58 million in FY2002 to \$4.68 million in FY2003.

Revenue in our primary healthcare division decreased by \$0.79 million or 4.3 per cent. from \$18.50 million in FY2002 to \$17.71 million in FY2003. In the first half of FY2003, the decrease in revenue was largely attributed to the outbreak of SARS in the region, in particular Singapore and Hong Kong. During the outbreak, many of our patients chose to defer non-emergency discretionary treatments and this affected our business.

Geographically, revenue from our Singapore operations increased by \$1.48 million or 4.6 per cent. from \$31.93 million in FY2002 to \$33.41 million in FY2003. The increase was mainly attributed to an

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

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increase in revenue of \$2.51 million in our specialist healthcare division as mentioned above, offset by a decline in our Singapore primary healthcare division operations by \$1.03 million or 6.4 per cent. from \$16.16 million in FY2002 to \$15.13 million in FY2003. Our Singapore primary healthcare division's operations was affected by SARS as mentioned above. Despite the outbreak of SARS, our Hong Kong primary healthcare division recorded a full year net increase from \$2.34 million in FY2002 to \$2.57 million in FY2003 as we secured a new contract to provide medical services to the medical practice operated by City University from July 2003 which contributed \$0.65 million in new revenues.

### **Other operating income**

Our other operating income increased by \$32,000 or 6.0 per cent. from \$0.53 million in FY2002 to \$0.56 million in FY2003. This was due mainly to an increase in interest income of \$48,000 earned from our associated companies, as a result of loans granted to them.

### **Changes in inventories, raw materials and consumables used**

The change in inventories was \$0.24 million in FY2003 compared with \$0.42 million in FY2002. The raw materials and consumables used increased by \$0.12 million or 1.7 per cent. from \$6.83 million in FY2002 to \$6.95 million in FY2003.

The aggregate in the changes in inventories and raw materials and consumables used as a percentage of revenue was 18.7 per cent. and 18.6 per cent. for FY2002 and FY2003 respectively and this is consistent with the increase in our overall revenue for FY2003.

### **Staff costs**

Staff costs increased by \$0.36 million or 2.3 per cent. from \$15.90 million in FY2002 to \$16.26 million in FY2003. This increase was due mainly to the variable salary component of our doctors' remuneration which is based on their individual performance. This was in line with our increase in revenue in FY2003 compared to FY2002. Our staff costs as a percentage of revenue were 46.4 per cent. and 45.2 per cent. for FY2002 and FY2003 respectively, a marginal decrease of 1.2 percentage points. This decrease was due mainly to steps taken to control staff cost because of the SARS outbreak in FY2003.

### **Depreciation and amortisation expenses**

Overall depreciation and amortisation expenses have increased by \$0.27 million or 14.2 per cent. from \$1.89 million in FY2002 to \$2.16 million in FY2003. The increase was mainly due to higher depreciation charges for the purchase of new medical equipment, equipment for the fitness centre, leasehold improvements as well as office equipment during FY2003. Amortisation expenses remained fairly consistent at \$0.70 million in FY2002 and \$0.78 million in FY2003.

### **Other operating expenses**

Other operating expenses increased marginally by about \$0.18 million or 3.0 per cent. from \$5.91 million in FY2002 to \$6.09 million in FY2003. This increase was mainly attributed to an increase in rental costs of \$0.23 million from \$3.00 million in FY2002 to \$3.23 million in FY2003, arising from the lease of additional clinic premises.

### **Other (charges)/credits**

Other (charges)/credits decreased by \$0.35 million or 98.6 per cent. from \$0.35 million in FY2002 to \$5,000 in FY2003. This was mainly due to the lower foreign exchange losses of \$96,000, a gain of \$83,000 on disposal of fixed assets as against a loss recorded in FY2002 of \$13,000 and a gain of \$94,000 on disposal of a branch medical clinic in FY2003.

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

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### **Finance costs**

The overall increase in finance costs of approximately \$0.10 million or 34.5 per cent. from \$0.29 million in FY2002 to \$0.39 million in FY2003 was attributed to additional borrowings to finance the acquisition of more medical clinics, cost of renovations, new medical equipment and equipment for the fitness centre.

### **Income from associated companies**

Our income from associated companies increased by \$0.18 million or 32.7 per cent. from \$0.55 million in FY2002 to \$0.73 million in FY2003. This increase was due mainly to the increased contribution from TPC of \$0.23 million, offset by the increase in startup losses from PH Nursing Home of \$31,000.

### **Profit before income tax**

We recorded an overall profit before income tax of about \$5.66 million in FY2003, an increase of \$1.06 million or 23.2 per cent. from \$4.60 million in FY2002. Overall profit before tax margin improved by approximately 2.3 percentage points from 13.4 per cent. in FY2002 to 15.7 per cent. in FY2003. This was due mainly to an increase in revenue and higher margins earned in the specialist healthcare division.

The profit before income tax for our specialist healthcare division increased by approximately \$1.14 million or 35.3 per cent. from \$3.23 million in FY2002 to \$4.37 million in FY2003. The profit before income tax margin increased 3.4 percentage points from 20.5 per cent. in FY2002 to 23.9 per cent. in FY2003. The increase in profit before income tax and margin was largely attributable to the 15.9 per cent. increase in revenue for this division, whilst on the other hand, staff costs did not register a corresponding increase. Staff costs in this division only increased by \$0.26 million or 3.5 per cent. from \$7.34 million in FY2002 to \$7.60 million in FY2003 as we streamlined our operations to improve our business efficiency in this division through containment of costs and reduction in our staff headcount due to SARS.

There was a decrease in the profit before income tax for our primary healthcare division of approximately \$0.09 million or 3.3 per cent. from \$2.74 million in FY2002 to \$2.65 million in FY2003. The profit before income tax margin was however consistent at 14.8 per cent. in FY2002 and 15.0 per cent. in FY2003. There was an overall net decrease in profit before income tax as the improvement in profit before income tax from our Singapore operations were offset by losses incurred by our Hong Kong operations. The decline in profit before income tax from our Hong Kong operations was due to lower facility fees earned from HKOIC(HK) and ADCL(HK), as a result of lower revenues generated by these entities, and startup costs in relation to the new contract.

### **Income tax expense**

Our tax charge for FY2003 was approximately \$1.41 million, an increase of \$0.34 million or 31.8 per cent. from \$ 1.07 million in FY2002. The effective tax rate for the Group for FY2003 was 25.0 per cent., an increase of 1.7 percentage points compared to the effective tax rate of 23.3 per cent. for FY2002. This increase was due to higher non-allowable expenses incurred in FY2003.

### **Minority interests**

Profit after income tax attributable to our minority shareholders increased by \$76,000 or 80.9 per cent. from \$94,000 in FY2002 to \$0.17 million in FY2003. The increase was mainly due to the overall improvement in the performance of entities with minority shareholders.

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

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### **FY2004 to FY2003**

#### **Revenue**

Revenue increased by \$6.19 million or 17.2 per cent., from \$35.99 million in FY2003 to \$42.18 million in FY2004. This was due to an increase in revenue of \$3.85 million from the specialist healthcare division and \$2.35 million from the primary healthcare division.

Revenue from our specialist healthcare division increased by \$3.85 million or 21.1 per cent. from \$18.28 million in FY2003 to \$22.13 million in FY2004. This was primarily due to the organic growth in our clinical services unit and full twelve months revenues from a new specialist clinic, which was only established in the middle of FY2003. Revenue from our clinical services unit grew by \$3.06 million or 22.5 per cent. from \$13.60 million in FY2003 to \$16.66 million in FY2004. Our facilities management unit recorded an increase in revenue of \$0.49 million or 10.5 per cent. from \$4.68 million in FY2003 to \$5.17 million in FY2004.

Revenue in our primary healthcare division increased by \$2.34 million or 13.2 per cent. from \$17.71 million in FY2003 to \$20.05 million in FY2004. The increase was due mainly to FY2003 revenues being affected by the outbreak of SARS in the region, in particular Singapore and Hong Kong. During the outbreak, many of our patients chose to defer non-emergency discretionary treatments and this affected our business. In addition, our Hong Kong primary healthcare division secured a new corporate contract from July 2003 that contributed revenue for six months in FY2003 and the full 12 months in FY2004.

Geographically, revenue from our Singapore operations increased by \$4.97 million or 14.9 per cent. from \$33.41 million in FY2003 to \$38.38 million in FY2004. The increase was mainly attributed to an increase in revenue of \$3.85 million in our specialist healthcare division as mentioned above. Our Singapore and Hong Kong primary healthcare division operations increased by \$1.12 million and \$1.22 million respectively due mainly to FY2003 revenue being affected by the outbreak of SARS in the region and the full year contribution of a new corporate contract for our Hong Kong operations.

#### **Other operating income**

Our other operating income increased by \$0.35 million or 62.5 per cent. from \$0.56 million in FY2003 to \$0.91 million in FY2004. This was due primarily to an increase in rental income of \$0.33 million from the sub-leasing of premises to associated companies and third parties. Rental income had increased mainly as a result of the sub-leasing of units at the 20th floor at The Paragon which commenced in 4Q FY2004 and the rental of facilities in Hong Kong which commenced in 2Q FY2004.

#### **Changes in inventories, raw materials and consumables used**

The change in inventories saw a decrease of \$0.24 million in FY2003 compared to an increase of \$71,000 in FY2004. The raw materials and consumables used increased by \$1.34 million or 19.3 per cent. from \$6.95 million in FY2003 to \$8.29 million in FY2004.

The aggregate in the changes in inventories and raw materials and consumables used as a percentage of revenue was 18.6 per cent. and 19.8 per cent. for FY2003 and FY2004 respectively and this was consistent with the increase in our overall revenue for FY2004.

#### **Staff costs**

Staff costs increased by \$3.57 million or 22.0 per cent. from \$16.26 million in FY2003 to \$19.83 million in FY2004. This increase was due mainly to the variable salary component of our doctors' remuneration which is based on their individual performance. This was in line with our increase in revenue in FY2004 compared to FY2003. Our staff costs as a percentage of revenue were 45.2 per cent. and 47.0 per cent. for FY2003 and FY2004 respectively. The increase of 1.8 percentage points was due mainly to the variable salary component of our doctors' remuneration in FY2004 and additional staff hired during the course of the year.

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

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### **Depreciation and amortisation expenses**

Overall depreciation and amortisation expenses have increased by \$0.14 million or 6.5 per cent. from \$2.16 million in FY2003 to \$2.30 million in FY2004. The increase was mainly due to higher depreciation charges of \$66,000 for the purchase of new medical equipment, leasehold improvements as well as office equipment during FY2004. Amortisation expenses increased by \$76,000 in FY2004.

### **Other operating expenses**

Other operating expenses increased by about \$0.85 million or 14.0 per cent. from \$6.09 million in FY2003 to \$6.94 million in FY2004. This increase was in line with the increased revenue and was mainly attributed to an increase in advertising and promotions of \$0.2 million, credit card commission and electronic payment charges of \$82,000 and professional fees, including audit and legal fees of \$0.23 million.

### **Other (charges)/credits**

Other (charges)/credits increased by \$63,000 in FY2004 which was mainly due to a gain of \$0.19 million on disposal of two entities, PWMC and HKOIC(HK).

### **Finance costs**

The overall increase in finance costs of approximately \$0.26 million or 66.7 per cent. from \$0.39 million in FY2003 to \$0.65 million in FY2004 was attributed to additional borrowings to finance the payment obligations due in FY2004 for past acquisitions, cost of renovations, new medical equipment and equipment for the fitness centre.

### **Income from associated companies**

Our income from associated companies decreased by approximately \$90,000 or 12.3 per cent. from \$0.73 million in FY2003 to \$0.64 million in FY2004. This decrease was mainly due to the startup losses incurred by the new businesses which commenced operations in FY2004.

### **Profit before income tax**

We recorded an overall profit before income tax of about \$5.71 million in FY2004, an increase of \$50,000 or 1.0 per cent. from \$5.66 million in FY2003. Overall profit before tax margin decreased by approximately 2.2 percentage points from 15.7 per cent. in FY2003 to 13.5 per cent. in FY2004.

The profit before income tax for our specialist healthcare division increased by approximately \$0.64 million or 14.6 per cent. from \$4.37 million in FY2003 to \$5.01 million in FY2004. The increase in profit before income tax was largely attributable to the 21.0 per cent. increase in revenue for this division. The profit before income tax margin however decreased 1.2 percentage points from 23.9 per cent. in FY2003 to 22.7 per cent. in FY2004. Profit before income tax margin was lower mainly due to the higher staff cost in FY2004.

There was an increase in the profit before income tax for our primary healthcare division of approximately \$0.35 million or 13.2 per cent. from \$2.65 million in FY2003 to \$3.00 million in FY2004. The increase in the profit before income tax was due to mainly to an increase in profit before income tax from Singapore operations. The increase was offset by the losses incurred in our Hong Kong operations amounting to \$73,000 and startup losses from our India operations amounting to \$0.19 million. The profit before income tax margin decreased by 2.2 percentage points from 15.7 per cent. in FY2003 to 13.5 per cent. in FY2004.

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

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### **Income tax expense**

Our tax charge for FY2004 was approximately \$1.33 million, a decrease of \$80,000 or 5.7 per cent. from \$1.41 million in FY2003. The effective tax rate for the Group for FY2004 is 23.2 per cent., a decrease of 1.8 percentage points compared to the effective tax rate of 25.0 per cent. for FY2003. This decrease was due mainly to the lower Singapore corporate tax of 2.0 percentage points from 22.0 per cent in FY2003 to 20.0 per cent. in FY2004.

### **Minority interests**

Profit after income tax attributable to our minority shareholders decreased by \$0.16 million or 91.2 per cent. from \$0.17 million in FY2003 to \$15,000 in FY2004. The decrease was mainly due to lower contributions from our primary healthcare units where we do not own 100.0 per cent.

## **REVIEW OF FINANCIAL CONDITION**

### **Current assets**

As at 31 December 2004, our current assets of \$17.91 million accounted for approximately 32.1 per cent. of our total assets. Our current assets consists of cash and cash equivalents, trade receivables, other receivables and prepayments and inventories.

As at 31 December 2004, cash and cash equivalents of \$4.04 million constituted approximately 22.6 per cent. of total current assets. Trade receivables of \$4.28 million, constituted approximately 23.9 per cent. of total current assets. Our trade receivables comprised mainly amounts receivable from our corporate clients, amounts due from third party hospitals for procedures carried out by our doctors for their patients in these premises, amounts due from credit card companies for our patients who pay by credit cards and certain private patients. Our trade receivables turnover days, amount set aside for provision for doubtful debts and our credit policy are set out in the "Credit Policy" section of this Prospectus. Other receivables and prepayments of \$7.62 million constituted approximately 42.5 per cent. of total current assets. These comprised mainly salary advances and loans to doctors amounting to \$1.61 million, prepayments of \$2.26 million, deposits of \$1.31 million, amounts due from related parties of \$1.36 million and other receivables of \$0.68 million. The salary advances to doctors were given as part of a remuneration package for doctors joining the Group and are repayable against future salaries. Inventories of \$1.97 million constituted approximately 11.0 per cent. of total current assets and it comprised mainly drugs and medicine, dental and medical supplies and other consumables. Our inventories turnover days and amount set aside for provision for obsolete inventories are set out in the section on "Inventory Management" of this Prospectus.

### **Non-current assets**

As at 31 December 2004, our non-current assets of about \$37.90 million accounted for approximately 67.9 per cent. of our total assets. Our non-current assets comprised interests in associated companies, plant and equipment, intangible assets and other receivables and prepayments. Interests in associated companies of \$9.50 million constituted 25.1 per cent. of our total non-current assets. This includes our cost of investment in the associated companies, loans to associated companies and our cumulative share of post acquisition profits, net of amortisation of goodwill. Our plant and equipment of \$12.58 million comprised primarily medical and dental equipment, cost of renovations and equipment for the fitness centre. This constituted 33.2 per cent. of our total non-current assets. Intangible assets of \$14.02 million constituted 37.0 per cent. of our total non-current assets and it relates to goodwill, net of accumulated amortisation, arising from the acquisition of our general practice medicine, dentistry and specialist medical practices. Other receivables and prepayments of \$1.75 million comprised primarily amounts due from doctors of \$0.50 million, amounts due from former associated companies of \$0.78 million and prepayments of \$0.47 million.

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

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### **Current Liabilities**

As at 31 December 2004, our current liabilities of \$21.14 million accounted for approximately 62.6 per cent. of our total liabilities. Our current liabilities consisted of short-term borrowings, trade payables and accrued liabilities, other payables, income tax payable, and the current portion of interest bearing borrowings and finance leases. Short-term borrowings of \$28,000 constituted approximately 0.1 per cent. of our total current liabilities and it comprised bank overdrafts. Trade payables and accrued liabilities of \$4.44 million constituted approximately 21.0 per cent. of our total current liabilities. The credit terms granted by our suppliers and our average payment days are set out in the section on "Credit Policy" of this Prospectus. Other payables of \$3.47 million constituted approximately 16.4 per cent. of our total current liabilities. These comprised mainly \$2.37 million due to the vendor shareholders for the acquisition of investments in subsidiaries and associated companies, \$0.42 million for the purchase of plant and equipment, an amount due to our Directors of \$0.43 million and \$0.41 million due to our doctors. The current portion of our interest bearing borrowings (term loans and SCPEL convertible loan used mainly to finance acquisitions and renovations of leasehold improvements) and finance leases (for financing the acquisition of new plant and equipment) amounted to \$10.90 million and \$1.29 million or 51.5 per cent. and 6.1 per cent. of our total current liabilities respectively.

### **Non-current liabilities**

As at 31 December 2004, our non-current liabilities of \$12.65 million accounted for about 37.4 per cent. of our total liabilities. Our non-current liabilities comprised deferred tax liabilities, long term portion of interest bearing borrowings and finance leases. Our deferred tax liabilities of \$0.67 million constituted 5.3 per cent. of our total non-current liabilities and it was due primarily to the excess of net book value over tax base of plant and equipment. Other payables of \$1.80 million contributed 14.2 per cent. of the total non-current liabilities and relates to non-current portion of amounts due to vendor shareholders for the acquisition of investments in subsidiaries and associated companies. The non-current portion of our interest bearing borrowings of \$8.29 million constituted 65.5 per cent. of our total non-current liabilities. This comprised mainly term loans repayable over periods of between two to five years which are used mainly to finance acquisitions, renovations of leasehold improvements and refinance the SCPEL convertible loan as and when it became due. The non-current portion of finance leases (for financing the acquisition of new plant and equipment) of \$1.90 million constituted 15.0 per cent. of the total non-current liabilities.

### **Minority interests**

As at 31 December 2004, our minority interests of \$1.01 million relates to the minority shareholders share of net assets in subsidiaries where we do not hold 100.0 per cent. interests.

### **Shareholders' Equity**

As at 31 December 2004, our shareholders' equity amounted to \$20.95 million. Our proforma shareholders' equity comprised mainly our issued share capital, shares to be issued, accumulated profits and translation reserves, less dividends paid during the year.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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### LIQUIDITY AND CAPITAL RESOURCES

We financed our operations primarily through cash generated from our operations, credit granted by our suppliers, and external short and long term borrowings from financial institutions.

Our principal uses of cash are for the payment of our purchases and meeting operating costs, finance expenses, capital expenditures, acquisitions and dividends.

#### ***Group cash flows summary***

As at 31 December 2004, we had cash and cash equivalents (net of cash restricted in use and short-term borrowings) amounting to approximately \$3.85 million. Our total short-term and long-term borrowings amounted to \$10.90 million and \$8.29 million respectively and our total finance lease was about \$3.19 million.

As at LPD, our cash and cash equivalents amounted to \$3.18 million. We have a short-term bank overdraft facilities amounting to an aggregate of \$1.77 million, of which \$1.07 million was utilised for working capital requirements. We have also outstanding term loans of \$14.94 million with tenures between three to six years for working capital requirements for the financing of renovations in various premises and to finance the acquisition of general practice clinics.

As at LPD, the outstanding amount owing to SCPEL for the convertible loan amounted to \$2.35 million. We have obtained term loan facilities of \$9.00 million from SCB that are available for draw down to refinance the convertible loan and for working capital purposes. Please refer to the section on "Capitalisation and Indebtedness" of this Prospectus.

Our Directors believe that the cash flows generated from operations, together with existing cash and cash equivalents, amounts available under our existing banking facilities and the net proceeds from the Invitation, will be sufficient to meet our working capital requirements and potential business expansion for the next 12 months.

A summary of our cash flow for the financial year ended 31 December 2004 is as follows:-

	<b>FY2004</b>
	<b>\$'000</b>
Net cash provided by operating activities	7,086
Net cash used in investing activities	(1,973)
Net cash used in financing activities	(8,231)
Net effect of exchange rate changes on balances held in foreign currency	(181)
Net decrease in cash and cash equivalent at the end of the period	(3,299)
Cash and cash equivalents at the beginning of the period	7,148
Cash and cash equivalents at the end of the period <sup>(1)</sup>	<u>3,849</u>

#### **Note:-**

(1) Cash and cash equivalents at the end of the period comprised:-

Cash and cash equivalents (net of cash restricted in use)	3,877
Short-term borrowings	(28)
	<u>3,849</u>

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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### **Net cash provided by operating activities**

In FY2004, our operating profit before changes in working capital amounted to \$8.00 million. The decrease in working capital requirements amounting to \$0.54 million decreased the cash generated from operations to \$8.54 million. Taking into account income tax paid of \$0.87 million and net interest paid of \$0.59 million, our net cash provided by operating activities amounted to \$7.08 million.

### **Net cash used in investing activities**

The net cash used in investing activities amounted to \$1.97 million in FY2004. The funds were used mainly for the acquisition of property, plant and equipment totalling \$3.00 million. We received approximately \$0.75 million as repayment of loans by associates and \$0.28 million as proceeds from the disposal of certain plant and equipment during FY2004.

### **Net cash used in financing activities**

Net cash used in financing activities amounted to \$8.23 million in FY2004. This was due to payment made to vendors for acquisition of businesses amounting to \$4.05 million, dividends paid of \$4.76 million and finance lease obligations of \$1.26 million. This was partially offset by additional net borrowings of \$1.84 million.

Based on the above, we have net decrease in cash and cash equivalents of \$3.30 million in FY2004 and our cash and cash equivalents stood at \$3.85 million as at 31 December 2004.

In our Directors' opinion, we are able to meet the present working capital requirements after taking into account our cash position and present credit facilities from financial institutions and suppliers.

## **CAPITAL EXPENDITURE**

Our major capital expenditure mainly comprises other investments and properties, plant and equipment such as medical equipment, office equipment and computers, furniture and fittings, leasehold improvements and freehold land. The purchases of such assets are financed mainly by funds generated from operations and through bank borrowings, finance leases and a convertible loan. The details of such expenditure and disposals made by our Group for the last three financial years and for the period up to the LPD are set out in the following table. For acquisitions and divestments of investments in companies and businesses, please refer to the section on "Restructuring Exercise" of this Prospectus for more information.

\$'000	FY2002	FY2003	FY2004	1 January 2005 to LPD
<b>Acquisition</b>				
Plant and Equipment				
Plant and Equipment	866	2,207	5,609	1,004
Freehold land	—	—	207	—
<b>Total properties, plant and equipment acquired</b>	<b>866</b>	<b>2,207</b>	<b>5,816</b>	<b>1,004</b>
<b>Disposal</b>				
Plant and Equipment				
Plant and Equipment	—	633	337	33
<b>Total properties, plant and equipment disposed</b>	<b>—</b>	<b>633</b>	<b>337</b>	<b>33</b>

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

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### **INFLATION**

For the last three financial years ended 31 December 2004, the performance of our Group has not been materially impacted by inflation.

### **FOREIGN EXCHANGE EXPOSURE**

#### **Translation**

The accounting records of our overseas subsidiaries in Hong Kong and in India are maintained in HK\$ and Rupee respectively, while our Group's reporting currency is S\$. In the preparation of the consolidated financial statements of our Group, the financial statements of our overseas subsidiaries are translated into S\$. Assets and liabilities of these subsidiaries are translated into S\$ at the exchange rates in effect at the balance sheet date. All income and expense items are translated at average exchange rates for the period. The resulting translation adjustments are accumulated in a separate component of shareholders' equity until the disposal of the subsidiaries.

#### **Transaction**

The functional currencies of our entities based in Singapore, Hong Kong and India are S\$, HK\$ and Rupee respectively. Transactions in foreign currencies are recorded in the respective functional currencies using exchange rates approximating those ruling at transaction dates. Foreign currency monetary assets and liabilities at the balance sheet date are translated into the respective functional currencies at the exchange rate in effect at the balance sheet date. Exchange gains and losses are dealt with in the income statement of the individual companies.

Save for an inter-company loan given to and payments made on behalf of PHHK that is denominated in S\$, transactions in currencies other than the respective functional currencies of our entities i.e. S\$, HK\$ or Rupee are insignificant. To the extent that our Group's revenue and purchases are not naturally matched in the same currency and to the extent there are timing differences between invoicing and collection/payment, we may incur foreign transaction losses. This may have an adverse impact on our financial performance.

In FY2004, approximately 85.8 per cent., 14.1 per cent. and 0.10 per cent. of our revenue were denominated in S\$, HK\$ and Rupees respectively. In FY2004, approximately 83.5 per cent., 16.3 per cent. and 0.20 per cent. of our direct costs and expenses were denominated in S\$ and HK\$ and Rupees respectively.

Our net foreign exchange differences for FY2002, FY2003 and FY2004 were as follows:-

\$'000	FY2002	FY2003	FY2004
Net foreign exchange (losses)/gains	(165)	(69)	33
As a percentage of revenue	0.5%	0.2%	0.1%
As a percentage of profit before income tax	3.6%	1.2%	0.6%

Presently, we do not have any hedging policy with respect to our foreign exchange exposure. We have not used any financial hedging instruments to manage our foreign exchange risks. We will continue to monitor our foreign exchange exposure and may consider the use of financial instruments to reduce our foreign exchange exposure should the need arise.

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## MANAGEMENT

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### DIRECTORS AND EXECUTIVE OFFICERS

The following table provides information regarding our Directors, executive officers and other key employees as at LPD.

#### Directors

<u>Name</u>	<u>Age</u>	<u>Address</u>	<u>Principal Occupation</u>	<u>Designation</u>
Sim Swee Yam, Peter	50	21 Sunridge Park Road, Singapore 358148	Advocate and Solicitor	Non-Executive Chairman and Independent Director
Dr Chong Lai Leong, William	43	11 Makepeace Road, Singapore 228636	Dental Surgeon	Executive Director and Chief Executive Officer
Dr Chu Aye Aye Han, Sandra	34	456 River Valley Road, #03-05 Crystal Court, Singapore 248342	Dental Surgeon	Executive Director and Chief Operating Officer
Dr Huang Hsiang Shui, Martin	44	12 Sunset Vale, Singapore 597238	Plastic Surgeon	Executive Director
Ee Hock Huat, Daniel Cuthbert	52	34 Siglap Hill, Singapore 456088	Company Director	Independent Director
Lee Sooi Chuen, Philip	43	27 Stevens Drive, #02-03 Parc Stevens, Singapore 257919	Managing Director	Independent Director

Our Directors' working and business experience are set out below:–

#### **Sim Swee Yam, Peter**

Mr Sim Swee Yam, Peter was appointed as our Non-Executive Chairman and Independent Director of our Company on 5 September 2005. He is a director in Sim & Wong LLC, a law corporation. Mr Sim has more than 22 years of experience in legal practice. From 1981 to 1983, he was a legal assistant in Netto Low & Partners. From 1984 to 2004, Mr Sim practised law with the firm of Sim Hill Tan & Wong where he was a partner. Subsequently, in 2004, he became director of Sim & Wong LLC. Mr Sim was conferred the Pingat Bakti Masyarakat National Award in 2000. Mr Sim is also a director on the boards of British & Malayan Trustees Limited, Lum Chang Holdings Limited, Nera Electronics Ltd, Power Seraya Ltd, Gravitas Alliance International Pte Ltd and Infinity Capital Partners (S) Pte Ltd. Mr Sim holds a Bachelor of Law (Honours) degree from the University of Singapore.

#### **Dr Chong Lai Leong, William**

Dr Chong Lai Leong, William is our Executive Director and Chief Executive Officer. He was appointed as a Director of our Company on 26 January 2001. Together with Dr Sandra Chu and Dr Martin Huang, he is one of the Founders of our Group in 2001. Dr Chong is responsible for charting the corporate direction and business strategies, business and corporate development, policy planning and oversees the day-to-day management of our Group. In addition, he is responsible for the overseas operations of our Group in Hong Kong and India. Apart from his executive responsibilities, Dr Chong also practises as a dental surgeon in Atria-Pan. In 1987, Dr Chong worked as a dental officer with the Ministry of Health. Subsequently, from 1987 onwards, he has been a director of Atria-Pan. Dr Chong became a founding director of our Company in 2001. He graduated from the National University of Singapore with a Bachelor of Dental Surgery in 1985. He also attained a Master of Science in Dentistry by research in the field of Bone Regeneration and Dental Implants at the Department of Oral and Maxillofacial Surgery, National University of Singapore in 1998. He has been a fellow of the Royal Australasian College of Dental Surgeons since 1997. Dr Chong is also a Fellow and Diplomate of the International Congress of Oral Implantologists since 1996. He is also an honorary member of the Australian Society

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## MANAGEMENT

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of Implant Dentistry and sits on the Steering Committee of Network India, Singapore, a business network platform set up by International Enterprise Singapore. He was a finalist in the Emerging Entrepreneur of the Year category in the Ernst & Young Entrepreneur Of The Year Singapore 2004.

### **Dr Chu Aye Aye Han, Sandra**

Dr Chu Aye Aye Han, Sandra is our Executive Director and Chief Operating Officer. She is a co-Founder of our Group and was appointed as a Director of our Company on 26 January 2001. Dr Chu is responsible for overall administration, human resources and operations of our Group. In addition, she is in charge of integrating the various business units within our Group. Apart from her executive responsibilities, Dr Chu also practices as a dental surgeon in Atria-Pan. From 1994 to 1995, she was a resident dental officer in Alfred Hospital, Melbourne, Australia. From 1995 to 1996, Dr Chu was a research student at the University of Melbourne under scholarship. From 1996 to 1997, she was an associate dentist in private practice in Australia. Thereafter, in 1997, she joined our Group initially as an associate dentist in Atria-Pan before becoming a director of MDSH in 2000 and founding director of our Company in 2001. Dr Chu graduated from the University of Melbourne with a Bachelor of Dental Science in 1993 and has been a fellow of the Royal Australasian College of Dental Surgeons since 1997. In 2004, Dr Chu was nominated by the Singapore Business Federation to attend the 8th Asia Europe Young Leaders Symposium at the Hague, Netherlands.

### **Dr Huang Hsiang Shui, Martin**

Dr Huang Hsiang Shui, Martin was appointed as an Executive Director of our Company on 26 January 2001 and is a co-Founder of our Group. He is involved in setting out the strategies and policies for our Group's development. Dr Huang also practises as a plastic surgeon in MDSH. From 1991 to 1995, Dr Huang was a registrar in Singapore General Hospital. Concurrently, from 1994 to 1996, he was a craniofacial fellow first at the Children's Hospital and Medical Centre, Harborview Medical Centre, Seattle, WA for a year and later at Scottish Rite Children's Medical Centre, Atlanta, GA. From 1995 to 1997, Dr Huang was a senior registrar at the Singapore General Hospital, and from 1997 to 1998, he served as a consultant. Concurrently, from 1997 to 1998, he was also a consultant in KK Women and Children's Hospital. From 1998 to 2000, Dr Huang was a consultant at AsiaMedic Limited. In 2000, Dr Huang became a director and was a consultant plastic surgeon at TCSC before becoming a founding director of our Company in 2001. Dr Huang graduated from the National University of Singapore with a Bachelor of Medicine and Bachelor of Surgery in 1985 and also attained a Master of Medicine (Surgery) in 1990 from the same university. He has been a fellow of the Royal College of Surgeons, Edinburgh and Royal College of Physicians and Surgeons, Glasgow since 1990. Dr Huang is also a Fellow in Plastic Surgery of the Academy of Medicine, Singapore.

### **Ee Hock Huat, Daniel Cuthbert**

Mr Ee Hock Huat, Daniel Cuthbert was appointed as an Independent Director of our Company on 5 September 2005. Mr Ee does not currently hold any full time executive position. Mr Ee was conferred the Pingat Bakti Masyarakat National Award in 2003. Mr Ee is presently also an independent director on the boards of Surface Mount Technology (Holdings) Limited, SMRT Corporation Ltd, Citibank Singapore Ltd and a director of several privately held companies. Mr Ee has more than 14 years of experience in the banking sector, in particular the corporate finance industry where he began as a corporate finance manager at Baring Brothers & Co. Ltd from 1985 to 1989. Thereafter, Mr Ee moved to Standard Chartered Merchant Bank Asia Limited where he was the head of corporate finance from 1989 to 1994, the managing director from 1994 to 1996 and the chief executive from 1996 to 1999. Mr Ee graduated from the University of Bath, UK, with a Bachelor of Science degree (Systems Engineering — Honours) and gained a Master of Science degree in Industrial Engineering from the National University of Singapore. Mr Ee was a Colombo Plan scholar and served in various capacities in the public sector from 1975 to 1985.

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## MANAGEMENT

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### **Lee Sooi Chuen, Philip**

Mr Lee Sooi Chuen, Philip was appointed as an Independent Director of our Company on 5 September 2005. He is presently also a director of J.P. Morgan (S.E.A) Limited. Mr Lee has had more than 15 years of experience in the corporate finance industry. From 1990 to 1993, Mr Lee was an assistant vice president in Citigroup International Ltd (Hong Kong). He later joined CS First Boston (Singapore) as vice president in 1993 where he worked until 1995. Thereafter, Mr Lee moved to J.P. Morgan (S.E.A) Asia Pte Ltd (Singapore) in December 1995 as vice president and presently is the Chief Executive Officer of J.P. Morgan (S.E.A) Limited, Investment Banking for South East Asia. Mr Lee graduated from the University of Southern California with a Bachelor of Science degree (Industrial & Systems Engineering) and gained a Masters of Business Administration from New York University.

Please refer to the section "Board Practices and Term of Office" under "Corporate Governance" for additional details of Mr Lee's appointment as an Independent Director.

### **Executive Officers**

<b>Name</b>	<b>Age</b>	<b>Address</b>	<b>Designation</b>
Tan Kong Hwa, Terrance	39	233 Hougang Street 21, #03-352, Singapore 530233	Chief Financial Officer
Sim Yu Xiong, Vitters	46	24 Sin Ming Walk, #07-01, Singapore 575572	Senior Finance Manager
Lum Yeok Yin, Florence	57	39 Mimosa Vale, Singapore 807946	Senior Operations Manager (Projects)
Tan Cheng Ling, Caroline	36	22, Queen's Close, #09-159, Singapore 140022	Senior Operations Manager
Lim Chea Ngo	42	109, Spottiswoode Park Road, #24-87, Singapore 080109	Operations Manager (Eldercare and Nursing Homes)
Chia Swee Kian, Sharon	42	223, #04-146 Bukit Batok East Avenue 3, Singapore 650223	Marketing Manager
Kristianus Setyawan	38	61 Choa Chu Kang Loop, #04-01 Northvale, Singapore 689668	Information Technology Manager

Our Executive Officers' working and business experience are set out below:–

### **Tan Kong Hwa, Terrance**

Mr Tan Kong Hwa, Terrance was appointed as the Chief Financial Officer of our Group in May 2004. He oversees our Group's accounting, finance, information technology, tax and compliance matters. Mr Tan has more than 12 years of experience in the banking and financial sector. Mr Tan was in DBS Finance Ltd from June 1989 to January 1994 where he left as an assistant manager. He moved to DBS Capital Investments Ltd in February 1994 and left in November 1997 as a senior manager. From December 1997 to February 2002, Mr Tan was with Standard Chartered Private Equity Ltd where his main responsibilities included managing Standard Chartered Bank's private equity and direct investment activities. Mr Tan left SCPEL as a director. He was an executive director with StarTag Sdn Bhd and managed the day-to-day operations and business matters of the company from March 2002 to April 2004. Mr Tan holds a Bachelor in Science (Estate Management) (Honours) degree from the National University of Singapore.

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## MANAGEMENT

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### **Sim Yu Xiong, Vitters**

Mr Sim Yu Xiong, Vitters is our Senior Finance Manager. He is responsible for financial management, business development and special projects. Mr Sim joined our Group in June 2003 and has more than 20 years in the areas of audit, finance, accounting and administration. He started as an auditor in Coopers & Lybrand from September 1980 to July 1986 before joining Fullmark Pte Ltd in August 1986. He left Fullmark Pte Ltd as a general manager in August 1997. Subsequently, he was at Torie Holdings Pte Ltd and Jurong Reptile Park Pte Ltd holding the position of finance manager at both companies before joining our Group. Mr Sim is a Fellow member of the Association of Chartered Certified Accountants and the Institute of Certified Public Accountants in Singapore and Australia.

### **Lum Yeok Yin, Florence**

Ms Lum Yeok Yin, Florence is our Senior Operations Manager (Projects) and is responsible for the overall project planning and implementation of our Group. She joined our Group in May 2002. Ms Lum has more than 25 years of experience in the healthcare industry. From 1986 to 1993, she was a business development director in Mount Elizabeth Hospital where she was responsible for the business development and marketing activities of the clinical departments in Singapore and Johor. From 1993 to 1995, Ms Lum was a manager in Singapore General Hospital. From 1995 to 1997, she worked in Mt Alvernia Hospital as a clinical support services director. Thereafter, Ms Lum served as deputy chief executive officer at Ren Ci Hospital for three years. From 1999 to 2001, she was chief executive officer at All Saints Home, where she was responsible for the project planning and development of the new nursing home. Ms Lum is also a state registered nurse with the Singapore Nursing Board. Ms Lum holds a Masters in Business Administration (Strategic Marketing) from the University of Hull, United Kingdom.

### **Tan Cheng Ling, Caroline**

Ms Tan Cheng Ling, Caroline is our Senior Operations Manager. She is responsible for the operations and administration of our Group. She is in charge of setting up of clinics and medical centres within our Group and provides operational and logistic support for all clinics and medical centres. Prior to joining our Group in April 2000, Ms Tan worked as a state registered nurse in Singapore General Hospital from 1993 to 1997. She was a clinic manager with AsiaMedic Limited from 1998 to 2000. Thereafter, Ms Tan joined our Group initially, in Atria-Pan, as a nurse manager. In November 2000, she moved to MDSH also as a nurse manager. Ms Tan is a state registered nurse with the Singapore Nursing Board and holds a Bachelor of Nursing degree from Flinders University of South Australia.

### **Lim Chea Ngo**

Ms Lim Chea Ngo is our Operations Manager (Eldercare and Nursing Homes). She is responsible for the operations and administration of our Group's Eldercare and Nursing Home unit in our Primary Healthcare Division. Ms Lim joined our Group in October 2003. She worked in the National Council of Social Service from 1993 to 1997 and rose to the position of senior manager. From 1997 to 2000, she was an operations manager in the Hospice Care Association. Thereafter, Ms Lim was with the Singapore Christian Home for the Aged as manager/administrator from 2000 to 2003, where she was responsible for the administration and operations of the Home, including financial control, facilities and client management. Ms Lim holds a Bachelor of Science degree from the University of Nottingham, United Kingdom.

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## MANAGEMENT

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### **Chia Swee Kian, Sharon**

Ms Chia Swee Kian, Sharon is the Marketing Manager of our Group and is responsible for all marketing and public relation activities of our Group. She joined our Group in May 2002. Ms Chia has accumulated over 20 years of marketing and brand management experience. She started work with Shangri-La Hotel from 1982 to 1985. From 1985 to 1988, she was with Moutrie Pte Ltd and was responsible for wholesale marketing and branding. After taking a two-year break, she joined F J Benjamin Ltd from 1990 to 1992 and was in charge of marketing of one of the company's key product lines. She was with Laponie (S) Pte Ltd as a business development manager from 1992 to 1998 where she was responsible for the marketing and branding of product lines of the company. From 1998 to 2001, Ms Chia worked as the ASEAN operations manager in ECnet Limited. Thereafter, she joined Whitestone Consulting as a senior manager from 2001 to 2002 and was in-charge of marketing and corporate branding. She holds a Diploma in Sales and Marketing from the Marketing Institute of Singapore, and Higher Stage Group Diploma in Public Relations, from the London Chamber of Commerce & Industry.

### **Kristianus Setyawan**

Mr Kristianus Setyawan is our Information Technology Manager and is responsible for managing and maintaining our Group's information technology infrastructure. He joined our Group in 2002. Mr Setyawan has over 14 years of experience in the information technology industry. From 1990 to 1994, he was an analyst programmer with PT Inti Salim Corpora and from 1995 to 1997, he was a corporate business planner with PT Ciputra Development. In 1997, Mr Setyawan joined PT Asuransi Jiwa Allstate as a MIS business analyst where he was responsible for developing and maintaining the MIS database. He left PT Asuransi Jiwa Allstate in 2001 and joined E-Connect as an IT project officer where he worked for one year before joining our Group. When working in E-Connect, Mr Setyawan was responsible for maintaining and developing the company's business and residential database application. Mr Setyawan received his Masters in Business Administration from IPMI — Monash Mt Eliza.

To the best of our Directors' knowledge and belief, none of our Directors and Executive Officers are related to each other or the substantial shareholders and none of our Directors and Executive Officers were appointed pursuant to any arrangement or understanding with a substantial shareholder, customer or supplier of our Company.

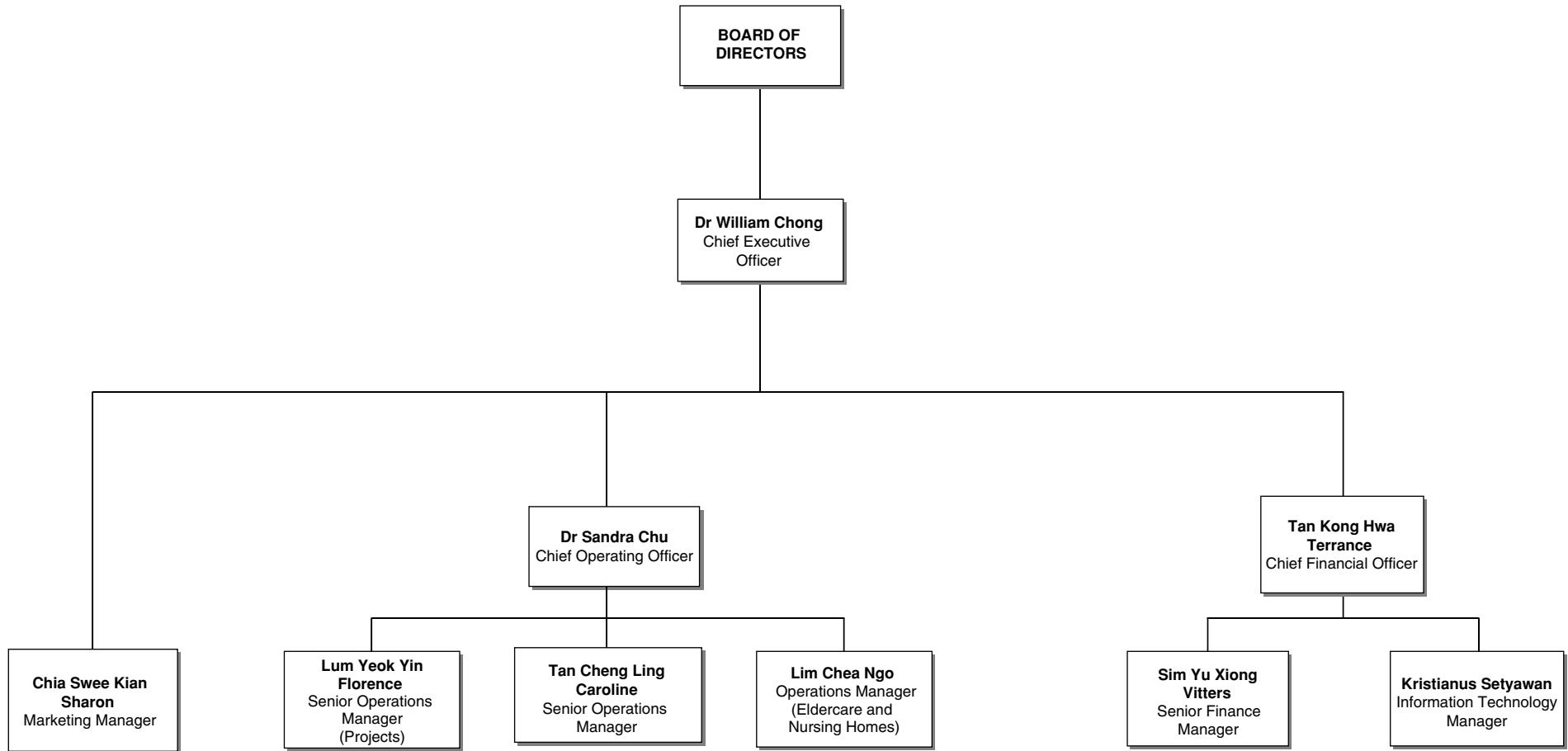
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## MANAGEMENT

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### MANAGEMENT REPORTING STRUCTURE

The following chart shows our management reporting structure as at the LPD:-



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## MANAGEMENT

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### COMPENSATION

The compensation paid to our Directors and Executive Officers of our Group for services rendered to us on an aggregate basis and in remuneration bands during FY2003 and FY2004 (being the last two most recent completed financial years) and their estimated compensation for FY2005 is as follows:–

	FY2003	FY2004	FY2005
<b>Directors</b>			
Dr Chong Lai Leong, William	C	C	C
Dr Huang Hsiang Shui, Martin	C	C	C
Dr Chu Aye Aye Han, Sandra	A	A	A
<b>Independent Directors</b>			
Sim Swee Yam, Peter	—	—	A
Ee Hock Huat, Daniel Cuthbert	—	—	A
Lee Sooi Chuen, Philip	—	—	A
<b>Executive Officers</b>			
Tan Kong Hwa, Terrance	—	A	A
Sim Yu Xiong, Vitters	A	A	A
Lum Yeok Yin, Florence	A	A	A
Tan Cheng Ling, Caroline	A	A	A
Lim Chea Ngo	A	A	A
Chia Swee Kian, Sharon	A	A	A
Kristianus Setyawan	A	A	A

**Notes:–**

- (i) Band A means between \$0 to \$249,999
- (ii) Band B means between \$250,000 to \$499,999
- (iii) Band C means \$500,000 and above

Save for mandatory contributions for CPF, we do not have any pension, retirement or similar benefits for our Directors and Executive Officers and we have not set aside or accrued any amounts for our Directors and Executive Officers to provide for pension, retirement or similar benefits.

**Remuneration of executive officers' and other employees who are related to Directors/Substantial Shareholders**

As at the date of this Prospectus, none of our employees are related to our Directors and Substantial Shareholders save for Dr Iris Chong, who is the sister of a Director and Substantial Shareholder, Dr William Chong. Dr Iris Chong works part time as a dental surgeon in Atria-Pan and her total remuneration for FY2002 was approximately \$28,000. No remuneration was paid by our Group to her in FY2003. We paid her \$2,033 for locum fees in FY2004. The compensation includes salary, bonus, CPF, and benefits-in-kind. The basis of determining the remuneration of the related employee is the same as the basis of determining the remuneration of other unrelated employees.

The remuneration of employees who are related to our Directors and Substantial Shareholders will be reviewed annually by our Audit Committee to ensure that their remuneration packages are in line with our staff remuneration guidelines and commensurate with their respective job scopes and level of

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## MANAGEMENT

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responsibilities. In the event that a member of our Audit Committee is related to the employee under review, he will abstain from the review.

### SERVICE AGREEMENTS

#### Executive Directors

There is no existing or proposed service contract between any of our Directors and us which provides for benefits upon termination of employment.

We have entered into service agreements (the "Service Agreement") with each of our Executive Directors, Dr William Chong, Dr Sandra Chu and Dr Martin Huang (each Executive Director, the "Appointee"). Each Service Agreement is valid for a term of three years commencing from the date of admission of our Company to the Official List of the SGX-ST and thereafter shall automatically continue from year to year unless terminated in accordance with the respective Service Agreements. For the initial three years, the Service Agreement can only be terminated by our Company by written notice of six months or by the payment of six months salary in lieu. Thereafter, the Service Agreement may be terminated by written notice of six months given by either party to the other provided that our Company shall have the option to pay six months salary in lieu of any required period of notice.

Except for such payment in lieu of notice as provided for under the Service Agreements, no compensation or damages is payable by our Company to each of the Appointees in respect of their termination in accordance with the terms of their respective Service Agreements. Each of the Service Agreements may also be terminated by our Company at any time without notice or payment upon the occurrence of events such as the default or misconduct of the Appointee in connection with or affecting our business, wilful neglect by the Appointee in the discharge of his duties, commission or a serious breach of his Service Agreement or disqualification of the Appointee from acting as a Director for any reason.

Each Service Agreement covers the terms of employment of the respective Appointee as an Executive Director. Director's fees do not form part of the terms of the Service Agreement as these require the approval of Shareholders during our Company's Annual General Meeting.

Under the Service Agreements, Dr William Chong, Dr Sandra Chu and Dr Martin Huang are each entitled to a monthly salary of \$33,000, \$12,000 and \$3,000, respectively. Each Appointee is entitled to a fixed bonus of one month's salary. Dr William Chong, Dr Sandra Chu and Dr Martin Huang are also entitled to a variable performance-based bonus annually, which shall be calculated based on our Group's profit from ordinary activities before taxation, the bonus, extraordinary items and minority interest ("PBT"). Dr William Chong, Dr Sandra Chu and Dr Martin Huang will be paid 2.75 per cent., 1.0 per cent. and 0.25 per cent. respectively of our Group's PBT in excess of \$6.0 million. No bonus will be paid on the Group's PBT for the first \$6.0 million.

There are non-competition restrictions under the Service Agreements which are effective during the term of each of the Service Agreements and for a period of one year after the termination of the respective Appointee's employment pursuant to the terms of the Service Agreements. There are also confidentiality clauses under the Service Agreements.

Save as disclosed above, there are no other existing service agreements between our Company or subsidiaries and any of our Directors which provide for benefits upon termination of employment.

#### Executive Officers

We have entered into employment agreements with each of our Executive Officers, Tan Kong Hwa, Terrance, Sim Yu Xiong, Vitters, Lum Yeok Yin, Florence, Tan Cheng Ling, Caroline, Lim Chea Ngo, Chia Swee Kian, Sharon and Kristianus Setyawan. Each of the employment agreements sets forth compensation and related terms of that Executive Officer's employment, such as, *inter alia*, annual

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## MANAGEMENT

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leave and grounds of termination, etc. All of those persons are employed until an appropriate termination notice is given, or payment in lieu of notice is given by either party.

### Remuneration for clinical practice

In addition to the Service Agreements as disclosed above, each of our Executive Directors has also entered into an agreement with our Group in respect of his or her provision of specialist and dental services in Singapore on behalf of our Group. On 1 January 2003, Dr Martin Huang entered into a consultancy agreement with MDSH for seven years. The consultancy agreement provides for the appointment of Dr Martin Huang as a medical specialist with MDSH on an exclusive and full time basis.

Dr William Chong and Dr Sandra Chu both entered into physician employment agreements with Atria-Pan on 1 January 2003 for five years. The physician employment agreements provide for the appointment of Dr William Chong and Dr Sandra Chu as dentists exclusively for and on behalf of Atria-Pan.

The terms of remuneration under these agreements are consistent with the terms of other medical specialists and dentists employed by the Group, which are as described in the "Overview" section of the "Management Discussion and Analysis of Financial Conditions and Results of Operations" section of this Prospectus.

## CORPORATE GOVERNANCE

The Directors recognise the importance of corporate governance and the offering of high standards of accountability to the Shareholders of our Company, and will follow closely the best practice outlined in the Best Practices Guide issued by SGX-ST. Our Board of Directors has formed three committees: (i) the Audit Committee (ii) the Remuneration Committee and (iii) the Nominating Committee.

### **Audit Committee**

Our Audit Committee is chaired by Mr Daniel Ee and includes Mr Peter Sim, our Non-Executive Chairman and Mr Philip Lee. All three of them are our Independent Directors.

The Audit Committee shall meet periodically to perform the following functions:–

- (a) to review with the external auditors the audit plan, and the results of our external auditors' examination and evaluation of our system of internal controls;
- (b) to review the consolidated financial statements and balance sheets and profit and loss accounts, and the external auditors' report on those financial statements, before submission to the Board of Directors for approval;
- (c) to review the co-operation given by our management to our external auditors;
- (d) to consider the appointment and re-appointment of the external auditors;
- (e) to review and approve interested person transactions; and
- (f) to generally undertake such other functions and duties as may be required by statute or the SGX-ST Listing Manual, and by such amendments made thereto from time to time.

Apart from the duties listed above, the Audit Committee shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on our Group's operating results and/or financial position. Each member of our Audit Committee will abstain from voting in respect of matters in which he is interested.

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## MANAGEMENT

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### **Remuneration Committee**

Our Remuneration Committee comprises Mr Peter Sim, Mr Daniel Ee and Dr William Chong. Mr Peter Sim, our Non-Executive Chairman and Independent Director, will be the Chairman of our Remuneration Committee. Our Remuneration Committee will recommend to our Board of Directors a framework of remuneration for the Directors, key executives and medical specialists, and determine specific remuneration packages for each Executive Director. The recommendations of our Remuneration Committee should be submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses and options shall be covered by our Remuneration Committee. In addition our Remuneration Committee will also review all benefits-in-kind including loans and advances to staff and doctors. Each member of the Remuneration Committee shall abstain from voting any resolutions in respect of his remuneration package.

### **Nominating Committee**

Our Nominating Committee comprises Mr Peter Sim, Mr Philip Lee and Dr William Chong. The Chairman of the Nominating Committee is Mr Peter Sim, our Non-Executive Chairman and Independent Director. Our Nominating Committee will be responsible for:-

- (a) re-nomination of our Directors having regard to the Director's contribution and performance;
- (b) determining on an annual basis whether or not a Director is independent; and
- (c) deciding whether or not a Director is able to and has been adequately carrying out his duties as a director.

Our Nominating Committee will, subject to the approval of the Board, decide on how the Board's performance is to be evaluated and propose objective performance criteria which address how the board has enhanced long-term shareholders' value. The performance evaluation will also include consideration of our share price performance vis-à-vis the Straits Times Index and a benchmark index of its industry peers. The Board will also implement a process to be carried out by our Nominating Committee for assessing the effectiveness of the Board as a whole and for assessing the contribution of each individual Director to the effectiveness of the Board. Each member of our Nominating Committee shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as Director.

### **Board Practices and Term of Office**

Our Directors are appointed by our Shareholders at a general meeting and an election of Directors is held annually. Our Directors are subject to rotation as one third (or the number nearest to a third) of our Directors are required to retire from office at each annual general meeting. Further, all our Directors are required to retire from office at least once in every three years. However, a retiring Director is eligible for re-election at the meeting at which he retires. In addition, any Director appointed by the Board to fill a casual vacancy or as an additional Director shall hold office until the next annual general meeting of our Company and shall then be eligible for re-election but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

Mr Philip Lee, our Independent Director, is the Chief Executive Officer of J.P. Morgan (S.E.A) Limited. The obligations attendant to Mr Lee's employment make it difficult for him to participate as a director of a public listed company. Mr Lee intends to step down as a director subsequent to our Company's listing upon the Board finding a suitable replacement, or not seek re-election at the next annual general meeting.

### **EMPLOYEES**

We set out below the total number of our employees and the various departments in which they serve as at the end of FY2002, FY2003 and FY2004. This includes consultant specialists who work through their own companies or 'associate doctors' who work for their own account practising exclusively for our

## MANAGEMENT

Group but does not include employees of associated companies of our Group. The revenue from the 'associate doctors' are captured in the Group's accounts and they are paid a percentage of the revenue they generate.

	FY2002	FY2003	FY2004
<b>By Geographical Distribution</b>			
Singapore	260	287	240
Hong Kong	10	24	29
India	—	—	58
	<b>270</b>	<b>311</b>	<b>327</b>
<b>By Functional Division</b>			
Management	3	3	6
Professional medical staff	60	65	87
Medical support staff	185	217	218
Marketing	2	3	5
Finance	16	20	7
Human Resource	2	2	2
Information Technology	2	1	2
	<b>270</b>	<b>311</b>	<b>327</b>

**Note:-**

(1) In addition, there are 21 doctors working in our associated companies

Our employees are not unionised. The relationship between our management and employees has been good and is expected to continue in the future. There has not been any incidents of work stoppages or labour disputes with our employees which affected our operations.

As of 1 October 2004, we outsourced certain finance and administrative functions to our associated company, PWMC.

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## PACIFIC HEALTHCARE EMPLOYEE SHARE OPTION SCHEME

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### SHARE OPTION SCHEME

On 23 August 2005, our shareholders approved a share option scheme known as the Pacific Healthcare Employee Share Option Scheme (the “Scheme”), the rules of which are set out in Appendix III of this Prospectus. The Scheme complies with the relevant rules as set out in Chapter 8, Part VIII of the Listing Manual and options will be granted only after the listing of our Shares on the SGX-ST.

#### Rationale for the Scheme

The Scheme will provide an opportunity for employees who have contributed significantly to the growth and performance of our Group, who satisfy the eligibility criteria to participate in the equity of our Company. In this section, “Group” refers to our Company, its subsidiaries and associated companies.

The Scheme is primarily a share incentive scheme. It recognises the fact that the services of employees are important to the success and continued well-being of our Group. Implementation of the Scheme will enable our Company to give recognition to the contributions made by such employees. At the same time, it will give such employees an opportunity to have a direct interest in our Company and will also help to achieve the following objectives:—

- (i) to motivate such employees to maintain a high level of performance and contribution;
- (ii) to attract and retain a group of key employees whose contributions are important to the long-term growth and profitability of the Group;
- (iii) to instill loyalty to, and a stronger identification by employees with the long-term prosperity of the Group; and
- (iv) to attract potential employees with relevant skills to contribute to the Group and to create value for shareholders.

#### Summary of the Scheme

A summary of the rules of the Scheme is set out as follows:—

#### *Eligibility*

Under the rules of the Scheme, employees of our Group, including any controlling shareholder and his associate(s), Executive Directors and Non-Executive Directors, who have attained the age of 21 years and above on or before the relevant date of offer of an Option and who meet the eligibility criteria as set out in the rules of the Scheme in Appendix III of this Prospectus are eligible to participate in the Scheme. For this purpose, the terms “controlling shareholder” and “associates” shall have the meanings ascribed to them in the rules of the Scheme.

#### *Rationale for participation of controlling shareholders and their associate(s)*

The Company acknowledges that the services and contributions of employees who are controlling shareholders or associates of controlling shareholders are important to the development and success of the Group. The extension of the Scheme to confirmed full-time employees and Directors who are controlling shareholders or their associate(s) allows our Group to have a fair and equitable system to reward employees who have actively contributed to the progress and success of the Group. The participation of the controlling shareholders in the Scheme will serve both as a reward to them for their dedicated services to the Group and a motivation for them to take a long-term view of the Group.

The participation by controlling shareholders and their associate(s) in the Scheme also gives our Group an additional tool to craft a balanced and innovative overall method to reward executives. Although the controlling shareholders and their associate(s) who are employees or Directors may already have shareholding interests in our Company, the extension of the Scheme to include them ensures that they are equally entitled, with the other employees of our Group who are not controlling shareholders or their associate(s), to take part and benefit from this system or remuneration.

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## PACIFIC HEALTHCARE EMPLOYEE SHARE OPTION SCHEME

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As stated above, one of the objectives of the Scheme is to motivate participants to optimise performance standards and efficiency and to maintain a high level of contribution. It is our view that such motivation should be provided to deserving and eligible employees, whether or not they are controlling shareholders. As such, it is our intention that all employees, including controlling shareholders and their associate(s), should be treated equally for the purposes of the Scheme. We believe, accordingly, that the application of the Scheme should not unduly favour controlling shareholders and their associate(s) over other eligible employees. Conversely, we believe that a person who would otherwise be eligible should not be excluded from participating in the Scheme solely for the reason that they are controlling shareholders. The terms and conditions of the Scheme do not differentiate between Directors and employees who are controlling shareholders and employees who are not controlling shareholders in determining the eligibility of such persons in participating in the Scheme and being granted Options thereunder. Therefore, controlling shareholders would be subject to the same rules as those applicable to other eligible employees. In this manner, the Scheme would not unduly favour controlling shareholders and their associate(s) over other eligible employees.

### ***Rationale for participation of Dr William Chong***

In respect of the participation of controlling shareholders in the Scheme, our Company is proposing that Dr William Chong is eligible to participate in the Scheme. Dr William Chong is one of the Founders of the Group. He is currently an Executive Director and has been appointed as the Chief Executive Officer of our Company.

Under Dr William Chong's effective management and direction, our Group's business has expanded and grown to become one of the largest healthcare service providers in Singapore offering a comprehensive and integrated range of healthcare services. In addition, our operations have also expanded overseas to Hong Kong and India. The continued contributions and participation of Dr William Chong in the calibration of the strategic directions of our Group remain very important in ensuring that the Group's business continues to grow and improve. Therefore, our Company wishes to allow him to participate in the Scheme for his past and present contributions. The extension of the Scheme to Dr William Chong is consistent with our Group's objective to motivate its employees to achieve and maintain a high level of performance which is vital to the success of the Group. For the foregoing reasons, it is proposed that Dr William Chong be a participant in the Scheme notwithstanding that he is a controlling shareholder.

Dr William Chong's participation in the Scheme will take place only after the listing of our Company on the SGX-ST and his participation and the grant of options to him will, by separate resolution, be approved by independent Shareholders of our Company in general meeting. In addition, our Company will provide the independent Shareholders with the justification for Dr William Chong's participation, the terms of the options and the number of options to be granted to him for consideration during the general meeting. Details of the number of options granted, the number of options exercised and the subscription price (as well as the discount involved) will be disclosed in the annual report of our Company.

### ***Rationale for participation of Non-Executive Directors***

It is also proposed that the Scheme be extended to Non-Executive Directors who, although not employed by the Company, work closely with the Company and by reason of their relationships with the Company, are in a position to give input and contribute their experience, knowledge and expertise to the development and prosperity of the Group. By implementing the Scheme and giving Non-Executive Directors an opportunity to participate in the equity of the Company, their working relationships with the Company will be enhanced as it will instil in them a greater sense of involvement. The extension of the Scheme to Non-Executive Directors will also enable the Company to continue to attract capable individuals to sit on the Board as Non-Executive Directors.

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## PACIFIC HEALTHCARE EMPLOYEE SHARE OPTION SCHEME

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In order to minimise the potential conflict of interests and not to compromise the independence of our Non-Executive Directors, we do not intend to grant options of significant sizes to Non-Executive Directors. In particular, in the event that any options are granted to our Independent Directors, the quantum of such options will not be of such significance as will affect or compromise the independence of such Directors. As the Scheme is intended to cater primarily to our employees, the options granted to Non-Executive Directors would not comprise (whether on an individual or a collective basis), a significant portion of the Shares available under the Scheme as the Non-Executive Directors would continue to be remunerated for their services mainly by way of directors' fees.

### ***Administration of the Scheme***

The Scheme will be administered by the Remuneration Committee which will determine the terms and conditions of the grant of the options, including the price at which employees may exercise the options and the vesting periods which may be over and above the minimum vesting periods prescribed by the Listing Manual. Where a Director is also a participant, he must not be involved in the deliberations of the Remuneration Committee in respect of options granted or to be granted to him.

Under the Scheme, the Remuneration Committee has the ability to grant options to present and future full-time employees and Directors (whether Executive or Non-Executive).

### ***Size of the Scheme***

The aggregate number of Shares over which options may be granted pursuant to the Scheme, when added to the number of shares issued and issuable in respect of all options granted under the Scheme, will be 15.0 per cent. of the issued Shares of our Company. The 15.0 per cent. scheme size is intended to accommodate the potential pool of participants arising from a broad base of eligible participants, and to support the use of options in our overall long-term compensation strategy. We are of the view that the size of the Scheme is reasonable, after taking into account the issued share capital of our Company, the contributions by our Directors and employees, the number and the potential increase in the number of employees and the grant of the options over the duration of the Scheme. In order for the Scheme to achieve its objective, the Scheme must be of a sufficient size to allow an adequate number of options to be issued to existing and future Directors and employees.

The aggregate number of Shares over which the Committee may grant to the controlling shareholders and their associates under the Scheme, shall not exceed 25.0 per cent. of the Shares available under the Scheme, Provided Always that that number of Shares available to each controlling shareholder or each of his associates shall not exceed 10.0 per cent. of the Shares available under the Scheme.

### ***Alteration of Capital***

If a variation in the issued share capital of our Company by way of a capitalisation of profits or reserves or rights issue, reduction, subdivision, or consolidation of Shares should take place, the exercise price, the nominal value, class and/or number of Shares comprised in an option to the extent unexercised and/or over which future options may be granted during the entire operation of the Scheme and the maximum entitlement in any one financial year, will be adjusted in such manner as the Remuneration Committee may determine to be appropriate and, except in relation to a capitalisation issue, upon the auditors' written confirmation (acting only as experts and not as arbitrators) that, in their opinion, such adjustment is fair and reasonable. However, any adjustment shall only be made in such a manner that a participant will not receive a benefit that shareholders do not receive.

Notwithstanding the above, no such adjustment shall be made which would result in the Shares to be issued upon the exercise of an option being issued at a discount to the nominal value of a Share (and if so, the exercise price payable shall be the nominal value of a Share) and unless the Remuneration Committee after considering all relevant circumstances, considers it equitable to do so.

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## PACIFIC HEALTHCARE EMPLOYEE SHARE OPTION SCHEME

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The issue of securities as consideration for an acquisition of any assets by our Company, a private placement of securities of our Company, or the cancellation of issued Shares purchased or acquired by our Company, will not be regarded as a circumstance requiring adjustment. Any increase in the issued share capital of our Company due to the exercise of options issued from time to time will also not be regarded as a circumstance requiring adjustment.

When any adjustment is required, we shall notify the participant (or his duly appointed personal representative(s) where applicable) in writing and deliver to him (or his duly appointed personal representative(s) where applicable) a statement setting forth the new exercise price thereafter in effect and the nominal value, class and/or or number of Shares thereafter comprised in the option so far as unexercised and the maximum entitlement in any one financial year.

### ***Option Period***

All options must be exercised before the fifth anniversary from the offer date or such earlier date as may be determined by the Remuneration Committee, failing which all unexercised options shall immediately lapse and cease to be valid.

Options granted with the exercise price set at the market price shall only be exercisable after the first anniversary of the offer date of that option while options granted with the exercise price set at a discount to the market price shall be exercisable after the second anniversary of the offer date of that option.

Special provisions dealing with the lapsing or permitting the earlier exercise of options under certain circumstances include:-

- (i) the termination of the participant's employment or appointment as the case may be;
- (ii) the bankruptcy of the participant;
- (iii) death, ill-health, injury or disability, redundancy or retirement of the participant; and
- (iv) takeover, winding-up or reconstruction of our Company.

### ***Exercise of Options, Allotment and Listing of Shares***

An option may be exercised in whole or in part (in respect of 1,000 Shares or any multiple thereof), by a participant giving notice in writing together with payment of the full amount of the aggregate exercise price in respect of the Shares which have been exercised under the option, the relevant CDP charges (if any) and any other documentation required by the Remuneration Committee to our Company. Upon receipt of the same by us, an option is deemed exercised.

Subject to any consents or actions required by any competent authority under any applicable law or regulations, and compliance with the rules of the Scheme, the Memorandum and Articles of Association of our Company, we shall allot and issue the Shares in respect of which such option has been exercised by the participant and dispatch the relevant share certificates to the participant or the CDP (as the case may be), within ten market days (or such other period permitted by the Listing Manual).

Shares allotted and issued on the exercise of an option shall be subject to the Memorandum and Articles of Association of our Company and will rank *pari passu* in all respects with the then existing Shares except that the new Shares shall not be entitled to any dividends or other distributions the record date of which precedes the exercise date of the option.

### ***Grant of Options with a Discounted Exercise Price***

Under the Scheme, the exercise price of options granted will be determined by the Remuneration Committee. The Remuneration Committee may grant options with or without a discounted exercise price. In the event that options are granted at a discount, the discount shall not exceed 20.0 per cent. of the market price.

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## PACIFIC HEALTHCARE EMPLOYEE SHARE OPTION SCHEME

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The ability to offer options at a discount to the market price of the Shares will allow flexibility in structuring the options. Being able to offer options at a discount is important in situations where it is more meaningful for our Company to acknowledge a participant's achievement through offering options at a discount to the market price rather than paying him a cash bonus, as these options operate as a form of cashless rewards from our Company, with a greater potential for capital appreciation than options granted at market price; or in situations where more compelling motivation is required in order to attract new talents into our Company and/or retain talented individuals.

We plan to exercise this discretion judiciously and the amount of discount may vary from one offer to another from time to time depending on the circumstances and on a case-by-case basis. In determining the quantum of the discount, the Remuneration Committee may take into consideration such factors as it may in its absolute discretion deem appropriate, including but not limited to (i) the performance of our Company and our Group; (ii) the individual performance of an eligible person; and (iii) the contribution to the success of our Company and/or our Group by that eligible person.

As share options become more significant components of employee remuneration packages and the grant of options with a discount element becomes more common, the discretion to grant options at a discount to the market price of the Shares will provide us with a means to maintain the competitiveness of our compensation strategy. Therefore, we may utilise options as a means to reward participants for their outstanding performance as well as to motivate them to continue to excel, and will be an additional method for compensating employees other than through salary, salary increments and cash bonuses. This will enable us to introduce an effective manner of motivating participants to maximise their performance, which will in turn create better value for our shareholders.

In circumstances where at the time of making of grants of options to participants, the prevailing market price on the Shares is considered artificially high and a general discount is desirable or warranted (the rate of which will be determined by the Remuneration Committee), the Remuneration Committee will take into consideration factors such as the historical prices of the Shares as compared with the prevailing market price of the Shares during the price fixing period for the options, the market comparatives and practices of other industry players and the value of the options as a component of each participant's compensation package.

The ability to grant options at a discount to the prevailing market price allows us to grant options on a more realistic and economically feasible basis to the participants especially in circumstances where the market price of Shares is high due to a buoyant market or inflated share prices.

With the discretion to grant options at market price or at a discount, we would be able to utilise up to the maximum discount allowed for options to structure remuneration packages to respond fairly rapidly to our employees' circumstances, the market conditions and practices and the economic situation at the time of granting options. For example, options granted at a discount to market price may be used to compensate employees and keep them motivated during economic downturns when wages (including cash bonuses and annual wage supplements) are frozen or cut, or they could be used to supplement cash rewards in lieu of larger cash bonuses or annual wage supplements.

We believe that the maximum 20.0 per cent. discount to the market price of the Shares is sufficient to allow for flexibility in the Scheme while minimising the potential dilutive effect to our shareholders arising from the Scheme.

### ***Cost of Options Granted under the Scheme to Our Company***

Any options granted for Shares (whether or not the exercise price is set at a discount to the prevailing market of our Shares) have a fair market value. Where such options are granted at a consideration which is less than their fair value, there will be a cost to us, the amount of which will depend on whether the options are granted at market price or at a discount. The greater the discount granted and the longer the option period, the greater the cost to us.

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## PACIFIC HEALTHCARE EMPLOYEE SHARE OPTION SCHEME

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Our cost of granting options, with or without a discounted exercise price under the Scheme, would be as follows:–

- (i) the effect of the issue of new Shares upon the exercise of options on our NTA per Share is accretive if the exercise price is above the NTA per Share, but dilutive otherwise;
- (ii) if the options are granted with a discounted exercise price, the exercise price of an option at a discounted exercise price would translate to a reduction of the proceeds from the exercise of such an option, as compared to the proceeds that we would have received from such exercise had the exercise been made at the prevailing market price of our Shares. Such reduction of the exercise proceeds would represent the monetary cost to us of granting options with a discounted exercise price;
- (iii) as the monetary cost of granting options at a discounted exercise price is borne by us, our earnings would effectively be reduced by an amount corresponding to the reduced interest earnings that we would have received from the difference in proceeds from an exercise price with no discount versus the discounted exercise price. Such reduction would, accordingly, result in the dilution of our earnings per Share; and
- (iv) the grant of options under the Scheme will not have an impact on our Company's reported profit under current accounting rules set out in Singapore Financial Reporting Standards (the "FRS"). However, on 6 September 2004, the Council on Corporate Disclosure and Governance issued a new accounting standard FRS 102 Share-based Payment which will require the recognition of an expense in respect of options granted under the Scheme. The expense will be based on the fair value of the options at the date of grant (as determined by an option-pricing model) and will be recognised over the vesting period. FRS 102 is effective for financial periods beginning on or after 1 January 2005 for companies listed in Singapore and on or after 1 January 2006 for all other companies.

It should be noted that the financial effects discussed in (i), (ii) and (iii) above would materialise only upon the exercise of the relevant options. The cost of granting options discussed in (iv) above would be recognised in the financial statements even if the options are not exercised. Measured against these costs would be the desirable effect of the Scheme to attract, recruit, retain and motivate Directors and employees which could, in the long term, yield greater returns for us and our Shareholders.

We have made an application to the SGX-ST for permission to deal in, and in quotation of, our Shares which may be issued upon the exercise of the options to be granted under the Scheme.

## INTERESTED PERSON TRANSACTIONS

### INTERESTED PERSON TRANSACTIONS

In general, transactions between our Group and any of its interested persons (namely, the Directors, Chief Executive Officer or Controlling Shareholders or their respective Associates), are known as interested person transactions. Save as disclosed below and in the section on "Restructuring Exercise" of this Prospectus, there are no other material interested person transactions undertaken by the Group for the last three financial years and for the period from 1 January 2005 to LPD.

#### Past and discontinued interested person transactions

##### Transactions with our Directors and/or their associates

Our Group had entered into the following transactions with our Directors, namely Dr William Chong, Dr Sandra Chu, and Dr Martin Huang, and their Associates namely, Dr Iris Chong and Mr Peter Tai. Dr Iris Chong is the sister of Dr William Chong and Mr Peter Tai is the spouse of Dr Iris Chong and the brother-in-law of Dr William Chong.

##### *(i) Advances received from our Directors and their Associates*

These advances were made to our Group mainly for working capital purposes and to finance the business activities of Pacific Healthcare, Atria-Pan, MDSH and CMS. They were interest-free, unsecured and had no fixed terms of repayment.

	Amount outstanding as at			Largest amount outstanding <sup>(1)</sup> \$
	31 December 2002	31 December 2003	31 December 2004	
	\$	\$	\$	
Dr William Chong	158,555	180,815	—	251,446
Peter Tai	16,943	16,943	—	16,943

##### **Note:-**

(1) Based on month end balances for the period 1 January 2002 to LPD.

The amounts due to the above Directors and their Associates had been fully repaid in December 2004.

##### *(ii) Shareholders' loan*

In FY2002 our Directors and their Associates granted Shareholders' loan to PHHK to finance its daily operations and its expansion which included the acquisition of HCL(HK), CPMS(HK), HCMC(HK) and our then subsidiaries, HKOIC(HK) and ADCL(HK).

Save as disclosed below, these shareholders' loans were interest-free, unsecured and had no fixed terms of repayment.

	Amount outstanding as at			Largest amount outstanding <sup>(1)</sup> \$
	31 December 2002	31 December 2003	31 December 2004	
	\$	\$	\$	
Dr Iris Chong	12,100	11,936	—	805,137 <sup>(2)</sup>

##### **Notes:-**

(1) Based on month end balances for the period 1 January 2002 to LPD.

(2) The outstanding balance of \$805,137 as at 1 January 2002 includes a balance of \$544,382 which bore interest at an average rate of 4.9 per cent. per annum. The interest rate was determined based on the prevailing bank prime rate in Hong Kong.

As at the LPD, the amounts due to the above Directors and their Associates had been fully repaid.

## INTERESTED PERSON TRANSACTIONS

The interest paid in respect of the loan from Dr Iris Chong for the past three financial years and from 1 January 2005 to the LPD are set out in the table below:—

	Interest expense		1 January 2005 to LPD
	FY2002	FY2003	FY2004
	\$	\$	\$
Dr Iris Chong	12,473	—	—

*(iii) Advances extended to our Directors and their Associates*

These advances were extended by our Company to our Directors and their Associates.

Save as disclosed below, these advances were interest-free, unsecured and had no fixed terms of repayment.

	Amount outstanding as at			Largest amount outstanding <sup>(2)</sup> \$
	31 December 2002	31 December 2003	31 December 2004	
	\$	\$	\$	
Dr Iris Chong	— <sup>(1)</sup>	—	—	200,000

**Notes:—**

- (1) An employee loan of \$200,000 was granted to Dr Iris Chong on 14 October 2002 at an interest rate of 4.8 per cent. per annum. The interest rate was determined based on the average of the prevailing rates of the three local bank. The amount was fully repaid by Dr Iris Chong on 29 November 2002.
- (2) Based on month end balances for the period 1 January 2002 to LPD.

As at the LPD, the amounts due from the above Directors and their Associates had been fully repaid.

The interest income earned from our Directors and their Associates for the past three financial years and from 1 January 2005 to the LPD are set out in the table below:—

	Interest income		1 January 2005 to LPD
	FY2002	FY2003	FY2004
	\$	\$	\$
Dr Iris Chong	1,244	—	—

*(iv) Interest recovered from our Directors for interest expense on convertible loan from SCPEL*

In consideration of our Company entering into an investment agreement with SCPEL, our Directors, Dr William Chong, Dr Sandra Chu and Dr Martin Huang, executed a deed of indemnity to jointly and severally indemnify the Company for any interest to be paid by the Company on the convertible loan from SCPEL. In the event that the interest becomes payable on the convertible loan, our Company is entitled to recover an amount equivalent to interest payable from the Directors. The amounts recoverable from our Directors are interest-free and unsecured.

## INTERESTED PERSON TRANSACTIONS

	Interest recoverable from the Directors for			1 January 2005 to LPD \$
	FY2002 \$	FY2003 \$	FY2004 \$	
Dr William Chong, Dr Martin Huang and Dr Sandra Chu	1,251,732	1,370,177	1,111,345	Nil
<b>Cumulative interest recoverable outstanding as at</b>				
	<b>31 December 2002 \$</b>	<b>31 December 2003 \$</b>	<b>31 December 2004 \$</b>	<b>Largest amount outstanding<sup>(1)</sup> \$</b>
Dr William Chong, Dr Martin Huang and Dr Sandra Chu	2,085,065	3,455,242	Nil	4,155,242

**Note:-**

(1) Based on monthly balances for the period 1 January 2002 to LPD

The total interest payable on the convertible loan from SCPEL was estimated at \$4.6 million. In June 2004, our Directors paid the estimated amount in full and this included the estimated cumulative interest recoverable outstanding as at 31 December 2004 of \$4.51 million as well as estimated prepaid interest up to August 2005 of \$93,760.

### Present and ongoing interested person transactions

#### Advances received from our Director, Dr William Chong

These advances were made to CMS and Implanet for working capital purposes. They were interest-free, unsecured and had no fixed terms of repayment.

	Amount owing to Dr William Chong as at				Largest amount outstanding <sup>(1)</sup> \$
	31 December 2002 \$	31 December 2003 \$	31 December 2004 \$	LPD \$	
CMS	72,521	278,645	278,645	278,645	567,099
Implanet	—	109,485	109,485	109,485	109,485

**Note:-**

(1) Based on month end balances for the period 1 January 2002 to LPD

Pursuant to an agreement between Dr William Chong and Pacific Healthcare dated 23 June 2004, it is agreed that the repayment of such advances shall only be made through cash generated from operations by CMS and Implanet.

#### Lease agreement for a dental clinic at Pandan Gardens

Atria-Pan has leased clinic premises of 600 sq ft at 415, Pandan Gardens, #01-118, Singapore 600415 from Dr William Chong and his wife, Cho Yu-Mei, for one year at the rental of \$3,000 per month commencing 18 January 2001. This lease was extended for another two years from 18 January 2002 at a rental of \$3,000 per month. On 20 May 2004, the lease was renewed for another two years at a rental of \$3,000 per month. The rental was determined according to the prevailing market rental rates and transacted on an arm's length basis.

## INTERESTED PERSON TRANSACTIONS

The total rental paid to Dr William Chong and Cho Yu-Mei during each of the past three financial years were as follows:-

	FY2002 \$	FY2003 \$	FY2004 \$	1 January 2005 to LPD \$
Rental expense	36,000	36,000	36,000	27,000

After the listing of our Company on the SGX-ST, any renewal of the lease for the above premises will be entered in accordance with such guidelines as described under the section on "Review Procedures for Future Interested Person Transactions" of this Prospectus, and Chapter 9 of the Listing Manual, so as to ensure that the amount of rent payable by Atria-Pan will be commensurate with prevailing market rates after making relevant inquiries with other landlords of similar properties and obtaining suitable reports or reviews published by property agents (as necessary).

### Securities/Guarantees provided or procured by our Directors for our Company and our subsidiaries

The guarantees currently provided by our Directors and/or Shareholders to secure credit facilities and hire purchase facilities are listed below:-

<b>Financial Institutions</b>	<b>Credit facilities guaranteed</b>	<b>Facilities for use by</b>	<b>Guarantees provided by</b>
Andhra Bank	\$736,500	Pacific Hospitals(India)	Dr William Chong
DBS	\$101,000	AMA	Dr William Chong Dr Sandra Chu Dr Martin Huang
DBS	\$67,000	PHWC	Dr William Chong Dr Sandra Chu Dr Martin Huang
HLF	\$2,000,000	Pacific Healthcare	Dr William Chong Dr Sandra Chu Dr Martin Huang
HLF	\$3,400,000	PHWC	Dr William Chong Dr Sandra Chu Dr Martin Huang
OCBC	\$250,000	MDSH	Dr William Chong Dr Sandra Chu Dr Martin Huang
OCBC	\$200,000	Atria-Pan	Dr William Chong Dr Sandra Chu
SCB	\$3,000,000	Pacific Healthcare	Dr William Chong Dr Sandra Chu Dr Martin Huang
SCB	\$3,000,000	Pacific Healthcare	Dr William Chong Dr Sandra Chu Dr Martin Huang
SCB	\$9,000,000	Pacific Healthcare	Dr William Chong Dr Sandra Chu Dr Martin Huang
SCB	\$750,000	Pacific Healthcare	Dr William Chong Dr Sandra Chu Dr Martin Huang

## INTERESTED PERSON TRANSACTIONS

<b>Financial Institutions</b>	<b>Credit facilities guaranteed</b>	<b>Facilities for use by</b>	<b>Guarantees provided by</b>
UOB	\$237,000	MDSH	Dr William Chong Dr Sandra Chu Dr Martin Huang
UOB	\$75,000	MDSH	Dr William Chong Dr Sandra Chu Dr Martin Huang
UOB	\$200,000	Atria-Pan	Dr William Chong Dr Sandra Chu
UOB	\$70,000	PH Asia	Dr William Chong Dr Sandra Chu
UOB	\$50,000	J8FC	Dr William Chong Dr Sandra Chu
UOB	\$50,000	TC@C	Dr William Chong Dr Sandra Chu
UOB	\$45,000	CMS	Dr William Chong Dr Sandra Chu
<b>Subtotal</b>	<b>\$23,231,500</b>		

<b>Financial Institutions</b>	<b>Hire purchase facilities guaranteed</b>	<b>Facilities for use by</b>	<b>Guarantees provided by</b>
DBS	\$316,711	SSLC	Dr William Chong Dr Sandra Chu Dr Martin Huang
DBS	\$372,300	PHWC	Dr William Chong Dr Sandra Chu Dr Martin Huang
DBS	\$62,720	MDSH	Dr William Chong Dr Sandra Chu Dr Martin Huang
DBS	\$171,700	AMA	Dr William Chong Dr Sandra Chu Dr Martin Huang
DBS	\$135,000	Atria-Pan	Dr William Chong Dr Sandra Chu
HLF	\$4,200,000	MDSH	Dr William Chong Dr Sandra Chu Dr Martin Huang
Orix Leasing	\$3,000,000	MDSH	Dr William Chong Dr Sandra Chu Dr Martin Huang
Orix Leasing	\$524,769	SSLC	Dr William Chong Dr Sandra Chu Dr Martin Huang

## INTERESTED PERSON TRANSACTIONS

<b>Financial Institutions</b>	<b>Hire purchase facilities guaranteed</b>	<b>Facilities for use by</b>	<b>Guarantees provided by</b>
Orix Leasing	\$2,000,000	PHWC	Dr William Chong Dr Sandra Chu Dr Martin Huang
Subtotal	<hr/> \$10,783,200		
<b>Total</b>	<b>\$34,014,700</b>		

The nature of the facilities secured by the above guarantees are set out under the section on "Capitalisation and Indebtedness" of this Prospectus. The largest aggregate outstanding amount guaranteed by the above guarantors during the last three financial years and up to the LPD, based on amounts as at the end of each calendar month, was approximately \$34.01 million. The total amount outstanding as at LPD was approximately \$18.51 million.

Dr Martin Huang has provided his private residential property at 52, Coronation Road West, #01-02, Astrid Meadows, Singapore 269265 as security by way of a second legal mortgage to secure the facilities granted by OCBC to MDSH.

Subsequent to the Invitation, pending negotiations with the respective financial institutions and barring any unforeseen circumstances, Dr William Chong, Dr Sandra Chu and Dr Martin Huang intend to obtain a release and discharge of these personal guarantees and legal mortgage by substituting the same with other securities acceptable to the respective banks. Should the terms and conditions of our existing facilities be affected by the withdrawal of the guarantees and legal mortgage, our Directors will continue to provide the necessary personal guarantees/securities or seek alternate sources of banking facilities on similar terms and conditions.

### Transactions between our Group and PH Nursing Home and Pacific Eldercare and Nursing

#### ***PH Nursing Home***

PH Nursing Home is 40.0 per cent. owned by Pacific Healthcare, 20.0 per cent. owned by Mr Peter Tai and 20.0 per cent. owned by Dr William Chong, 10.0 per cent. owned by Dr Julianah Bte Abu and 10.0 per cent. owned by Dr Lim Ka Liang. Dr William Chong is also deemed to have an interest in Pacific Healthcare's 40.0 per cent. interest.

##### *(i) Guarantees provided by our Company and Directors*

Our Company has provided a corporate guarantee proportionate to our shareholding interest in PH Nursing Home to secure a banking and hire purchase facility for the development of the nursing home at Bukit Merah for PH Nursing Home from HLF. The total facility amounted to \$9.00 million and our proportionate guarantee amounts to \$3.60 million. In addition, our Directors, Dr William Chong, Dr Sandra Chu, Dr Martin Huang have given joint and several guarantees for this facility.

##### *(ii) Advances made and expenses paid on behalf by our Group*

Our Company has made advances to PH Nursing Home to finance the purchase of the land at Bukit Merah in FY2002. The advances from our Group bore an interest rate of 5.8 per cent. per annum based on 1.0 per cent. above the average prime lending rates of three local banks. With effect from FY2003, the advances from our Group were interest-free. In addition, our Company has also paid certain expenses on behalf of PH Nursing Home during FY2003. The amounts owing from PH Nursing Home were unsecured and had no fixed terms of repayment.

## INTERESTED PERSON TRANSACTIONS

	As at				Largest amount outstanding <sup>(1)</sup>
	31 December 2002	31 December 2003	31 December 2004	LPD	
	\$	\$	\$	\$	\$
Amount outstanding	—	615	360,000	655,750	1,866,563

**Note:-**

<sup>(1)</sup> Based on month end balances for the period 1 January 2002 to LPD

The interest income earned from advances made to PH Nursing Home by our Group for the past three financial years and from 1 January 2005 to LPD are set out in the table below.

	FY2002	FY2003	FY2004	1 January 2005 to LPD
	\$	\$	\$	\$
Interest income earned	65,510	—	—	—

With effect from 1 June 2004, any advances or contributions made to PH Nursing Home by our Group will be proportionate to our shareholdings in PH Nursing Home, and rank pari passu with the advances or contributions from other shareholders.

*(iii) Provision of management and support services by our Company*

On 8 May 2004, PH Nursing Home entered into a ten-year management agreement with our Company pursuant to which our Company will be providing management and support services to PH Nursing Home. The management agreement is subject to shareholders' approval if the management fee exceeds 5.0 per cent. of the NTA of our Group. We will be responsible for the daily operation and management of the nursing home at Bukit Merah. In addition, we will also be responsible for the accounting, information technology, procurement, promotional and marketing and human resource functions. PH Nursing Home will pay a management fee equivalent to 5.0 per cent. of its revenue or \$5,000 per month, whichever is higher, in respect of the provision of these services. This management fee is comparable to the management fees charged to our subsidiaries and other associated companies.

	FY2002	FY2003	FY2004	1 January 2005 to LPD
	\$	\$	\$	\$
Management income earned	—	—	\$45,000	45,000

After the listing of our Company on the SGX-ST, any variation of the terms in the management agreement or transactions made between our Group and PH Nursing Home will be reviewed by our Directors in accordance with such guidelines as described under the section on "Review Procedures for Future Interested Person Transactions" of this Prospectus, and Chapter 9 of the Listing Manual.

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## INTERESTED PERSON TRANSACTIONS

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### **Pacific Eldercare and Nursing**

Pacific Eldercare and Nursing is 40.0 per cent. owned by Pacific Healthcare, 20.0 per cent. owned by Mr Peter Tai and 20.0 per cent. owned by Dr William Chong, 10.0 per cent. owned by Dr Julianah Bte Abu and 10.0 per cent. owned by Dr Lim Ka Liang. Dr William Chong is also deemed to have an interest through Pacific Healthcare.

#### *(i) Guarantees provided by our Directors*

Our Directors, Dr William Chong, Dr Sandra Chu, Dr Martin Huang have provided joint and several guarantees to secure a banking facility of \$7.29 million for Pacific Eldercare and Nursing from SIFL for the construction of the nursing home at Bukit Panjang.

#### *(ii) Advances made to and expenses paid on behalf by our Company*

Our Company has made advances to Pacific Eldercare and Nursing to finance the purchase of the land at Bukit Panjang and also paid certain pre-operating expenses on behalf of Pacific Eldercare and Nursing during FY2003. The advances bore an interest rate of 5.75 per cent., were unsecured and had no fixed terms of repayments. These advances were proportionate to Pacific Healthcare's 40.0 per cent. shareholding in Pacific Eldercare and Nursing and were on the same terms.

With effect from 1 June 2004, any advances or contributions made to Pacific Eldercare and Nursing by our Group were interest free and will be proportionate to our shareholdings in Pacific Eldercare and Nursing and rank pari passu with the advances or contributions from other shareholders.

With effect from 1 June 2004, the advances from our Group were interest-free.

	As at				Largest amount outstanding <sup>(1)</sup>
	31 December 2002	31 December 2003	31 December 2004	LPD	
	\$	\$	\$	\$	\$
Amount outstanding	—	1,108,896	—	80,000	1,336,790

**Note:-**

(1) Based on month end balances for the period 1 January 2002 to LPD

The interest income earned from advances made to Pacific Eldercare and Nursing by our Company for the past three financial years and from 1 January 2005 to LPD are set out in the table below.

	FY2002	FY2003	FY2004	1 January 2005 to LPD
	\$	\$	\$	\$
Interest income earned	—	111,953	21,244	—

#### *(iii) Provision of management and support services by our Company*

On 8 May 2004, Pacific Eldercare and Nursing entered into a ten-year management agreement with our Company pursuant to which our Company will be providing management and support services to Pacific Eldercare and Nursing. The management agreement is subject to shareholders' approval if the management fee exceeds 5.0 per cent. of the NTA of our Group.

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## INTERESTED PERSON TRANSACTIONS

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We will be responsible for the daily operation and management of the nursing home at Bukit Panjang. In addition, we will also be responsible for the accounting, information technology, procurement, promotional and marketing and human resource functions. Pacific Eldercare and Nursing will pay a management fee equivalent to 5.0 per cent. of its revenue or \$5,000 per month, whichever is higher, in respect of the provision of these services.

After the listing of our Company on the SGX-ST, any variation of the terms in the management agreement or transactions made between our Group and Pacific Eldercare and Nursing will be reviewed by our Directors in accordance with such guidelines as described under the section on "Review Procedures for Future Interested Person Transactions" of this Prospectus, and Chapter 9 of the Listing Manual.

Subsequent to the Invitation, pending negotiations with the respective financial institutions and barring any unforeseen circumstances, Dr William Chong, Dr Sandra Chu and Dr Martin Huang intend to obtain a release and discharge of these personal guarantees by substituting the same with other securities acceptable to the respective banks. Should the terms and conditions of our existing facilities be affected by the withdrawal of the guarantees and legal mortgage, our Directors will continue to provide the necessary guarantees/security or seek alternate sources of banking facilities at the similar terms and conditions.

### Guarantees provided by our Directors to WYCPL

On 25 June 2004, our associated company, Pacific Hospital Consultants entered into a sale and purchase agreement with Wong Yip Chong (Private) Limited ("WYCPL") to purchase and redevelop the land on which Adam Road Hospital is located ("the Property"). Pursuant to this sale and purchase agreement, our Directors, Dr William Chong, Dr Sandra Chu and Dr Martin Huang have given personal guarantees of \$10.80 million to WYCPL in respect of the payment for the purchase price of the Property.

### Guarantees provided by our Directors on Pacific Hospital Consultants' loan

On 2 August 2005, Pacific Hospital Consultants acquired the above Property from WYCPL. Our Directors, Dr William Chong, Dr Sandra Chu and Dr Martin Huang have given personal guarantees to secure up to 40.0 percent of the banking facility of \$7.56 million to Pacific Hospital Consultants from SIFL for the Property.

### Guarantee provided by Dr William Chong to Holita Company Limited (the "Landlord") in respect of PHHK's lease agreement

On 31 March 2004, PHHK entered into a new four-year lease agreement with the Landlord for the premise of 5,739 sq ft at 28th Floor Henley Building, No.5 Queen's Road Central, Hong Kong, at the rental of HK\$163,848 per month. In fulfillment of a condition precedent to the Landlord agreeing to lease the premise to PHHK, Dr William Chong has provided his personal guarantee to the Landlord for the due payment of the rent and all monies payable for the due observance of the lease agreement. The lease commenced on 1 April 2004 and expires on 31 March 2008.

Subsequent to the Invitation, pending negotiations with the Landlord and barring any unforeseen circumstances, Dr William Chong intends to obtain a release and discharge of his personal guarantees upon renewal of lease.

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## INTERESTED PERSON TRANSACTIONS

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Guarantee provided by Dr William Chong to Dr Chan Kok Yew ("CKY") in respect of an undertaking between AMA and CKY

On 1 June 2002, AMA gave an undertaking to CKY whereby AMA will pay CKY, \$353,125 in cash over four monthly instalments beginning from 28 July 2004 for the acquisition of his general practice medicine clinic. Dr William Chong has provided his personal guarantee to CKY for the due performance by AMA of its obligation.

Subsequent to the Invitation, pending negotiations with CKY and barring any unforeseen circumstances, Dr William Chong intends to obtain a release and discharge of his personal guarantee.

Healthcare services rendered to Directors and their immediate families

Our Directors and their immediate families may occasionally seek and receive medical and dental treatments from the doctors in our Group. They are charged according to our standard discounted rates as stated in our Group's human resource manual.

After the listing of our Company on the SGX-ST, any variation of these standard discount rates applicable to all our staff will be reviewed by our Directors in accordance with such guidelines as described under the section on "Review Procedures for Future Interested Person Transactions" of this Prospectus, and Chapter 9 of the Listing Manual.

### REVIEW PROCEDURES FOR FUTURE INTERESTED PERSON TRANSACTIONS

#### Chapter 9 of the Listing Manual

Under Chapter 9 of the Listing Manual, where a listed company or any of its subsidiaries or associated companies that the listed company, or the listed company and its interested person(s), has control over (other than a subsidiary or associated company that is listed on a foreign stock exchange), proposes to enter into a transaction with the listed company's interested persons, shareholders' approval and/or an immediate announcement is required in respect of the transaction if the value of the transaction is equal to or exceeds certain financial thresholds. In particular, shareholders' approval is required where the value of such transaction is above \$100,000 and is:–

- (i) equal to or more than 5.0 per cent. of the latest audited NTA of the listed company; or
- (ii) equal to or more than 5.0 per cent. of the latest audited NTA, when aggregated with other transactions entered into with the same interested person during the same financial year.

#### Definitions under the Listing Manual

Under the Listing Manual:–

- (a) the term "interested person" is defined to mean a director, chief executive officer, or controlling shareholder, of the listed company or an associate of any such director, chief executive officer or controlling shareholder; and
- (b) the term "associate" is defined to mean:–
  - (i) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual):
    - (a) his immediate family;
    - (b) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
    - (c) any company in which he and his immediate family (that is, the spouse, child, adopted child, step child, sibling or parent) together (directly or indirectly) have an interest of 30.0 per cent. or more

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## INTERESTED PERSON TRANSACTIONS

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- (ii) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30.0 per cent. or more.

### Our Review Procedures

In respect of all interested person transactions, Our Audit Committee will ensure that they are transacted on an arm's length basis, at normal commercial terms, and will not be prejudicial to our shareholders. It will adopt the following procedures when reviewing interested person transactions:—

- (i) When selling or purchasing items or supplying or procuring services to or from an interested person, the price or fee and terms of two other successful sales or purchases of a similar nature to or from non-interested persons will be used for comparison, to ensure that the interests of minority shareholders are not disadvantaged. The sale price or fee for the supply of services shall not be lower than the most competitive price or fee of the two other successful transactions with non-interested persons;
- (ii) When renting properties from or to an interested person, appropriate steps shall be taken to ensure that such rent is commensurate with prevailing market rates, including adopting measures such as making relevant inquiries with landlords of similar properties and obtaining suitable reports or reviews published by property agents where necessary. The rent payable shall be based on the most competitive market rental rate of similar property in terms of size and location, based on the results of the relevant inquiries; and
- (iii) When providing management and support services to our associated companies in exchange for management fees, appropriate steps will be taken to ensure the transactions will be comparable and on similar basis used in determining the management fees charged to our subsidiaries.

Our Audit Committee will review all interested person transactions periodically to ensure that they are carried out at arm's length and in accordance with the procedures outlined above. It will take into account all relevant non-quantitative factors. During these periodic reviews, should the Audit Committee believe that the guidelines and procedures as stated above are not sufficient to ensure that interests of minority shareholders are not prejudiced, we will adopt new guidelines and procedures.

In addition, our Audit Committee will include the review of interested person transactions as part of its standard procedures while examining the adequacy of its internal controls. Our Directors will also ensure that all disclosure, approval and other requirements on interested person transactions, including those required by prevailing legislation, the Listing Manual and accounting standards, are complied with. In addition, such transactions will also be subject to shareholders' approval if deemed necessary by the Listing Manual.

### POTENTIAL CONFLICTS OF INTEREST

Dr William Chong has an interest (both direct and indirect) of approximately 32.3 per cent. in our Company, and an effective interest of approximately 32.9 per cent. in both PH Nursing Home and Pacific Eldercare and Nursing due to his 20.0 per cent. direct interest in PH Nursing Home and Pacific Eldercare and Nursing. His marginally higher economic interest PH Nursing Home and Pacific Eldercare and Nursing may create a potential conflict of interest.

Accordingly, the following internal control procedures have been put in place:—

- (a) Dr William Chong shall abstain from voting on any resolutions in respect of matters or transactions between our Group and either PH Nursing Home or Pacific Eldercare and Nursing; and
- (b) Dr William Chong will not be a cheque signatory and will abstain from contract/transaction approval on transactions between our Group and either PH Nursing Home or Pacific Eldercare and Nursing.

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## INTERESTED PERSON TRANSACTIONS

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Save as disclosed in the section on “Interested Person Transactions” of this Prospectus:—

- (a) None of our Directors, Chief Executive Officer, Controlling Shareholders or any of their Associates has had any interest, direct or indirect, in any transactions to which our Company was or is to be a party;
- (b) None of our Directors, Chief Executive Officer, Controlling Shareholders or any of their Associates has any interest, direct or indirect, or management involvement, in any company carrying on the same business or a similar trade which competes materially and directly with the existing business of our Group; and
- (c) None of our Directors, Chief Executive Officer, Controlling Shareholders or any of their Associates has any interest, direct or indirect, or management involvement, in any company that is our customer or supplier of goods and services.

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## EXCHANGE CONTROLS

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The following is a description of the exchange controls that exist in the jurisdictions which our Group operates in.

### **Singapore and Hong Kong**

There are no governmental laws, decrees, regulations or other legislation in Singapore and Hong Kong that may affect the following:-

- (a) the import or export of capital, including the availability of cash and cash equivalents for use by our Group; and
- (b) the remittance of dividends, interest or other payments to non-resident holders of our Company's securities.

### **India**

The governmental laws, decrees, regulations or other legislation in India generally promotes an economic environment that is conducive to foreign direct investments. Entities of foreign companies in India are free to transact in foreign currencies as long as the transactions are carried out via authorized dealers approved by the Reserve Bank of India. The entities are also free to remit profits to head offices outside of India.

The approval from the Reserve Bank of India is required for the remittance of winding up proceeds to non-residents outside India.

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## TAXATION

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### Singapore Taxation

*The discussion below is not intended to constitute a complete analysis of all tax consequences relating to ownership of our Shares. Prospective purchasers of our Shares should consult their own tax advisors concerning the tax consequences of their particular situations. This description is based on laws, regulations and interpretations now in effect and available as of the date of this Prospectus. The laws, regulations and interpretations, however, may change at any time, and any change could be retroactive. These laws and regulations are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below.*

The following discussion describes the material Singapore income tax, capital gains tax, stamp duty and estate duty consequences of the purchase, ownership and disposal of our Shares.

### Income Tax

#### *General*

Singapore resident taxpayers, which include individuals who are residing in Singapore and companies which are controlled or managed in Singapore, are subject to Singapore income tax on:-

- (a) income that is accrued in or derived from Singapore; and
- (b) foreign income received or deemed to be received in Singapore. On 28 February 2003, the Finance Minister announced in the Financial Year 2003 Budget that all foreign-sourced income in the form of dividend, branch profits and services income (derived from jurisdictions with "headline" tax rates of at least 15.0 per cent.) would be exempt from tax from 1 June 2003, subject to certain conditions.

A company will be resident in Singapore if the control and management of its business is exercised in Singapore. A company will usually be regarded as being resident in Singapore if the company's board of directors meets in Singapore to discuss overall management policy and high-level business matters in relation to the business of the company. An individual will be resident in Singapore if he resides in Singapore (except for temporary absences from Singapore) or if he is physically present or exercises an employment (other than as a director of a company) in Singapore for 183 days or more during the calendar year preceding the year of assessment.

Non-resident corporate taxpayers, subject to certain exceptions, are also subject to Singapore income tax on:-

- (a) income that is accrued in or derived from Singapore; and
- (b) foreign income received or deemed to be received in Singapore.

The corporate tax rate in Singapore is currently 20.0 per cent. with certain exemptions for the first \$100,000 of chargeable income for the year of assessment 2005. Non-resident individuals, subject to certain exceptions, are subject to Singapore income tax only on income accruing in or derived from Singapore. Subject to any applicable tax treaty, non-resident taxpayers are subject to a withholding tax of 20.0 per cent. in respect of income derived from technical or management services provided in Singapore, or generally 15.0 per cent. in the case of interest and rental of movable property and 10.0 per cent. for royalty if such interest, rental or royalty is not derived by the non-resident from any trade or business carried on in Singapore and is not effectively connected with any permanent establishment in Singapore of the non-resident person.

#### *Gains on disposal of the Shares*

Singapore currently does not have a capital gains tax regime. However, gains may be considered to be of an income nature and subject to tax if they arise from activities which the Inland Revenue Authority of Singapore ("IRAS") regards as carrying on of a trade in Singapore.

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## TAXATION

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Any profits from the disposal of our Shares are not taxable in Singapore unless the seller is regarded as carrying on a trade of dealing in our Shares in Singapore, in which case, the disposal profits would be taxable as trading income.

### ***Dividend Distributions***

Dividends, either in cash or in any other form, received in respect of our Shares by either a resident or non-resident of Singapore are not subject to Singapore withholding tax.

Shareholders are taxed in Singapore on the gross amount of dividends (that is, the cash amount of the dividend plus the amount of corporate tax paid by our Company on the profits out of which those dividends are paid). Under Singapore's dividend imputation system, the tax paid by our Company at the prevailing corporate rate of 20.0 per cent. is deemed to be paid by our Shareholders and thus, our Shareholders receive dividends net of the tax paid by our Company. The corporate tax paid or deemed to be paid by our Company will be available to holders of our Shares as a tax credit to offset the income tax liability on their overall income subject to Singapore income tax (including the gross amount of dividends).

When dividends are paid to our Shareholders, pursuant to Singapore's dividend imputation system, our Shareholder will receive, in addition to the net dividend, a tax credit based on the dividend amount received. The tax credit will reflect the amount of tax paid or deemed to be paid by our Company on the profits from which the dividend income is declared by our Company and received by our Shareholder. The tax credit would be used to offset our Shareholder's tax liability. If the amount of Singapore tax payable by our Shareholder is less than the tax credit, our Shareholder will be entitled to a refund on the difference from the IRAS. Once our Shareholder declares his or her taxable income (including the gross amount of dividends) to IRAS, income derived from dividend is deemed taxable at 20.0 per cent, equivalent to the corporate tax rate resulting in zero tax payable by Shareholders on dividend income. Income derived from sources other than dividend income will be assessed accordingly by IRAS.

With effect from 1 January 2003, Singapore has replaced the existing dividend imputation system with a one-tier system where dividend income is only taxed once at the company level. Dividend received under this system is tax exempt in the hands of the Shareholders. However, there is a five-year transition period for a Singapore resident company to shift to the one-tier system.

A Shareholder who is not a tax resident of Singapore will be taxed at the same rate on which the credit is computed. Consequently, non-resident Shareholders will not need to pay any further Singapore tax on dividends received.

Dividends declared out of tax-exempt profit by our Company will be exempted from tax in the hands of Shareholders who are Singapore tax residents. This would also, in general, be applicable to foreign Shareholders.

However, foreign Shareholders are advised to consult their own tax advisors to take into account the tax laws of their respective countries of residence and the existence of any double taxation agreement which their country of residence may have with Singapore.

Where our Company receives foreign dividends for which a tax credit has been allowed, the dividend payments from these foreign dividends to the holders of our Shares will be exempt from tax. The tax credit could be obtained pursuant to a double taxation treaty with one of Singapore's treaty partners or it could be unilaterally granted under the Singapore Income Tax Act. Where the credit is available under any of the options above, a special account is to be created for the purposes of ensuring that the payment of exempt dividends is restricted to the amount of the dividends for which foreign tax credit has been allowed.

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## TAXATION

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### **Stamp duty**

No stamp duty is payable on the allotment or holding of our shares.

Stamp duty is payable on an instrument of transfer of our Shares at the rate of \$0.20 for every \$100.00 or any part thereof of the consideration for our Shares. The purchaser is liable for stamp duty, unless otherwise agreed. However, no stamp duty is payable if no instrument of transfer is executed (such as in the case of scripless shares, the transfer of which does not require instruments of transfer to be executed) or if the instrument of transfer is executed outside Singapore. However, stamp duty may be payable if the instrument of transfer which is executed outside Singapore is received in Singapore.

Also, no stamp duty is payable on contract notes sent by brokers or agents to their principal.

### **Estate Duty**

Singapore estate duty is imposed on the value of immovable property situated in Singapore and owned by individuals who are not domiciled in Singapore. Singapore estate duty is imposed on the value of immovable property situated in Singapore (subject to exemption limits) and on certain movable property, wherever it may be, owned by individuals who are domiciled in Singapore. Our Shares are considered to be movable property situated in Singapore as our Company is a company incorporated in Singapore.

Accordingly, shares held by an individual are subject to Singapore estate duty upon such individual's death, if such individual is domiciled in Singapore. Singapore estate duty is payable to the extent that the value of the shares aggregated with other dutiable assets in Singapore exceeds \$600,000. Any excess beyond \$600,000 will be taxed at 5.0 per cent. on the first \$12,000,000 of the individual's Singapore dutiable assets and thereafter at 10.0 per cent. It should be noted that certain assets, although dutiable, are not included in this aggregation. For example, dwelling houses are assessed separately and subject to a different exemption limit.

### **Goods and Services Tax (“GST”)**

The sale of our Shares by an investor belonging in Singapore through an SGX-ST member or to another person belonging in Singapore is an exempt sale not subject to GST. Any GST directly or indirectly incurred by the investor in respect of this exempt sale is an additional cost to the investor.

Where our Shares are sold by a GST-registered investor to a person belonging outside Singapore, the sale is a taxable sale subject to GST at zero-rate. Any GST incurred by the investor in the making of this sale, if the same is a supply in the course of furtherance of a business, is claimable as a refund from the Comptroller of GST.

Services such as brokerage, handling and clearing services rendered by a GST-registered person to an investor belonging in Singapore in connection with the investor's purchase, sale or holding of our Shares will be subject to GST at the current rate of 5.0 per cent. Similar services rendered to an investor belonging outside Singapore are subject to GST at zero-rate.

**Individuals, whether or not domiciled in Singapore, should consult their own tax advisors regarding the Singapore tax and estate duty consequences of their ownership of our Shares.**

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## CLEARANCE AND SETTLEMENT

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Upon listing and quotation on SGX-ST our Shares will be traded under the book-entry settlement system of the CDP, and all dealings in and transactions of the Shares through SGX-ST will be effected in accordance with the terms and conditions for the operation of securities accounts with the CDP, as amended from time to time.

Our Shares will be registered in the name of CDP or its nominee and held by CDP for and on behalf of persons who maintain, either directly or through depository agents, securities accounts with CDP. Persons named as direct securities account holders and depository agents in the depository register maintained by the CDP, rather than CDP itself, will be treated, under our Articles of Association and the Companies Act, as members of our Company in respect of the number of Shares credited to their respective securities accounts.

Persons holding our Shares in securities account with CDP may withdraw the number of Shares they own from the book-entry settlement system in the form of physical share certificates. Such share certificates will, however, not be valid for delivery pursuant to trades transacted on SGX-ST, although they will be *prima facie* evidence of title and may be transferred in accordance with our Articles. A fee of \$10.00 for each withdrawal of 1,000 Shares or less and a fee of \$25.00 for each withdrawal of more than 1,000 Shares is payable upon withdrawing our Shares from the book-entry settlement system and obtaining physical share certificates. In addition, a fee of \$2.00 or such other amount as our Directors may decide, is payable to the Share Registrar for each share certificate issued and a stamp duty of \$10.00 is also payable where our Shares are withdrawn in the name of the person withdrawing our Shares or \$0.20 per \$100.00 or part thereof of the last-transacted price where it is withdrawn in the name of a third party. Persons holding physical share certificates who wish to trade on SGX-ST must deposit with CDP their share certificates together with the duly executed and stamped instruments of transfer in favour of CDP, and have their respective securities accounts credited with the number of Shares deposited before they can effect the desired trades. A fee of \$20.00 is payable upon the deposit of each instrument of transfer with CDP.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's securities account being debited with the number of Shares sold and the buyer's securities account being credited with the number of Shares acquired. No transfer of stamp duty is currently payable for the Shares that are settled on a book-entry basis.

A Singapore clearing fee for trades in our Shares on the SGX-ST is payable at the rate of 0.05 per cent. of the transaction value subject to a maximum of \$200.00 per transaction. The clearing fee, instrument of transfer deposit fee and share withdrawal fee may be subject to Singapore Goods and Services Tax at the prevailing rate of 5.0 per cent..

Dealings of our Shares will be carried out in Singapore dollars and will be effected for settlement on CDP on a scripless basis. Settlement of trades on a normal "ready" basis on the SGX-ST generally takes place on the third Market Day following the transaction date, and payment for the securities is generally settled on the following business day. CDP holds securities on behalf of investors in securities accounts. An investor may open a direct account with CDP or a sub-account with a CDP depository agent. The CDP depository agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

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## GENERAL AND STATUTORY INFORMATION

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### INFORMATION ON DIRECTORS AND EXECUTIVE OFFICERS

1. The name, age, address, principal occupation and business and working experience of each of our Directors and Executive Officers are set out in the section on “Directors and Executive Officers” of this Prospectus.
2. The present and past directorships (held in the five years preceding the LPD), other than directorships held in our Company, of each of our Directors are as follows:-

<b>Name</b>	<b>Present Directorships</b>	<b>Past Directorships</b>
Sim Swee Yam, Peter	<u>Group Companies</u> Nil	<u>Group Companies</u> Nil
	<u>Other Companies</u> British & Malayan Trustees Limited Lum Chang Holdings Limited Nera Electronics Ltd Gravitas Alliance International Pte Ltd Infinity Capital Partners (S) Pte Ltd Sim & Wong LLC Power Seraya Ltd	<u>Other Companies</u> The Tele-World Shop Pte Ltd (in liquidation pursuant to members' voluntary winding up) Hartford Steam Boiler (Singapore) Pte Ltd Eastfield Investment Pte Ltd (dissolved pursuant to members' voluntary winding up) Centre For Cleaning Technology Pte Ltd Simm & Tann Private Limited Eightway Holdings Pte Ltd
Dr Chong Lai Leong, William	<u>Group Companies and Associated Companies</u> ALL AMA AMHC Pte Ltd ARC ARH Atria-Pan Clinic1886 CMS CPMS(HK) DLP Haach Pacific Health Outreach Pte Ltd HCL(HK) HCMC(HK) ICDL Implanet MDSH MHC MHCAMK Pte Ltd MHCBDK Pte Ltd MHCYWT Pte Ltd MHC Healthcare MHC Holdings	<u>Group Companies and Associated Companies</u> J8FC Pacific Eldercare and Nursing PH Nursing Home PWMC TPC  <u>Other Companies</u> TW SLC Corporate Services Pte Ltd ADCL(HK) HKOIC(HK) Aubergine Fund Limited TBMC

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## GENERAL AND STATUTORY INFORMATION

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Name	Present Directorships	Past Directorships
Dr Chong Lai Leong, William	Pacific Hospital Consultants Pacific Hospitals(India) PCC PDIC PHA PH Asia PH India PHDS PHHK PHMS PHSS PHT PHWC PMM PMFC PPCS Rejuvemed SSLC T&T TC@C TCSC THC TWLPL VMP	
<u>Other Companies</u>		
Pacific Investments		
Dr Chu Aye Aye Han, Sandra	<u>Group Companies and Associated Companies</u> ALL AMA AMHC Pte Ltd ARC Atria-Pan CMS CPMS(HK) DLP Health Outreach Pte Ltd HCL(HK) HCMC(HK) ICDL Implanet MDSH	<u>Group Companies and Associated Companies</u> J8FC <u>Other Companies</u> TW ADCL(HK) HKOIC(HK) TBMC

## GENERAL AND STATUTORY INFORMATION

Name	Present Directorships	Past Directorships
Dr Chu Aye Aye Han, Sandra	MHC MHCAMK Pte Ltd MHCBDK Pte Ltd MHCYWT Pte Ltd MHC Healthcare MHC Holdings PDIC Pacific Eldercare and Nursing Pacific Hospital Consultants PCC PHA PH Asia PH Nursing Home PHDS PHMS PHSS PHWC PMM PMFC PPCS PWMC Rejuvemed SSLC T&T TC@C TCSC TWLPL VMP	

### Other Companies

Nil

Dr Huang Hsiang Shui, Martin	<u>Group Companies and Associated Companies</u> AMA MDSH PDIC Pacific Eldercare Nursing Pacific Hospital Consultants PCC PHSS PHWC SSLC TCSC	<u>Group Companies and Associated Companies</u> TWLPL
		<u>Other Companies</u> TW PH Associates

### Other Companies

Consultant Plastic Surgeons Pte  
Ltd

## GENERAL AND STATUTORY INFORMATION

<b>Name</b>	<b>Present Directorships</b>	<b>Past Directorships</b>
Ee Hock Huat, Daniel Cuthbert	<u>Group Companies</u> Nil	<u>Group Companies</u> Nil
	<u>Other Companies</u> Changi Airport Managers and Partners (Singapore) Pte Ltd Citibank Singapore Ltd Daventry Resources Limited Gas Supply Pte Ltd Genesis Capital Pte Ltd Meridian Capital Pte Ltd Singapore Changi Airport Enterprise Pte Ltd SMRT Buses Ltd SMRT Corporation Ltd SMRT Road Holdings Ltd SMRT Trains Ltd Sound Equity Incorporated Surface Mount Technology (Holdings) Limited Teamwork Associates Ltd	<u>Other Companies</u> Aussino Group Ltd Civil Aviation Authority of Singapore Darco Water Technologies Limited
Lee Sooi Chuen, Philip	<u>Group Companies</u> Nil	<u>Group Companies</u> Nil
	<u>Other Companies</u> J.P. Morgan (S.E.A) Ltd Land Transport Authority PT J.P Morgan Securities Indonesia	<u>Other Companies</u> J.P. Morgan (Malaysia) Ltd

3. The present and past directorships (held in the five years preceding the LPD) of each of our Executive Officers are as follows:-

<b>Name</b>	<b>Present Directorships</b>	<b>Past Directorships</b>
Tan Kong Hwa, Terrance	<u>Group Companies</u> Nil	<u>Group Companies</u> Nil
	<u>Other Companies</u> StarTag International Sdn Bhd	<u>Other Companies</u> MMI Technoventures Pte Ltd

## GENERAL AND STATUTORY INFORMATION

<b>Name</b>	<b>Present Directorships</b>	<b>Past Directorships</b>
Sim Yu Xiong, Vitters	<u>Group Companies</u> Nil	<u>Group Companies</u> Nil
	<u>Other Companies</u> Nil	<u>Other Companies</u> Wintouch Construction Pte Ltd Link Asian Pte Ltd Fong Yih Hang Trading Pte Ltd Roppongi Pte Ltd Empire Club Pte Ltd Hiliiken Investments Pte Ltd Leisure Trade Sdn Bhd Link Asian Investment Ltd (HK)
Lum Yeok Yin, Florence	<u>Group Companies</u> Nil	<u>Group Companies</u> Nil
	<u>Other Companies</u> Nil	<u>Other Companies</u> Nil
Tan Cheng Ling, Caroline	<u>Group Companies</u> Nil	<u>Group Companies</u> Nil
	<u>Other Companies</u> Nil	<u>Other Companies</u> Nil
Lim Chea Ngo	<u>Group Companies</u> Nil	<u>Group Companies</u> Nil
	<u>Other Companies</u> Nil	<u>Other Companies</u> Nil
Chia Swee Kian, Sharon	<u>Group Companies</u> Nil	<u>Group Companies</u> Nil
	<u>Other Companies</u> Nil	<u>Other Companies</u> Nil
Kristianus Setyawan	<u>Group Companies</u> Nil	<u>Group Companies</u> Nil
	<u>Other Companies</u> Nil	<u>Other Companies</u> Nil

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## GENERAL AND STATUTORY INFORMATION

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4. Save as disclosed below, none of the Directors, Executive Officers or Controlling Shareholders is or was involved in any of the following events:-
  - (a) during the last ten years, a petition under any bankruptcy laws of any jurisdiction filed against him or against a partnership of which he was a partner;
  - (b) during the last ten years, a petition under any law of any jurisdiction filed against a corporation of which he was a director or key executive for the winding up of that corporation on the ground of insolvency;
  - (c) any unsatisfied judgement against him;
  - (d) a conviction of any offence, in Singapore or elsewhere, involving fraud or dishonesty punishable with imprisonment for three months or more, or has been the subject of any criminal proceedings (including any pending criminal proceedings which he is aware of) for such purpose;
  - (e) a conviction of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including pending criminal proceedings which he is aware of) for such breach;
  - (f) during the last ten years, judgement entered against him in any civil proceedings in Singapore or elsewhere involving the breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or been the subject of any civil proceedings (including any pending civil proceedings which he is aware of) involving an allegation of fraud, misrepresentation or dishonesty on his part;
  - (g) a conviction in Singapore or elsewhere of any offence in connection with the formation or management of any corporation;
  - (h) disqualification from acting as a director of any corporation, or from taking part in any way directly or indirectly in the management of any corporation;
  - (i) the subject of any order, judgement or ruling of any court, tribunal or governmental body permanently or temporarily enjoining him from engaging in any type of business practice or activity; or
  - (j) to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of affairs of:-
    - (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or
    - (ii) any corporation or partnership which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere;

in connection with any matter occurring or arising during the period when he was so concerned with the corporation or partnership.

### **Dr William Chong**

In late 1999, while Dr William Chong was the principal partner of Atria-Pan, he was charged under Section 4(2) of the Private Hospitals and Medical Clinics Act, (Chapter 248) of Singapore, for managing a clinic known as Asia-Link Dental Services Pte Ltd located at 350 Orchard Road #08-00, Shaw House, Singapore from 22 March 1999 to 15 June 1999 without the requisite licence from the Director of Medical Services of the Ministry of Health in Singapore. On 29 February 2000, Dr Chong pleaded guilty to the aforesaid charge in the Subordinate Courts of Singapore. In mitigation it was submitted, *inter alia*, on his behalf that the omission to apply for a licence was the result of administrative oversight. Dr William Chong was fined \$2,000 by the Court, and such fine was paid on the same day.

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## GENERAL AND STATUTORY INFORMATION

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### Dr Martin Huang

In December 2000, Dr Martin Huang was involved in a coroner's inquiry in respect of the death of his patient. The patient was scheduled to have an operation performed by Dr Martin Huang in October 2000, but developed an adverse drug reaction prior to the operation when she was under the care of the anaesthetist on duty for the operation. The coroner returned a verdict of death by misadventure. To date, no claim or charges have been made against Dr Martin Huang.

### SHARE CAPITAL

5. As at the date of lodgement of this Prospectus, there is only one class of Shares in the capital of our Company. There are no founder, management or deferred Shares. The rights and privileges attached to our Shares are stated in the Articles of Association of our Company.
6. Save as disclosed herein and under the section on "Restructuring Exercise" and the section on "Share Capital" of this Prospectus, there were no changes in the issued and paid-up share capital of our Company and our subsidiaries within the three years preceding the date of lodgement of this Prospectus.

### Asia Lifeline Medical Services Pte Ltd

Date	Event	No of Shares Issued	Par Value	Issue Price Per Share	Resultant issued share capital
21 April 2004	Conversion of loan to company	50,997	\$1.00	\$1.00	\$100,000.00

### Atria Medical Associates Pte Ltd

Date	Event	No of Shares Issued	Par Value	Issue Price Per Share	Resultant issued share capital
30 August 2003	Issue for cash	99,900	\$1.00	\$1.00	\$100,000.00

### Drs Thompson & Thomson Pte Ltd

Date	Event	No of Shares Issued	Par Value	Issue Price Per Share	Resultant issued share capital
31 July 2003	Issue for cash	98	\$1.00	\$1.00	\$100.00

### Junction 8 Family Clinic Pte Ltd

Date	Event	No of Shares Issued	Par Value	Issue Price Per Share	Resultant issued share capital
8 April 2003	Incorporation	100	\$1.00	\$1.00	\$100.00
29 May 2003	Consideration for the acquisition of the business of Junction 8 Family Clinic	349,900	\$1.00	\$1.00	\$350,000.00

## GENERAL AND STATUTORY INFORMATION

### MD Specialist Healthcare Pte Ltd

Date	Event	No of Shares Issued	Par Value	Issue Price Per Share	Resultant issued share capital
8 April 2004	Issue for cash	140,000	\$1.00	\$1.00	\$500,000.00

### Pacific Health Alliance Pte Ltd

Date	Event	No of Shares Issued	Par Value	Issue Price Per Share	Resultant issued share capital
14 October 2002	Incorporation	100	\$1.00	\$1.00	\$100.00

### Pacific Health Therapies Pte Ltd

Date	Event	No of Shares Issued	Par Value	Issue Price Per Share	Resultant issued share capital
1 September 2004	Incorporation	50,000	\$1.00	\$1.00	\$50,000.00

### Pacific Healthcare Asia Pte Ltd (formerly known as Asia-Link Dental Services Pte Ltd)

Date	Event	No of Shares Issued	Par Value	Issue Price Per Share	Resultant issued share capital
18 November 2002	Issue for cash	29,998	\$1.00	\$1.00	\$300,000.00

### Pacific Healthcare Diagnostic Services Pte Ltd

Date	Event	No of Shares Issued	Par Value	Issue Price Per Share	Resultant issued share capital
16 May 2003	Incorporation	100	\$1.00	\$1.00	\$100.00

### Pacific Healthcare Holdings Pte. Ltd.

Date	Event	No of Shares Issued	Par Value	Issue Price Per Share	Resultant issued share capital
14 April 2004	Issue of shares	359,970	\$0.10	\$0.10	\$36,000.00
29 August 2005	Equity Issue I pursuant to the Restructuring Exercise	18,250,000	\$0.02	\$0.02	\$401,000.00
30 August 2005	Bonus Issue out of retained earnings	130,323,250	\$0.02	\$0.02	\$3,007,465.00
31 August 2005	Equity Issue II pursuant to the Restructuring Exercise	36,329,796	\$0.02	\$0.30	\$3,734,060.92

## GENERAL AND STATUTORY INFORMATION

### **Pacific Healthcare (India) Pte. Ltd.**

<b>Date</b>	<b>Event</b>	<b>No of Shares Issued</b>	<b>Par Value</b>	<b>Issue Price Per Share</b>	<b>Resultant issued share capital</b>
18 November 2003	Incorporation	2	\$1.00	\$1.00	\$2.00
31 December 2003	Issue for cash	74,998	\$1.00	\$1.00	\$75,000.00
2 April 2004	Issue for cash	50,000	\$1.00	\$1.00	\$125,000.00
30 December 2004	Issue for cash	25,000	\$1.00	\$1.00	\$150,000.00

### **Pacific Healthcare Medical Services Pte Ltd**

<b>Date</b>	<b>Event</b>	<b>No of Shares Issued</b>	<b>Par Value</b>	<b>Issue Price Per Share</b>	<b>Resultant issued share capital</b>
14 October 2002	Incorporation	100	\$1.00	\$1.00	\$100.00

### **Pacific Healthcare Women's Centre Pte. Ltd.**

<b>Date</b>	<b>Event</b>	<b>No of Shares Issued</b>	<b>Par Value</b>	<b>Issue Price Per Share</b>	<b>Resultant issued share capital</b>
14 March 2003	Incorporation	2	\$1.00	\$1.00	\$2.00
30 August 2003	Issue for cash	149,998	\$1.00	\$1.00	\$150,000.00
1 April 2004	Conversion of a loan to company	350,000	\$1.00	\$1.00	\$500,000.00

### **Pacific Hospitals Private Limited**

<b>Date</b>	<b>Event</b>	<b>No of Shares Issued</b>	<b>Par Value</b>	<b>Issue Price Per Share</b>	<b>Resultant issued share capital</b>
20 January 2003	Incorporation	10,000	Rupee 10	Rupee 10	Rupee 100,000
14 June 2004	Issue for cash	241,000	Rupee 10	Rupee 10	Rupee 2,510,000
15 June 2004	Issue for cash	582,333	Rupee 10	Rupee 10.715	Rupee 8,333,330
27 January 2005	Issue for cash	2,108,495	Rupee 10	Rupee 10.71	Rupee 24,418,280

### **Pacific Mah Medical Pte Ltd**

<b>Date</b>	<b>Event</b>	<b>No of Shares Issued</b>	<b>Par Value</b>	<b>Issue Price Per Share</b>	<b>Resultant issued share capital</b>
15 July 2003	Incorporation	100	\$1.00	\$1.00	\$100.00
21 July 2003	Consideration for the transfer of the business of Mah Medical	834,900	\$1.00	\$1.00	\$835,000.00

## GENERAL AND STATUTORY INFORMATION

### **Pacific Medicare Family Clinic Pte. Ltd.**

<b>Date</b>	<b>Event</b>	<b>No of Shares Issued</b>	<b>Par Value</b>	<b>Issue Price Per Share</b>	<b>Resultant issued share capital</b>
20 February 2003	Incorporation	3	\$1.00	\$1.00	\$3.00

### **Vagus Medical Pacific Pte Ltd**

<b>Date</b>	<b>Event</b>	<b>No of Shares Issued</b>	<b>Par Value</b>	<b>Issue Price Per Share</b>	<b>Resultant issued share capital</b>
3 January 2003	Incorporation	100	\$1.00	\$1.00	\$100.00
3 April 2003	Consideration for the acquisition of the business of Vagus Medical Pacific	449,900	\$1.00	\$1.00	\$450,000.00

7. Save as disclosed in paragraph 6 above, no shares in, or debentures of, our Company or any of our subsidiaries have been issued, or are proposed to be issued, as fully or partly paid for cash or for a consideration other than cash, during the last three years.
8. No person has been, or is entitled to be, granted an option to subscribe for shares in, or debentures of, our Company or any of our subsidiaries.

### **MEMORANDUM AND ARTICLES OF ASSOCIATION**

9. Memorandum of Association and Registration Number

Our Company's constitution is its Memorandum and Articles of Association (the "Articles"). The registration number with which our Company was incorporated is 200100544H. The Memorandum of Association of the Company states, among other things, that the liability of members is limited. The objects of the Company are set out in full in Clause 3 of the Memorandum of Association which is available for inspection at our registered office as stated in the section "Documents available for inspection" of this Prospectus.

10. The discussion below provides information about certain provisions of our Articles. This description is only a summary and is qualified by reference to our Articles, a copy of which will be available for inspection at our registered office as mentioned in paragraph 36 below.

### **Directors**

- (a) *Ability of interested Directors to vote*

A Director shall not vote in respect of any contract or proposed contract or arrangement or any other proposal whatsoever in which he has any personal material interest, directly or indirectly. Although he may be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

- (b) *Remuneration*

The ordinary fees of the Directors shall from time to time be determined by an ordinary resolution of the Company and shall not be increased except pursuant to an ordinary resolution passed at a general meeting where notice of the proposed increase shall have been given in the notice convening the general meeting. Our Directors may repay to any

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## GENERAL AND STATUTORY INFORMATION

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Director all such reasonable expenses as he may incur in attending and returning from meetings of the Directors or of any committee of the Directors or general meetings or otherwise in or about the business of the Company.

Any Director who holds any executive office, or who serves on any committee of the Directors, or who otherwise performs services which in the opinion of the Directors are outside the scope of ordinary duties of a Director, may be paid such extra remuneration by way of salary, commission or otherwise as the Directors may determine. The fees in the case of a Director other than an Executive Director shall be payable by a fixed sum and shall not at any time be by commission on or a percentage of the profits or turnover, and no Director whether an Executive Director or otherwise shall be remunerated by a commission on or a percentage of turnover.

*(c) Borrowing*

Subject to the Companies Act, the Directors may exercise all the powers of the Company to borrow money, to mortgage or charge its undertaking, property and uncalled capital and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

*(d) Retirement Age Limit*

There is no retirement age limit for Directors but the Companies Act provides that a Director shall not be of or over the age of 70 at the date of his appointment.

*(e) Shareholding Qualification*

There is no shareholding qualification for Directors in our Articles.

### Share Rights and Restrictions

Our Company currently has one class of shares, namely, ordinary shares. Under the Companies Act, only persons who are registered on our register of members are recognised as our shareholders. Notwithstanding the foregoing, the Companies Act also provides that Depositors whose Securities Accounts are credited with Shares will be deemed to be our shareholders.

*(a) Dividends and distribution*

We may, by ordinary resolution, declare dividends at a general meeting, but we may not pay dividends in excess of the amount recommended by our Board of Directors. All dividends we declare must be paid out of our profits; however, we may capitalise our share premium account and apply it to pay dividends, if such dividends are satisfied by the issue of Shares to our shareholders. Our Board of Directors may also declare an interim dividend without the approval of our shareholders. All dividends are paid pro rata among our shareholders in proportion to the amount paid up on each shareholder's Shares, unless the rights attaching to an issue of any Share provide otherwise. All dividends or bonuses unclaimed after having been declared may be invested or otherwise made use of by our Board of Directors for the benefit of our Company. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by our Board of Directors and shall revert to our Company.

Our Board of Directors may retain any dividends or other moneys payable on or in respect of a Share upon which our Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

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## GENERAL AND STATUTORY INFORMATION

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(b) *Voting rights*

A Shareholder is entitled to attend, speak and vote at any general meeting in person or by proxy and a Shareholder may appoint not more than two proxies to attend on the same occasion. A proxy need not be a shareholder. A Shareholder who is a Depositor will only be entitled to vote at a general meeting as a Shareholder if his name appears on the Depository Register 48 hours before the general meeting. Except as otherwise provided in our Articles, two or more Shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under our Articles, on a show of hands, every Shareholder present in person and by proxy shall have one vote (provided that in the case of a Shareholder who is represented by two proxies, only one of the two proxies as determined by that Shareholder or, failing such determination, by the Chairman of the meeting in his sole discretion shall be entitled to vote on a show of hands), and on a poll, every Shareholder present in person or by proxy shall have one vote for each Share which he holds or represents. A poll may be demanded in certain circumstances, including by the Chairman of the meeting or by any Shareholder present in person or by proxy and representing not less than 10.0 per cent. of the total voting rights of all Shareholders having the right to attend and vote at the meeting or by any two Shareholders present in person or by proxy and entitled to vote. In the case of a tie vote, whether on a show of hands or a poll, the Chairman of the meeting shall be entitled to a casting vote.

**Change in capital**

Under the Companies Act, changes in the capital structure of our Company (for example, an increase, a consolidation or a sub-division of our share capital) require shareholder approval at general meetings which requires a minimum period of 14 days with resolutions being passed by a simple majority. However, we are required to obtain our Shareholders' consent by way of a special resolution for any reduction of our share capital, redemption reserve, fund or any share premium account or other undistributable reserve, subject to the conditions prescribed by law.

A resolution shall be an "ordinary resolution" when it has been passed by a simple majority of the votes cast by our shareholders at a general meeting held in accordance with our Articles and of which not less than 14 days' notice has been duly given. A resolution shall be a "special resolution" when it has been passed by a majority of 3/4 of the votes cast by our shareholders at a general meeting of which not less than 21 days' notice, specifying (without prejudice to the power contained in our Articles to amend the same) the intention to propose the resolution as a special resolution, has been duly given.

**Variation of rights of existing shares or classes of shares**

Subject to the Companies Act, if at any time our share capital is divided into different classes of shares, all or any of the special rights attached to any class (unless otherwise provided for by the terms of issue of the shares of that class) may, subject to the provisions of the Companies Act, be varied or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of these Articles relating to general meetings shall *mutatis mutandis* apply, but so that the necessary quorum shall be not less than two persons holding or representing by proxy or by corporate representative one-third in nominal value of the issued shares of that class, and that any holder of shares of the class present in person or by proxy or by duly authorised corporate representative may demand a poll. These provisions will also apply to the variation or abrogation of the special rights attached to the shares of any class as if each group of shares of the class differently treated formed a separate class the rights whereof are to be varied or abrogated.

The relevant provisions under our Articles do not impose more significant conditions than the Companies Act in this regard.

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## GENERAL AND STATUTORY INFORMATION

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### **Limitations on shareholders regarded as non-residents of Singapore**

There are no limitations on the rights of our Shareholders who are regarded as non-residents of Singapore to hold or vote their shares. However, the Singapore Code on Take-overs and Mergers (the "Take-over Code") prescribes certain situations whereby a person who, either on his own or together with persons acting in concert (as defined in the Take-over Code) with him, must make a mandatory take-over offer for our Shares.

### **BANK BORROWINGS AND WORKING CAPITAL**

11. In the opinion of our Directors, no minimum amount must be raised by the issue of the New Shares.
12. Our Directors are of the opinion that, after taking into account our present banking facilities, our Group has adequate working capital for our requirements.

### **MATERIAL CONTRACTS**

13. The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by our Company and our subsidiaries within the two years preceding the date of lodgement of this Prospectus and are or may be material:-
  - (a) Shareholders' Agreement dated 1 October 2003 entered into between PHMS, DLP, Dr Lee Leng Ghee, Willie, and Dr Lee Ping Wen to regulate the affairs of the parties hereto in DLP;
  - (b) Sale and Purchase Agreement dated 1 October 2003 entered into between Dr Lee Leng Ghee, Willie, Dr Lee Ping Wen (collectively as vendors) and PHMS in respect of 70.0 per cent. of the issued and paid-up share capital of DLP (including the supplemental letters of agreement entered into between the relevant parties in relation thereto) as further described under the section "Restructuring Exercise" of this Prospectus;
  - (c) Sale and Purchase Agreement dated 1 October 2003 entered into between Dr Ko Kean Chee, Alwyn, Ng Siew Tean (collectively as vendors) and PHMS in respect of 100.0 per cent. of the issued and paid-up share capital of PPCS (including the supplemental letters of agreement entered into between the relevant parties in relation thereto) as further described under the section "Restructuring Exercise" of this Prospectus;
  - (d) Shareholders' Agreement entered into between PCC, Dr Ang Ai Tin, Dr Ang Poon Liat and TPC dated 21 October 2003 (rescinded by Shareholders' Agreement dated 7 November 2003);
  - (e) Deed of Variation dated 31 October 2003 entered into between Dr Tay Kheng Lip, David, MDSH and our Company to vary the consideration payable to Dr Tay Kheng Lip, David pursuant to the sale and purchase agreement dated 27 February 2001 in respect of the purchase of the entire issued share capital of MDSH by our Company;
  - (f) Sale and Purchase Agreement dated 31 October 2003 entered into between Dr Tay Kheng Lip, David and Tay Huei-Ling (collectively as vendors), and our Company in respect of 100.0 per cent. of the issued and paid-up share capital of PDIC (formerly known as Guan San Enterprises Pte Ltd) (including the supplemental letters of agreement entered into between the relevant parties in relation thereto) as further described under the section "Restructuring Exercise" of this Prospectus;
  - (g) Sale and Purchase Agreement dated 21 October 2003 entered into between Dr Ang Ai Tin and Dr Ang Poon Liat (collectively as vendors), and our Company in respect of 49.0 per cent. of the issued and paid-up share capital of TPC (including the supplemental letters of agreement entered into between the relevant parties in relation thereto) as further described under the section "Restructuring Exercise" of this Prospectus;

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## GENERAL AND STATUTORY INFORMATION

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- (h) Settlement Agreement dated 6 November 2003 entered into between Dr Subramaniam Sivasankaran, Dr Vethody Kumaran Pradeepkumar and Dr Ee Teong Tai, Kenny (collectively, the “Doctors”), our Company and Kiddies Clinic Pte Ltd (now known as PCC) to settle all outstanding issues including disputes between the parties hereto relating to or arising out of the sale and purchase agreement dated 27 February 2001 for the sale and purchase of the entire issued and paid-up share capital of Kiddies Clinic Pte Ltd held by the Doctors to our Company for the consideration of \$300,000;
- (i) Shareholders’ Agreement dated 7 November 2003 entered into between PCC, Dr Ang Ai Tin, Dr Ang Poon Liat and TPC to regulate the affairs of the parties hereto in TPC;
- (j) Shareholders’ Agreement dated 1 December 2003 entered into between Dr P’ng Chin Guan, Julian, P’ng Wei Jiang, Justin, THC and PHA to regulate the affairs of the parties hereto in THC;
- (k) Sale and Purchase Agreement dated 1 December 2003 entered into between Dr P’ng Chin Guan, Julian and PHA in respect of 30.0 per cent. of the issued and paid-up share capital of THC (including the supplemental letters of agreement entered into between the relevant parties in relation thereto) as further described under the section on “Restructuring Exercise” of this Prospectus;
- (l) Supplemental Deed dated 11 December 2003 entered into between Dr Tan Thian Soo, Sydney and Liew Suet Yee, Jasmine (collectively as the vendors) and AMA to vary the terms of the sale and purchase agreement dated 1 January 2003 between the parties hereto relating to the sale of 70.0 per cent. of the issued and paid-up share capital of TC@C by Dr Tan Thian Soo, Sydney and Liew Suet Yee, Jasmine to AMA;
- (m) Settlement Agreement dated 15 December 2003 entered into between Dr Chee See Guan and Goh Ming Hong (as founders), PHMS, PWMC and our Company pursuant to which the parties agreed that Dr Chee See Guan will sell to PHMS the remaining 30.0 per cent. of the issued and paid-up share capital of PWMC and to settle all outstanding issues between the parties relating to or arising out of the sale and purchase agreement dated 1 March 2003 entered into between the founders and PMHS for 70.0 per cent. of the issued and paid-up share capital of PWMC;
- (n) Sale and Purchase Agreement dated 23 December 2003 entered into between Dr Mah Mun Mo, Malcolm, Wong Foo Hoong, James (collectively as vendors) and PHMS in respect of 70.0 per cent. of the issued and paid-up share capital of PMM (including the supplemental letter of agreement entered into between the relevant parties in relation thereto) as further described under the section “Restructuring Exercise” of this Prospectus;
- (o) Shareholders’ Agreement dated 23 December 2003 entered into between PHMS, PMM and Dr Mah Mun Ho, Malcolm to regulate the affairs of the parties hereto in PMM;
- (p) Settlement Agreement dated 31 January 2004 entered into between Hementi Gupta, Liang Yi Tian, Chia Li Chin and Chua Li Wei, Valerie (collectively, as “founders”), PCC, TW and our Company in full and final settlement of all outstanding issues between the parties hereto relating to or arising out of the sale and purchase agreement dated 31 December 2001 between the founders and PCC for the entire issued and paid-up share capital of TW as further described under the section “Restructuring Exercise” of this Prospectus;
- (q) Deed of Release and Waiver dated 31 January 2004 entered into between Hementi Gupta, Liang Yi Tian, Chia Li Chin and Chua Li Wei, Valerie (collectively, as “founders”) and PCC pursuant to which the founders jointly and severally unconditionally and irrevocably release and discharge PCC from all its obligations relating to or arising out of the sale and purchase agreement dated 31 December 2001 entered into between the parties hereto for the entire issued and paid-up share capital of TW;
- (r) Deed of Mutual Release and Waiver dated 31 January 2004 between TW and our Company pursuant to which the parties hereto unconditionally and irrevocably waive

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## GENERAL AND STATUTORY INFORMATION

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release and discharge each other from all its respective obligations relating to or arising out of the sale and purchase agreement dated 31 December 2001 entered into between Hementi Gupta, Liang Yi Tian, Chia Li Chin, Chua Li Wei, Valerie, and PCC;

- (s) Sale and Purchase Agreement dated 31 January 2004 entered into between PCC (as vendor), Chia Li Chin and Chua Li Wei, Valerie in respect of the entire issued and paid-up share capital of TW for a consideration of \$1.00;
- (t) Settlement Agreement dated 1 April 2004 between PHHK, HKOIC(HK) and Dr Chow Kwok Fai releasing the parties hereto of the obligations to each other relating to or arising out of the sale and purchase agreement and the employment agreement both dated 18 March 2000;
- (u) Memorandum of Understanding dated 8 April 2004 entered into between Haach Lifestyle and our Company to set out a framework for the cooperation and collaboration between the parties in the setting up of a new business venture to provide wellness services and other related health and lifestyle programmes and to establish and manage health and wellness centres;
- (v) Joint Venture Agreement dated 26 April 2004 entered into between our Company and Vitae Healthcare (India) pursuant to which our Company agreed to subscribe for 70.0 per cent. of the shares of Pacific Hospitals (India) for a total consideration of 75,000,000 Rupees, such investment to be completed by 31 December 2005;
- (w) Settlement Agreement dated 15 May 2004 entered into between Ng Siang Ngee, Joanne and Dr Yang Yomin, Medilane Pte Ltd (now known as Pacific Hospital Consultants), Rejuvemed, AMA and our Company to settle all outstanding issues between the parties hereto and all outstanding issues arising out of the sale and purchase agreement dated 10 December 2001 entered into between the vendors and Medilane Pte Ltd for the entire issued and paid-up share capital of Rejuvemed, including a variation of the consideration to a fixed sum of \$550,000;
- (x) Deed between Ng Siang Ngee, Joanne and Dr Yang Yomin, and Pacific Hospital Consultants dated 15 May 2004 to vary the terms of a sale and purchase agreement dated 10 December 2001 entered into between the parties hereto (including the supplemental letters of agreement entered into between the relevant parties in relation thereto) as further described under the section on "Restructuring Exercise" of this Prospectus;
- (y) Agreement dated 15 May 2004 entered into between our Company and Dr Low Lee Yong pursuant to which the parties hereto agreed to fulfil their obligations in respect of certain points of agreement in-principle that had been reached between them on behalf of their respective groups of companies, as further described under the section on "Restructuring Exercise" of this Prospectus;
- (z) Deed dated 28 May 2004 between Dr P'ng Chin Guan, Julian, Dr Goh Hoon Pur and PHMS varying the sale and purchase agreement dated 1 August 2003 in respect of 70.0 per cent. of the issued and paid-up share capital of T&T;
- (aa) Deed dated 28 May 2004 between Dr Lee Leng Ghee, Willie, Dr Lee Ping Wen and PHMS varying the sale and purchase agreement dated 1 October 2003 in respect of 70.0 per cent. of the issued and paid-up share capital of DLP;
- (bb) Deed dated 28 May 2004 to vary the sale and purchase agreement dated 1 December 2003 between Dr P'ng Chin Guan, Julian and PHA in respect of shares in the capital of THC;
- (cc) Call Option Agreement dated 29 May 2004 between Dr William Chong and our Company in respect of 460,000 ordinary issued and paid-up shares in the capital of PH Nursing Home as further described under the section on "General Information on our Group — Option Agreements";

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## GENERAL AND STATUTORY INFORMATION

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- (dd) Call Option Agreement dated 29 May 2004 between Dr William Chong and our Company in respect of 60,000 ordinary issued and paid-up shares in the capital of Pacific Eldercare and Nursing as further described under the section on “General Information on our Group — Option Agreements”;
- (ee) Sale and Purchase Agreement dated 30 May 2004 entered into between PHHK and Grace Scope (HK) relating to the remaining 50.0 per cent. of the issued and paid-up share capital of HKOIC(HK) for an aggregate consideration of HK\$219,000;
- (ff) Sale and Purchase Agreement dated 30 May 2004 entered into between PHHK, Dr William Chong (collectively as vendors) and Alice Scott @ Alice Butler in respect of 100.0 per cent. of the issued and paid-up share capital of ADCL(HK) for a consideration of HK\$0.20 million;
- (gg) Deed dated 30 May 2004 between PHHK (as lender) and HKOIC(HK) (as borrower) in relation to the repayment of the loan extended by PHHK to HKOIC(HK);
- (hh) Sale and Purchase Agreement dated 8 June 2004 entered into between AKLCT Pte Ltd and our Company in respect of 29.0 per cent. of the issued and paid-up share capital of ARC for a consideration of \$398,000 which shall be satisfied by an allotment and issue of such number of shares in our Company (including the supplemental letter of agreement entered into between the relevant parties in relation thereto) as further described under the section on “Restructuring Exercise” of this Prospectus;
- (ii) Deed of Variation dated 8 June 2004 between AKLCT Pte Ltd and our Company to vary the terms of the joint venture agreement dated 6 May 2002;
- (jj) Joint Venture Agreement dated 16 June 2004 between Haach Lifestyle Wellness Pte Ltd and our Company for the purpose of regulating the relationship between the parties hereto as shareholders in Haach Pacific;
- (kk) Deed of Guarantee dated 25 June 2004 between our Company, Dr William Chong, Dr Sandra Chu, Dr Martin Huang and WYCPL in connection with Pacific Hospital Consultants’ purchase of the property at 19 Adam Road, Singapore from WYCPL pursuant to the sale and purchase agreement dated 25 June 2004;
- (ll) Second Supplemental Deed dated 25 June 2004 between WYCPL and our Company to vary the sale and purchase agreement dated 10 December 2001 and the first supplemental deed dated 18 September 2002 in respect of shares in the capital of ARH pursuant to which our Company shall pay to WYCPL the sum of \$1,444,000 as additional consideration for the sale and purchase of the shares in the ARH pursuant to the terms of the sale and purchase agreement dated 10 December 2001;
- (mm) Deed of Release dated 25 June 2004 between Dr Wong Meng Cheong (“WMC”) and our Company pursuant to which WMC irrevocably waives releases and discharges our Company from the undertakings and obligations relating to or arising out of the letter dated 17 December 2001 pursuant to which our Company had agreed to give WMC in aggregate such number of shares in our Company equivalent in value to \$380,000 at the Issue Price prior to or as part of the IPO on condition that a Succession Plan (as defined in the sale and purchase agreement dated 10 December 2003 between WYCPL and our Company) was successfully implemented, and from all actions proceedings claims and demands for WMC upon account of or in respect of the letter;
- (nn) Sale and Purchase Agreement dated 25 June 2004 entered into between WYCPL and our Company in respect of 20.0 per cent. of the issued and paid-up share capital of ARH for a consideration of such sale to be satisfied by the issue and allotment of shares in our company equivalent in value to \$504,000 at the Issue Price as further described under the section “Restructuring Exercise” of this Prospectus;

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## GENERAL AND STATUTORY INFORMATION

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- (oo) Sale and Purchase Agreement dated 25 June 2004 entered into between WYCPL and Pacific Hospital Consultants in respect of the property at 19 Adam Road, Singapore for a consideration of \$10.80 million;
- (pp) Supplemental Agreement dated 28 June 2004 entered into between SCPEL, Dr William Chong, Dr Sandra Chu, Dr Martin Huang and our Company amending the investment agreement dated 27 February 2001 (and 2 side letters dated 27 February 2001 and 4 March 2003) in respect of SCPEL extending a convertible loan of \$11,000,000 to the Company, amending the terms of the convertible loan as further described under the section "Restructuring Exercise" of this Prospectus;
- (qq) Settlement Agreement dated 5 July 2004 entered into between Dr Toh Chan Cheong and Ong Soh Kheng, PHMS, Pacific Tiong Bahru Medical Centre Pte Ltd (now known as TBMC) and our Company to vary the terms of the sale and purchase agreement dated 1 March 2003 between the parties hereto and to release and discharge PHMS from all obligations relating to or arising out of the sale and purchase agreement, including but not limited to those relating to the payment of the balance of the consideration (as further described under the section on "Restructuring Exercise" of this Prospectus);
- (rr) Sale and Purchase Agreement dated 5 July 2004 entered into between Dr Toh Chan Cheong and Ong Soh Kheng (as purchasers) and PHMS in respect of 70.0 per cent. of the issued and paid-up share capital of Pacific Tiong Bahru Medical Centre Pte Ltd as further described under the section "Restructuring Exercise" of this Prospectus;
- (ss) Supplemental letters of agreement entered into between the original shareholders of SSLC and our Company under the sale and purchase agreement dated 27 February 2001 entered into between Dr William Chong, Dr Martin Huang, Dr Sandra Chu, Dr Tay Kheng Lip, David, Dr Ravi Seshadri @ Srinivasan, Dr P'ng Jin Chye, Damian and Dr Krushna Latha Reddy for the purchase of the entire issued share capital of SSLC by the Company as further described under the section on "Restructuring Exercise" of this Prospectus;
- (tt) Supplemental letters of agreement entered into between the original shareholders of MDSH and our Company under the sale and purchase agreement dated 27 February 2001 entered into between Dr William Chong, Dr Martin Huang, Dr Sandra Chu, Dr Tay Kheng Lip, David, Dr Ravi Seshadri @ Srinivasan, Dr Yung Shing Wai, Dr P'ng Jin Chye, Damian, Dr Yeo Tseng Tai, Dr Tan Choon Heng, John, Dr Tan Keng Yew, Adrian, Dr Tan Eng Kiat, Kevin and Dr Lim Tai Tian for the entire issued share capital of MDSH by the Company as further described under the section on "Restructuring Exercise" of this Prospectus;
- (uu) Supplemental letters of agreement entered into between the original shareholder of AMA and our Company under the sale and purchase agreement dated 27 February 2001 entered into between Dr William Chong, Dr Chong Yeh Woei (collectively as vendors) and Atria-Pan for the entire issued share capital of AMA by Atria-Pan as further described under the section on "Restructuring Exercise" of this Prospectus;
- (vv) Supplemental letters of agreement entered into between Dr Tay Tze-Hsin, Marc and Lim Guat Keow and our Company under the sale and purchase agreement dated 27 February 2001 entered into between Dr Tay Tze-Hsin, Marc and Lim Guat Keow for the entire issued share capital of PHSS by the Company as further described under the section on "Restructuring Exercise" of this Prospectus;
- (ww) Deed dated 27 December 2004 entered into between our Company and Dr William Chong varying the call option agreement dated 29 May 2004 between the parties hereto in respect of the call option granted by Dr William Chong on 460,000 ordinary issued and paid-up shares in the capital of PH Nursing Home as further described under the section on "General Information on our Group — Option Agreements";
- (xx) Deed dated 27 December 2004 entered into between our Company and Dr William Chong varying the call option agreement dated 29 May 2004 between the parties hereto in respect of the call option granted by Dr William Chong on 60,000 ordinary issued and

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## GENERAL AND STATUTORY INFORMATION

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paid-up shares in the capital of Pacific Eldercare and Nursing as further described under the section on "General Information on our Group — Option Agreements";

- (yy) Sale and Purchase Agreement dated 10 October 2004 entered into between our Company (as vendor) and Healthcare & Wellness in respect of 70.0 per cent. of the issued and paid-up share capital of PWMC for a consideration of \$1.00;
- (zz) Second Supplemental Agreement dated 28 February 2005 entered into between our Company, SCPEL and our Founders varying the repayment terms of the balance of the convertible loan as set out in the first supplemental agreement dated 8 June 2004 and described under the section on "Restructuring Exercise" of this Prospectus;
- (aaa) Supplemental Agreement dated 1 March 2005 entered into between PHA and Dr Yeoh Sin Hock and Dr Ho Sin Teck, Winston varying the option agreement dated 1 January 2003 between the parties hereto in respect of the put option granted by PHA on 40.0 per cent. of the issued share capital of Clinic1886 as further described under the section on "General Information on our Group — Option Agreements";
- (bbb) Option Agreement dated 17 March 2005 entered into between our Company (as purchaser), PCC, TPC, Dr Ang Ai Tin and Dr Ang Poon Liat in respect of the put option granted by our Company on 29.0 per cent. of the issued share capital of TPC as further described under the section on "General Information on our Group — Option Agreements";
- (ccc) Sale and Purchase Agreement dated 1 April 2005 entered into between AMA (as vendor) and PHT for the sale of the business of Pacific Healthcare Wellness for a consideration of \$1.00; and
- (ddd) Supplemental Agreement dated 22 April 2005 entered into between WYCPL and our Company to vary the sale and purchase agreement dated 10 December 2001, first supplemental deed dated 18 September 2002, second supplemental deed dated 25 June 2004 and sale and purchase agreement dated 25 June 2004 entered into between the parties hereto, and pursuant to which the parties have agreed to settle all outstanding issues relating to the transfer or issue and allotment of Shares to WYCPL.

### LITIGATION

14. Save as disclosed below, as of the date of lodgement of this Prospectus, neither our Company nor any of our subsidiaries is engaged in any litigation as plaintiff or defendant in respect of any claims or amounts which are material in the context of the Invitation and our Directors have no knowledge of any proceedings pending or threatened against our Company or any of our subsidiaries or any facts likely to give rise to any litigation, claims or proceedings which might materially affect the financial position or the business of our Company or any of our subsidiaries.

On 5 November 2004, our associated company, TWLPL received a letter of claim from the solicitors of Phillip Wain International (S) Pte Ltd ("Phillip Wain") alleging that three present employees of TWLPL, who were former employees of Phillip Wain, had breached the confidentiality and non-compete clauses of their previous employment contracts with Phillip Wain. Phillip Wain claimed that it is entitled to claim against TWLPL, as their current employer, for the torts of (i) inducing breach of contract (ii) conspiracy and (iii) unlawful interference.

TWLPL, has through its solicitors, Infinitus Law Corporation ("Infinitus"), denied any liability. TWLPL had no previous knowledge of the non-competition clause in the previous employment contracts with the three former employees, had legitimately and in good faith hired the three former employees and have not at any material time, received from the three former employees or any one of them any trade secrets, transactions, confidential information or information whatsoever relating to the affairs, business or otherwise of Phillip Wain.

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## GENERAL AND STATUTORY INFORMATION

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Infinitus has advised TWLPL that Phillip Wain has no legitimate claim against TWLPL or the three employees. We have obtained a legal opinion from Infinitus on the claim which concluded that: (i) Phillip Wain's claim against the three employees is unlikely to succeed as there has been no breach of the confidentiality clauses in the employment contracts and insofar as the non-compete clause is concerned, it is, having regard to all the circumstances, unreasonable and unenforceable and (ii) Phillip Wain's claim against TWLPL is unlikely to succeed as based on the existing facts and the legal principles involved, TWLPL and the three employees jointly and individually have not acted in any manner which will lead the courts to conclude that any of the torts described by Phillip Wain have been committed.

### MANAGEMENT, UNDERWRITING AND PLACEMENT ARRANGEMENTS

15. Pursuant to the Management and Underwriting Agreement dated 27 October 2005 (the "Management and Underwriting Agreement") made between our Company, UOB Asia as the Lead Manager and Underwriter, and HLF as the Co-Manager, our Company appointed UOB Asia to manage and HLF to co-manage the Invitation. UOB Asia and HLF will receive a management fee from our Company for their services rendered in connection with the Invitation.

Pursuant to the Management and Underwriting Agreement, UOB Asia has agreed to underwrite the Offer Shares for a commission of 2.25 per cent. of the Issue Price for each Offer Share payable by our Company. UOB Asia may, at its absolute discretion, appoint one or more sub-underwriters to sub-underwrite the Offer Shares.

16. Pursuant to the Placement Agreement dated 27 October 2005 (the "Placement Agreement"), entered into between our Company and UOB Asia as the Lead Placement Agent, UOB Asia has agreed to subscribe for and/or procure subscriptions for the Placement Shares for a placement commission of 1.5 per cent. of the Issue Price for each Placement Share, to be paid by our Company. UOB Asia may, at its absolute discretion, appoint one or more sub-placement agents for the Placement Shares.
17. Brokerage will be paid by our Company at the rate of 0.25 per cent. of the Issue Price for each Offer Share and 1.0 per cent. for each Placement Share. In respect of the Offer Shares, the brokerage will be paid to members of the SGX-ST, merchant banks and members of the Association of Banks in Singapore, in respect of successful applications made on Application Forms bearing their respective stamps, or to the Participating Banks in respect of successful applications made through Electronic Applications at their respective ATMs or their IB websites. In respect of the Placement Shares, the brokerage will be paid to the Placement Agent in accordance with the Placement Agreement.

Subscribers of Placement Shares may be required to pay a brokerage of up to 1.0 per cent. of the Issue Price (and Goods and Services Tax, if applicable).

18. Save as aforesaid, no commission, discount or brokerage has been paid, or other special terms granted, within the two years preceding the Latest Practicable Date or is payable to any Director, promoter, expert, proposed Director or any other person for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions for any shares in, or debentures of, our Company or any of our subsidiaries.
19. The Management and Underwriting Agreement may be terminated by UOB Asia and HLF at any time on or before the close of the Application List if,
  - (i) there shall come to the knowledge of the Lead Manager, Co-Manager or the Underwriter any breach of the warranties or undertakings in the Management and Underwriting Agreement or that any of the warranties in the Management and Underwriting Agreement is untrue or incorrect; or

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## GENERAL AND STATUTORY INFORMATION

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- (ii) any event or circumstances occurring on or after the date of the Management and Underwriting Agreement and prior to 12.00 noon on the date of the close of the Application List which, if it had occurred before the date of the Management and Underwriting Agreement, would have rendered any of the warranties or representations in the Management and Underwriting Agreement untrue or incorrect in any material respect; or
- (iii) if there shall have been, since the date of the Management and Underwriting Agreement:–
  - (aa) any material adverse change, or any development involving a prospective adverse change, in the condition (financial or otherwise), performance or general affairs of the Company and/or its subsidiaries; or
  - (bb) any introduction or prospective introduction of or any change or prospective change in any legislation, regulation, order, policy, rule, guideline or directive (whether or not having the force of law and including, without limitation, any directive or request issued by the Authority, Securities Industry Council of Singapore or the SGX-ST) or in the interpretation or application thereof by any court, government body, regulatory authority or other competent authority in Singapore, or elsewhere; or
  - (cc) any change, or any development involving a prospective change, in local, national, regional or international financial (including stock market, foreign exchange market, inter-bank market or interest rates or money market), political, industrial, economic, legal or monetary conditions, taxation or exchange controls (including, without limitation, the imposition or any moratorium, suspension or material restriction on trading in securities generally on the SGX-ST due to exceptional financial circumstances or otherwise); or
  - (dd) any imminent threat or occurrence or any local, national or international outbreak or escalation of hostilities, insurrection or armed conflict (whether or not involving financial markets); or
  - (ee) any other occurrence of any nature whatsoever;
- which event or events shall in the reasonable opinion of UOB Asia and HLF (1) result or be likely to result in a material adverse fluctuation or adverse conditions in the stock market in Singapore or overseas; or (2) be likely to materially prejudice the success of the subscription or offer of the Invitation Shares (whether in the primary market or in respect of dealings in the secondary market); or (3) make it impracticable, inadvisable, inexpedient or uncommercial to proceed with any of the transactions contemplated in the Management and Underwriting Agreement; or (4) be likely to have a material adverse effect on the business, trading position, operations or prospects of our Company or of our Group as a whole; or (5) be such that no reasonable underwriter would have entered into this Management and Underwriting Agreement; or (6) result or be likely to result in the issue of a stop order by the Authority pursuant to the SFA; or (7) make it uncommercial or otherwise contrary to or outside the usual commercial practices of underwriters in Singapore for UOB Asia to observe or perform or be obliged to observe or perform the terms of this Management and Underwriting Agreement; or
- (iv) without limiting the generality of the foregoing, if it comes to the notice of UOB Asia and HLF (1) any statement contained in this Prospectus or the Application Forms relating hereto which in the sole and absolute opinion of UOB Asia and HLF has become untrue, incorrect or misleading in any material respect or (2) circumstances or matters have arisen or have been discovered, which would, if this Prospectus was to be issued at that time, constitute in the sole and absolute opinion of UOB Asia and HLF, a material omission of such information, and the Company fails to lodge a supplementary or replacement prospectus or document within a reasonable time after being notified of such material misrepresentation or omission or fails to promptly take such steps as UOB Asia and HLF may reasonably require to inform investors of the lodgment of such supplementary prospectus or document. In such an event, UOB Asia and HLF reserves the right, at its absolute discretion to cancel the Invitation and any application monies received will be refunded (without interest or any share of revenue

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## GENERAL AND STATUTORY INFORMATION

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or other benefit arising therefrom) to the applicants for the Invitation Shares by ordinary post or telegraphic transfer at the applicant's own risk within 14 days of the termination of the Invitation.

20. The Placement Agreement is conditional upon the Management and Underwriting Agreement not having been terminated or rescinded pursuant to the provisions of the Management and Underwriting Agreement. In the event that the Management and Underwriting Agreement is terminated, our Company reserves the right, at the absolute discretion of our Directors, to cancel the Invitation.
21. Save as disclosed above, the appointment of UOB as the Receiving Bank (as described under paragraph 24 below) and the interests of underwriters or financial advisors (as described under paragraph 30 below), we do not have any material relationship with any of the Lead Manager, the Co-Manager, Primary Sub-Underwriters or Primary Sub-Placement Agents.

### MISCELLANEOUS

22. The expenses in connection with the Invitation and the application for listing, including underwriting commission, placement commission, brokerage, management fees, auditors' fees, solicitors' fees, and all other incidental expenses in relation to the Invitation can be broken down as follows:—

	\$'000
Listing fee	25
Professional fees and charges	1,700
Underwriting and placement commission and brokerage	360
Miscellaneous expenses	615
 Total estimated expenses	 2,700

All the above costs will be borne by our Company.

23. There have been no public takeover offers by third parties in respect of our Shares or by us in respect of other companies' shares which have occurred during the last and current financial year and up to LPD.
24. Application monies received by our Company in respect of successful applications (including successful applications which are subsequently rejected) will be placed in a separate non-interest bearing account with UOB (the "Receiving Bank"). In the ordinary course of business, the Receiving Bank will deploy these monies in the interbank money market. All profits derived from the deployment of such monies will accrue to the Receiving Bank. Any refund of all or part of the application monies to unsuccessful or partially successful applicants will be made without any interest or any share of revenue or any other benefit arising therefrom.
25. Save as disclosed in this Prospectus, our Directors are not aware of any relevant material information including trading factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect the profits of our Company and our subsidiaries.
26. Save as disclosed in this Prospectus, the financial condition and operations of our Group are not likely to be affected by any of the following:—
  - (a) known trends or demands, commitments, events or uncertainties that will result in or are reasonably likely to result in our Group's liquidity increasing or decreasing in any material way;

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## GENERAL AND STATUTORY INFORMATION

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- (b) material commitments for capital expenditure;
- (c) unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported income from operations; and
- (d) known trends or uncertainties that have had or that we reasonably expect will have a material favourable or unfavourable impact on revenues or operating income.

27. We currently have no intention of changing our auditors after the listing of our Company on the SGX-ST.

28. Save as disclosed in this Prospectus, the Directors are not aware of any event which has occurred since 31 December 2004 which may have a material effect on the financial information provided in the Independent Auditors' Report and the Unaudited Proforma Consolidated Financial Information as set out in Appendix I of this Prospectus.

29. No expert is engaged on a contingent basis by our Company or any of our subsidiaries, or has a material interest, whether direct or indirect, in our Shares, our subsidiaries or has a material economic interest whether direct or indirect, in our Company, including an interest in the success of the Invitation.

### INTERESTS OF UNDERWRITERS OR FINANCIAL ADVISORS

30. UOB Asia is a wholly-owned subsidiary of UOB which is the parent company of UOB Kay Hian. UOB Kay Hian and UOB are our Primary Sub-Underwriters and Primary Sub-Placement Agents. UOB is one of our principal bankers and Receiving Banker of the Invitation.

HLF is one of our principal bankers and is also our Co-Manager.

Save as disclosed above, we do not have any material relationship with any of the Lead Manager, Underwriter and Placement Agent, Co-Manager, Primary Sub-Underwriters and Primary Sub-Placement Agents.

### CONSENTS

31. The Independent Auditors and Reporting Accountants have given and have not withdrawn their written consent to the issue of this Prospectus with the inclusion herein of their reports on the unaudited proforma consolidated financial information of our Group for FY2002, FY2003 and FY2004, the audited consolidated financial statements of our Group for FY2002, FY2003 and FY2004 and in the form and context in which they are respectively included and references to their name in the form and context in which it appears in this Prospectus and to act in such capacity in relation to this Prospectus.

32. Infinitus Law Corporation of 78 Shenton Way #08-01 Singapore 079120, has given and has not withdrawn their written consent to the issue of this Prospectus with the inclusion herein of their name and references thereto in the sections "General Information of our Group — Government Regulations" and "General and Statutory Information — Litigation" in this Prospectus, in the form and context in which they appears in the said section and under this paragraph of this Prospectus.

33. UOB Asia Limited has given and has not before registration of this Prospectus, withdrawn its written consent to being named in the Prospectus as Underwriter and Placement Agent.

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## GENERAL AND STATUTORY INFORMATION

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34. The Lead Manager, Underwriter and Placement Agent, the Co-Manager, the Primary Sub-Underwriters and the Primary Sub-Placement Agents, the Solicitors to the Invitation, the Share Registrar, the Legal Advisors to the Company on Hong Kong Law, the Legal Advisors to the Company on Indian Law, the Solicitors to the Lead Manager, Underwriter and Placement Agent and Co-Manager, and the Principal Bankers do not make or purport to make any statement in this Prospectus and are not aware of any statement in this Prospectus which purports to be based on a statement made by them and each of them makes no representation regarding any statement in this Prospectus and to the maximum extent permitted by law, expressly disclaim and take no responsibility for any statement in or omission from this Prospectus.

### RESPONSIBILITY STATEMENT BY OUR DIRECTORS

35. This Prospectus has been seen and approved by our Directors and they individually and collectively accept full responsibility for the accuracy of the information given herein and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and the opinions expressed herein are fair and accurate in all material respects as of the date hereof and there are no material facts the omission of which would make any statements in this Prospectus misleading and that this Prospectus constitutes full and true disclosure of all material facts about the Invitation and our Group.

### DOCUMENTS AVAILABLE FOR INSPECTION

36. The following documents or copies thereof may be inspected at our registered office at 290 Orchard Road, #12-01 Paragon, Singapore 238859 during normal business hours for a period of six months from the date of registration by the Authority of this Prospectus:–

- (a) the Memorandum and Articles of Association of our Company;
- (b) the material contracts referred to in paragraph 13 above;
- (c) the letters of consent referred to in paragraphs 31 to 33 above;
- (d) the Independent Auditors' Report and the Unaudited Proforma Consolidated Financial Information for the years ended 31 December 2002, 2003 and 2004;
- (e) the Independent Auditors' Report and Audited Consolidated Financial Statements for the years ended 31 December 2002, 2003 and 2004;
- (f) the service agreements referred to in the section on "Directors and Executive Officers" of this Prospectus;
- (g) the legal opinion from Infinitus Law Corporation referred to in the section on "General Information on our Group – Government Regulations" in this Prospectus; and
- (h) the legal opinion from Infinitus Law Corporation referred to in the section on "General and Statutory Information – Litigation" in this Prospectus.

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**APPENDIX I**  
**INDEPENDENT AUDITORS' REPORT AND THE UNAUDITED**  
**PROFORMA CONSOLIDATED FINANCIAL INFORMATION**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

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**PACIFIC HEALTHCARE HOLDINGS LTD.  
AND SUBSIDIARIES**

(Registration No: 200100544H)

**INDEPENDENT AUDITORS' REPORT AND THE UNAUDITED  
PROFORMA CONSOLIDATED FINANCIAL INFORMATION  
FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 and 2004**

---

**APPENDIX I**  
**INDEPENDENT AUDITORS' REPORT AND THE UNAUDITED**  
**PROFORMA CONSOLIDATED FINANCIAL INFORMATION**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

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**INDEPENDENT AUDITORS' REPORT ON THE UNAUDITED**  
**PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF**  
**PACIFIC HEALTHCARE HOLDINGS LTD.**

27 October 2005

The Board of Directors  
Pacific Healthcare Holdings Ltd.  
290 Orchard Road  
#12-01 Paragon  
Singapore 238859

Dear Sirs

This report has been prepared at the request of the Directors of Pacific Healthcare Holdings Ltd. (the "Company") for inclusion in this Prospectus (the "Prospectus") in connection with the invitation by the Company in respect of the issue of 48,000,000 ordinary shares of \$0.02 each in the Company comprising 48,000,000 New Shares.

We report on the unaudited proforma consolidated financial information of the Company and its subsidiaries (collectively referred to as the "Proforma Group") set out on pages I-4 to I-46 of the Prospectus, which has been prepared, for illustrative purposes only and based on certain assumptions after making certain adjustments to show what:-

- (a) the financial results and changes in equity of the Proforma Group for the financial years ended 31 December 2002, 2003 and 2004 would have been if the Group structure as of the date of lodgement of the Prospectus had been in place since the beginning of the periods being reported on;
- (b) the financial position of the Proforma Group as at 31 December 2004 would have been if the Group structure as of the date of lodgement of the Prospectus had been in place on that date; and
- (c) the cash flows of the Proforma Group for the financial year ended 31 December 2004 would have been if the Group structure as of the date of lodgement of the Prospectus had been in place since the beginning of the period reported on.

The unaudited proforma consolidated financial information, because of their nature, may not give a true picture of the Proforma Group's actual financial position, results, changes in equity or cash flows.

The unaudited proforma consolidated financial information is the responsibility of the Directors of the Company. Our responsibility is to express an opinion on the unaudited proforma consolidated financial information based on our work.

We carried out our procedures in accordance with Singapore Statement of Auditing Practice: SAP 24: "Auditors and Public Offering Documents". Our work, which involved no independent examination of the underlying financial statements, consisted primarily of comparing the unaudited proforma consolidated financial information to the consolidated financial statements of the Company and its subsidiaries (the "Actual Group") as set out in Appendix II in this Prospectus (or where information is not available in the consolidated financial statements, to accounting records), considering the evidence supporting the adjustments and discussing the unaudited proforma consolidated financial information with the Directors of the Company.

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**APPENDIX I**  
**INDEPENDENT AUDITORS' REPORT AND THE UNAUDITED**  
**PROFORMA CONSOLIDATED FINANCIAL INFORMATION**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

---

In our opinion:—

- (a) the unaudited proforma consolidated financial information has been properly prepared:—
  - (i) from the relevant financial statements of the companies or business units in the Proforma Group (or where information is not available in the financial statements, from its accounting records), which were prepared in accordance with Singapore Financial Reporting Standards;
  - (ii) in a manner consistent with both the format of the consolidated financial statements and the accounting policies of the Actual Group;
  - (iii) on the bases stated on pages I-4 to I-5 of the Prospectus; and
- (b) each material adjustment made to the information used in the preparation of the unaudited proforma consolidated financial information is appropriate for the purpose of preparing such financial information.

Yours faithfully

CHIO LIM & ASSOCIATES  
Certified Public Accountants  
Singapore

Peter Jacob  
Partner-in-charge  
A member of the Institute of Certified Public Accountants of Singapore

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**APPENDIX I**  
**INDEPENDENT AUDITORS' REPORT AND THE UNAUDITED**  
**PROFORMA CONSOLIDATED FINANCIAL INFORMATION**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

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**PACIFIC HEALTHCARE HOLDINGS LTD.**

**UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION**

You should read the following unaudited proforma consolidated financial information of Pacific Healthcare Holdings Ltd. (the "Company") and its subsidiaries (the "Proforma Group" or "Group") in conjunction with the audited consolidated financial statements of the Company and its subsidiaries for the years ended 31 December 2002, 2003 and 2004 as set out in Appendix II in this Prospectus.

**A. INTRODUCTION**

The unaudited proforma consolidated financial information, comprising the unaudited proforma consolidated balance sheet as at 31 December 2004, the unaudited proforma consolidated income statements and the unaudited proforma consolidated statements of changes in equity for the years ended 31 December 2002, 2003 and 2004 and the unaudited proforma consolidated statement of cash flows for the year ended 31 December 2004 and the notes thereto, have been prepared for inclusion in the Prospectus in connection with the invitation by the Company in respect of the issue of 48,000,000 ordinary shares of \$0.02 each, comprising 48,000,000 New Shares.

**B. BASES FOR THE PREPARATION AND PRESENTATION OF THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION**

The unaudited proforma consolidated financial information has been prepared for illustrative purposes only and based on certain assumptions after making certain adjustments to show what:

- (a) the financial results and changes in equity of the Proforma Group for the financial years ended 31 December 2002, 2003 and 2004 would have been if the Group structure as of the date of lodgement of the Prospectus had been in place since the beginning of the periods being reported on;
- (b) the financial position of the Proforma Group as at 31 December 2004 would have been if the Group structure as of the date of lodgement of the Prospectus had been in place on that date; and
- (c) the cash flows of the Proforma Group for the financial year ended 31 December 2004 would have been if the Group structure as of the date of lodgement of the Prospectus had been in place since the beginning of the period reported on.

The unaudited proforma consolidated financial information, because of their nature, may not give a true picture of the Proforma Group's actual financial position, results, changes in equity or cash flows.

The unaudited proforma consolidated financial information for the financial years ended 31 December 2002, 2003 and 2004 were prepared based on the following:-

- (a) audited financial statements of the companies in the Proforma Group for the years ended 31 December 2002, 2003 and 2004, which were prepared in accordance with Singapore Financial Reporting Standards ("FRS"); and
- (b) unaudited financial statements or accounting records of business units for the periods prior to its acquisition by the companies in the Proforma Group and the audited and unaudited financial statements or accounting records of certain associates, which were prepared in accordance with FRS.

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**APPENDIX I**  
**INDEPENDENT AUDITORS' REPORT AND THE UNAUDITED**  
**PROFORMA CONSOLIDATED FINANCIAL INFORMATION**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

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**B. BASES FOR THE PREPARATION AND PRESENTATION OF THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION (cont'd)**

In arriving at the unaudited proforma consolidated financial information, proforma adjustments were made as considered necessary to the consolidated financial statements as set out in Appendix II in this Prospectus in order to present the financial information on a consistent and comparable basis as if the Proforma Group existed since the beginning of the periods reported on. Details of the proforma adjustments are set out in section E below.

**C. AUDITORS**

Except as disclosed below, Chio Lim & Associates, Singapore, were the statutory auditors of the companies in the Proforma Group.

The statutory financial statements of the following companies (including significant associates) in the Proforma Group for the relevant periods were audited by the following firms of Certified Public Accountants ("CPA"):-

Name of companies	Auditors	Financial year
Managed Health Care Pte Ltd and its subsidiaries	Harry Tan & Partners* Singapore	For the financial year ended 31 March 2004
	Cypress Singapore PAC* Singapore	For the financial year ended 31 December 2004
The Clinic @ Cuppage Pte Ltd	BH Tan & Associates* Singapore	For the financial years ended 30 April 2001 and 30 June 2002 and 31 December 2002
Peninsula Plaza Clinic & Surgery Pte Ltd	Leong Kwok Onn & Co.* Singapore	For the financial years ended 31 December 2002 and 2003
Doctors Lee & Partners Pte Ltd	Lui Chin Yen & Co.* Singapore	For the financial year ended 31 December 2002
Drs Thompson & Thomson Pte Ltd	T.S. Tay & Associates* Singapore	For the financial years ended 31 December 2002 and 2003
Pacific Healthcare Limited and its subsidiaries	Horwath Hong Kong CPA Limited + Hong Kong	For the financial years ended 31 December 2002, 2003 and 2004
Thomson Paediatric Clinic Pte Ltd	PriceWaterhouse Coopers* Singapore	For the financial years ended 31 March 2002 and 2003 and 31 December 2004

\* CPA firm in Singapore registered in accordance with the Accountants Act.

+ CPA firm registered with Hong Kong Society of Accountants.

The auditors' reports on the statutory audited financial statements of the Company and its subsidiaries as of and for the reporting dates as set out in this report were not subject to qualification, modification or disclaimer.

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**APPENDIX I**  
**INDEPENDENT AUDITORS' REPORT AND THE UNAUDITED**  
**PROFORMA CONSOLIDATED FINANCIAL INFORMATION**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

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**D. THE PROFORMA GROUP**

The Company has the following subsidiaries and associates as at the date of this Prospectus:-

<b>Name of subsidiary and principal activities</b>	<b>Country of incorporation</b>	<b>Effective percentage of equity held by the Proforma Group</b>		<b>Issued and paid-up capital</b> \$'000
		<b>%</b>		
Pacific Healthcare Asia Pte Ltd (formerly known as Asia-Link Dental Services Pte Ltd) Inactive	Singapore	100		300
Atria Pan Dental Group Pte Ltd Practice of dental surgery and operations of dental clinics	Singapore	100		25
Implanet Pte Ltd Inactive	Singapore	100		*
Cross Marketing Services Pte Ltd Inactive	Singapore	100		50
Image Ceramics Dental Laboratory Pte Ltd (formerly known as Med Frontiers Pte Ltd) Manufacturing of dental appliances	Singapore	100		51
Pacific Dental Implant Centre Pte Ltd (formerly known as Guan San Enterprises Pte Ltd) Practice of dental surgery	Singapore	100		50
Peninsula Plaza Clinic & Surgery Pte Ltd Practice of general medical practitioners	Singapore	100		*
Pacific Medicare Family Clinic Pte Ltd Practice of general medical practitioners	Singapore	100		*
Vagus Medical Pacific Pte Ltd Practice of general medical practitioners	Singapore	70		450
Atria Medical Associates Pte Ltd Practice of general medical practitioners	Singapore	100		100
The Clinic @ Cuppage Pte Ltd Practice of general medical practitioners	Singapore	70		*
Junction 8 Family Clinic Pte Ltd Practice of general medical practitioners	Singapore	70		350
Doctors Lee & Partners Pte Ltd Practice of general medical practitioners	Singapore	70		100
Drs Thompson & Thomson Pte Ltd Practice of general medical practitioners	Singapore	70		*
Pacific Mah Medical Pte Ltd Practice of general medical practitioners	Singapore	70		835

**APPENDIX I**  
**INDEPENDENT AUDITORS' REPORT AND THE UNAUDITED**  
**PROFORMA CONSOLIDATED FINANCIAL INFORMATION**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

**D. THE PROFORMA GROUP (cont'd)**

<b>Name of subsidiary and principal activities</b>	<b>Country of incorporation</b>	<b>Effective percentage of equity held by the Proforma Group</b>	<b>Issued and paid-up capital</b>
			<b>%</b>
Health Concepts Limited Provision of medical and health scheme services	Hong Kong	80	#
Health Concepts Medical Centres Limited Inactive	Hong Kong	80	#
Clinics of Plastic & Maxillofacial Surgery Limited Inactive	Hong Kong	100	#
MD Specialist Healthcare Pte Ltd Provision of specialised medical services including day surgery centre and dental services	Singapore	100	500
Pacific Healthcare Specialist Services Pte Ltd (formerly known as Tay Eye Surgery Pte Ltd) Provision of specialised healthcare including ophthalmology and colorectal surgery	Singapore	100	50
The Cosmetic Surgery Clinic Pte Ltd (formerly known as The Cosmetic Surgery Clinic, Plastic Surgery and Dental Services Pte Ltd) Provision of cosmetic surgical services	Singapore	100	*
Aesthetic and Reconstructive Centre Pte Ltd Provision of cosmetic surgical services	Singapore	80	100
Pacific Children's Clinic Pte Ltd (formerly known as Kiddies Clinic Pte Ltd) Provision of specialised medical and paediatric services	Singapore	100	*
Asia Lifeline Medical Services Pte Ltd Provision of medical assistance services	Singapore	51	100
Adam Road Hospital Pte Ltd Provision of psychiatric services and management of hospital	Singapore	100	*
Specialist Surgery and Laser Centre Pte Ltd Provision of day surgical facilities	Singapore	100	400
Pacific Healthcare Women's Centre Pte Ltd Provision of obstetric and gynaecology services	Singapore	100	500
Pacific Healthcare Diagnostics Services Pte Ltd Provision of medical diagnostic tests	Singapore	100	*

**APPENDIX I**  
**INDEPENDENT AUDITORS' REPORT AND THE UNAUDITED**  
**PROFORMA CONSOLIDATED FINANCIAL INFORMATION**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

**D. THE PROFORMA GROUP (cont'd)**

<b>Name of subsidiary and principal activities</b>	<b>Country of incorporation</b>	<b>Effective percentage of equity held by the Proforma Group</b>	<b>Issued and paid-up capital</b>
			<b>%</b>
			<b>\$'000</b>
Pacific Hospitals Private Limited Provision of medical services including cord blood bank and research centre facility and management of hospital	India	49	1,088+
Pacific Healthcare Medical Services Pte Ltd Investment holding	Singapore	100	*
Pacific Health Alliance Pte Ltd Investment holding	Singapore	100	*
MHC Holdings Pte Ltd Investment holding	Singapore	100	754
Pacific Healthcare Limited (formerly known as Dental-Link Services Limited) Investment holding and provision of management services	Hong Kong	100	#
Pacific Healthcare (India) Pte Ltd Investment holding	Singapore	70	150
<b>Name of associate and principal activities</b>			
Clinic 1886 Pte Ltd Practice of general medical practitioners	Singapore	30	100
Town Hall Clinic Pte Ltd Practice of general medical practitioners	Singapore	30	*
Pacific Well Medical Clinic Pte Ltd Provision of corporate support services	Singapore	30	818
Managed Health Care Pte Ltd and its subsidiaries: Practice of general medical practitioners	Singapore	45.9	2,154
AMHC Pte Ltd Practice of general medical practitioners	Singapore	45.9	332
MHCAMK Pte Ltd Inactive	Singapore	45.9	140
MHCBDK Pte Ltd Inactive	Singapore	45.9	100
Health Outreach Pte Ltd (formerly known as MHCL Pte Ltd) Practice of medical and health screening services	Singapore	45.9	304

**APPENDIX I**  
**INDEPENDENT AUDITORS' REPORT AND THE UNAUDITED**  
**PROFORMA CONSOLIDATED FINANCIAL INFORMATION**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

**D. THE PROFORMA GROUP (cont'd)**

<b>Name of associate and principal activities</b>	<b>Country of incorporation</b>	<b>Effective percentage of equity held by the Proforma Group</b>	<b>Issued and paid-up capital</b>
			<b>%</b>
MHCYWT Pte Ltd Practice of general medical practitioners	Singapore	36.7	150
MHC Healthcare Pte Ltd Practice of general medical practitioners	Singapore	45.9	3,000
MHC Healthnet Pte Ltd Inactive	Singapore	45.9	*
Haach Pacific Lifestyle & Wellness Pte Ltd Provision of services and products related to wellness and beauty	Singapore	40	100
The Wellness Lounge Pte Ltd Provision of services and products related to wellness and beauty	Singapore	48	100
Pacific Hospital Consultants Pte Ltd (formerly known as Medilane Pte Ltd) Investment holding	Singapore	40	1,000
Rejuvermed Pte Ltd Inactive	Singapore	40	50
Thomson Paediatric Clinic Pte Ltd Provision of specialised medical and paediatric services and operations of medical clinics	Singapore	49	100
Pacific Healthcare Nursing Home Pte Ltd Provision of nursing home services	Singapore	40	2,400
Pacific Eldercare and Nursing Pte Ltd Provision of nursing home services	Singapore	40	1,800
Pacific Health Therapies Pte Ltd Provision of non-medical wellness services	Singapore	40	50

\* Less than \$1,000

# Denominated in Hong Kong dollars and range from HK\$20 to HK\$20,000

+ Rupees 29,418,280

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**APPENDIX I**  
**INDEPENDENT AUDITORS' REPORT AND THE UNAUDITED**  
**PROFORMA CONSOLIDATED FINANCIAL INFORMATION**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

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**E. THE PROFORMA ADJUSTMENTS**

**(a) Balance sheet as at 31 December 2004**

	Audited consolidated	Note (i) Adjustments to exclude the financial position of entities not in the Proforma Group structure	Note (ii) Adjustments to include the financial position of entities in the Proforma Group structure	Note (iii) Other adjustments	Unaudited proforma consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000
Current assets	18,058	(152)	—	—	17,906
Non-current assets	37,996	—	—	(146)	37,850
<b>Total assets</b>	<b>56,054</b>	<b>(152)</b>	<b>—</b>	<b>(146)</b>	<b>55,756</b>
Current liabilities	32,485	77	(150)	(11,270)	21,142
Non-current liabilities	12,174	(21)	—	500	12,653
Minority interests	1,053	—	(44)	—	1,009
Shareholders' equity	10,342	(208)	194	10,624	20,952
<b>Total equity and liabilities</b>	<b>56,054</b>	<b>(152)</b>	<b>—</b>	<b>(146)</b>	<b>55,756</b>

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**APPENDIX I**  
**INDEPENDENT AUDITORS' REPORT AND THE UNAUDITED**  
**PROFORMA CONSOLIDATED FINANCIAL INFORMATION**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

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**E. THE PROFORMA ADJUSTMENTS (cont'd)**

**(b) Income statement for the financial year ended 31 December 2004**

	Audited consolidated \$'000	Note (i) Adjustments to exclude the results of entities not in the Proforma Group structure \$'000	Note (ii) Adjustments to include the results of entities in the Proforma Group structure \$'000	Note (iii) Other adjustments \$'000	Unaudited proforma consolidated \$'000
<b>Revenue</b>	42,404	(284)	—	59	42,179
Other operating income	907	—	—	—	907
Changes in inventories of finished goods	(72)	1	—	—	(71)
Raw materials and consumables used	(8,317)	66	—	(37)	(8,288)
Staff costs	(19,994)	169	—	—	(19,825)
Depreciation and amortisation expenses	(2,308)	53	—	(47)	(2,302)
Other operating expenses	(6,941)	99	—	(98)	(6,940)
Other credits/(charges)	(22)	15	—	65	58
<b>Profit from operations</b>	5,657	119	—	(58)	5,718
Finance costs	(648)	—	—	—	(648)
Income from associates	630	—	—	14	644
<b>Profit before income tax</b>	5,639	119	—	(44)	5,714
Income tax expense	(1,330)	(20)	—	24	(1,326)
<b>Profit after income tax</b>	4,309	99	—	(20)	4,388
Minority interests	(80)	—	65	—	(15)
<b>Net profit for the year attributable to shareholders</b>	4,229	99	65	(20)	4,373

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**APPENDIX I**  
**INDEPENDENT AUDITORS' REPORT AND THE UNAUDITED**  
**PROFORMA CONSOLIDATED FINANCIAL INFORMATION**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

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**E. THE PROFORMA ADJUSTMENTS (cont'd)**

**(c) Income statement for the financial year ended 31 December 2003**

	Audited consolidated \$'000	Note (i) Adjustments to exclude the results of entities not in the Proforma Group structure \$'000	Note (ii) Adjustments to include the results of entities in the Proforma Group structure \$'000	Note (iii) Other adjustments \$'000	Unaudited proforma consolidated \$'000
<b>Revenue</b>	36,484	(5,729)	4,953	280	35,988
Other operating income	529	(188)	220	—	561
Changes in inventories of finished goods	147	150	(59)	—	238
Raw materials and consumables used	(6,742)	756	(960)	(2)	(6,948)
Staff costs	(17,126)	3,014	(2,287)	138	(16,261)
Depreciation and amortisation expenses	(2,037)	440	120	(683)	(2,160)
Other operating expenses	(6,071)	1,660	(1,381)	(302)	(6,094)
Other (charges)/credits	(121)	(21)	96	41	(5)
<b>Profit from operations</b>	5,063	82	702	(528)	5,319
Finance costs	(376)	16	(25)	—	(385)
Income from associates	71	—	—	658	729
<b>Profit before income tax</b>	4,758	98	677	130	5,663
Income tax expense	(1,106)	45	(8)	(345)	(1,414)
<b>Profit after income tax</b>	3,652	143	669	(215)	4,249
Minority interests	(157)	—	(14)	—	(171)
<b>Net profit for the year attributable to shareholders</b>	3,495	143	655	(215)	4,078

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**APPENDIX I**  
**INDEPENDENT AUDITORS' REPORT AND THE UNAUDITED**  
**PROFORMA CONSOLIDATED FINANCIAL INFORMATION**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

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**E. THE PROFORMA ADJUSTMENTS (cont'd)**

**(d) Income statement for the financial year ended 31 December 2002**

	Audited consolidated \$'000	Note (i) Adjustments to exclude the results of entities not in the Proforma Group structure \$'000	Note (ii) Adjustments to include the results of entities in the Proforma Group structure \$'000	Note (iii) Other adjustments \$'000	Unaudited proforma consolidated \$'000
<b>Revenue</b>	34,313	(10,388)	9,832	519	34,276
Other operating income	584	(415)	360	—	529
Changes in inventories of finished goods	463	35	(82)	—	416
Raw materials and consumables used	(4,795)	760	(2,797)	—	(6,832)
Staff costs	(17,254)	5,746	(4,525)	135	(15,898)
Depreciation and amortisation expenses	(1,802)	502	94	(686)	(1,892)
Other operating expenses	(5,972)	2,124	(1,750)	(316)	(5,914)
Other (charges)/credits	(378)	198	(39)	(131)	(350)
<b>Profit from operations</b>	5,159	(1,438)	1,093	(479)	4,335
Finance costs	(272)	45	(60)	—	(287)
Income/(losses) from associates	(7)	—	—	556	549
<b>Profit before income tax</b>	4,880	(1,393)	1,033	77	4,597
Income tax expense	(965)	303	(26)	(382)	(1,070)
<b>Profit after income tax</b>	3,915	(1,090)	1,007	(305)	3,527
Minority interests	20	—	(114)	—	(94)
<b>Net profit for the year attributable to shareholders</b>	3,935	(1,090)	893	(305)	3,433

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**APPENDIX I**  
**INDEPENDENT AUDITORS' REPORT AND THE UNAUDITED**  
**PROFORMA CONSOLIDATED FINANCIAL INFORMATION**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

---

**E. THE PROFORMA ADJUSTMENTS (cont'd)**

The following proforma adjustments have been made to the consolidated financial statements as set out in Appendix II in this Prospectus for the years ended 31 December 2002, 2003 and 2004 in arriving at the unaudited proforma consolidated financial information:—

Note:—

(i) The following entities were disposed off by the Company prior to the date of lodgement of the Prospectus. Adjustments were made to exclude the financial position and the results of these entities in the respective periods as if they had been excluded from the Proforma Group structure since the beginning of the periods reported on.

Therapyworks Pte Ltd  
 Pacific Tiong Bahru Medical Centre Pte Ltd  
 Pacific Hospital Consultants Pte Ltd (formerly known as Medilane Pte Ltd) +  
 Rejuvemed Pte Ltd +  
 Hong Kong Osseointegration Implant Centre Limited  
 Aesthetic Dental Centre Limited  
 Pacific Well Medical Clinic Pte Ltd +  
 Business unit of Pacific Children's Clinic Pte Ltd  
 Business units of Atria Medical Associates Pte Ltd

+ these subsidiaries subsequently became associates in the Proforma Group. The financial position and the results have been equity accounted instead.

(ii) The equity interests of entities in the Proforma Group were acquired over the periods reported on and up to the date of lodgement of the Prospectus. Adjustments have been made to include the financial position and results of these entities in the respective periods as if these entities have been in the Proforma Group structure since the beginning of the periods reported on.

(iii) Other adjustments are in respect of the following:—

<u>Balance Sheet</u>	<b>As at 31 December 2004 \$'000</b>
Non-current assets	
— Adjustment to include the cost of investment and the share of results (net of amortisation of goodwill) of associates as if these entities had been included in the Proforma Group structure as associates since the beginning of the periods reported on	1,196
— Adjustment of goodwill on consolidation as a result of subsidiaries and business units included in or excluded from the Proforma Group structure since the beginning of the periods reported on	(1,137)
— Adjustment for plant and equipment acquired net of accumulated depreciation	(205)
	<u>(146)</u>

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**APPENDIX I**  
**INDEPENDENT AUDITORS' REPORT AND THE UNAUDITED**  
**PROFORMA CONSOLIDATED FINANCIAL INFORMATION**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

---

**E. THE PROFORMA ADJUSTMENTS (*cont'd*)**

<u>Balance Sheet</u>	<u>As at 31 December 2004</u>	<u>\$'000</u>
Current liabilities		
—Reclassification of shares to be issued for the acquisition of entities in the Proforma Group from liabilities to equity as if the Proforma Group structure had been in place since the beginning of the periods reported on	(8,770)	
—Adjustment to reclassify the purchase consideration of a subsidiary to long-term liability	(500)	
—Reclassification of convertible loan to equity as if the conversion had been in place since the beginning of the periods reported on	(2,000)	
	<u>(11,270)</u>	
Non-current liabilities		
—Adjustment to reclassify the purchase consideration of a subsidiary from current liability to long-term liability	500	
Shareholders' equity		
—Reclassification of shares to be issued for the acquisition of entities in the Proforma Group from liabilities to equity as if the Proforma Group structure had been in place since the beginning of the periods reported on	8,770	
—Reclassification of convertible loan to equity as if the conversion had been in place since the beginning of the periods reported on	2,000	
—Shares to be issued for the acquisition of a subsidiary as if it had been included in the Proforma Group structure since the beginning of the periods reported on	504	
—Effect of cumulative net adjustments on the income statement	(650)	
	<u>10,624</u>	

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**APPENDIX I**  
**INDEPENDENT AUDITORS' REPORT AND THE UNAUDITED**  
**PROFORMA CONSOLIDATED FINANCIAL INFORMATION**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

---

**E. THE PROFORMA ADJUSTMENTS (*cont'd*)**

<u>Income Statements</u>	Year ended		
	31 December	31 December	31 December
	2002 \$'000	2003 \$'000	2004 \$'000
— Adjustment of amortisation of goodwill on consolidation as a result of subsidiaries and business units included in or excluded from the Proforma Group structure since the beginning of the periods reported on	(489)	(555)	(47)
— Adjustment to include the share of results (net of amortisation of goodwill) of associates as if these entities had been included in the Proforma Group structure as associates since the beginning of the periods reported on	406	395	14
— Adjustment of fees charged to entities excluded from the Proforma Group structure and the corresponding costs	(227)	(106)	(31)
— Adjustment of additional depreciation charged	(62)	(61)	(20)
— Taxation adjustments	(68)	—	24
— Adjustment of doctors remuneration in accordance with the agreements with the Proforma Group	135	138	—
— Other individually insignificant adjustments	—	(26)	40
<b>Net adjustments</b>	<b>(305)</b>	<b>(215)</b>	<b>(20)</b>

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---

**APPENDIX I**  
**INDEPENDENT AUDITORS' REPORT AND THE UNAUDITED**  
**PROFORMA CONSOLIDATED FINANCIAL INFORMATION**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

---

**F. UNAUDITED PROFORMA CONSOLIDATED BALANCE SHEET  
AS AT 31 DECEMBER 2004**

	Notes	2004
		\$'000
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	J 3	4,039
Trade receivables	J 4	4,281
Other receivables, deposits and prepayments	J 5	7,618
Inventories	J 6	1,968
<b>Total current assets</b>		<b>17,906</b>
<b>Non-current assets</b>		
Interests in associates	J 7	9,495
Property, plant and equipment	J 8	12,584
Intangible assets	J 9	14,021
Other receivables and prepayments	J 10	1,750
<b>Total non-current assets</b>		<b>37,850</b>
<b>Total assets</b>		<b>55,756</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Short-term borrowings	J 11	28
Trade payables and accrued liabilities	J 12	4,441
Other payables	J 13	3,469
Income tax payable		1,014
Current portion of long-term borrowings	J 14	10,896
Current portion of finance leases	J 15	1,294
<b>Total current liabilities</b>		<b>21,142</b>
<b>Non-current liabilities</b>		
Deferred tax	J 24	667
Other payables	J 13	1,801
Long-term borrowings	J 14	8,287
Finance leases	J 15	1,898
<b>Total non-current liabilities</b>		<b>12,653</b>
<b>Minority interests</b>		<b>1,009</b>
<b>Shareholders' equity</b>		<b>20,952</b>
<b>Total liabilities and equity</b>		<b>55,756</b>

See accompanying notes to financial information.

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**APPENDIX I**  
**INDEPENDENT AUDITORS' REPORT AND THE UNAUDITED**  
**PROFORMA CONSOLIDATED FINANCIAL INFORMATION**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

---

**G. UNAUDITED PROFORMA CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**YEAR ENDED 31 DECEMBER**

	2002 \$'000	2003 \$'000	2004 \$'000
Balance at beginning of year	13,077	16,841	20,834
Realignment and foreign exchange translation adjustments, and other adjustments on shares to be issued for the acquisition of entities in the Proforma Group	331	(85)	309
Issue of shares	—	—	36
Net profit for the year	3,433	4,078	4,373
Dividends paid	—	—	(4,600)
Balance at end of year	<u>16,841</u>	<u>20,834</u>	<u>20,952</u>

**H. UNAUDITED PROFORMA CONSOLIDATED INCOME STATEMENTS**  
**YEAR ENDED 31 DECEMBER**

	Notes	2002 \$'000	2003 \$'000	2004 \$'000
<b>Revenue</b>				
Other operating income	J 17	529	561	907
Changes in inventories of finished goods		416	238	(71)
Raw materials and consumables used		(6,832)	(6,948)	(8,288)
Staff costs	J 18	(15,898)	(16,261)	(19,825)
Depreciation and amortisation expenses	J 20	(1,892)	(2,160)	(2,302)
Other operating expenses		(5,914)	(6,094)	(6,940)
Other (charges)/credits	J 21	<u>(350)</u>	<u>(5)</u>	<u>58</u>
<b>Profit from operations</b>		4,335	5,319	5,718
Finance costs	J 22	(287)	(385)	(648)
Income from associates		<u>549</u>	<u>729</u>	<u>644</u>
<b>Profit before income tax</b>		4,597	5,663	5,714
Income tax expense	J 24	<u>(1,070)</u>	<u>(1,414)</u>	<u>(1,326)</u>
<b>Profit after income tax</b>		3,527	4,249	4,388
Minority interests		<u>(94)</u>	<u>(171)</u>	<u>(15)</u>
<b>Net profit for the year attributable to shareholders</b>		<u>3,433</u>	<u>4,078</u>	<u>4,373</u>
<b>Earnings per share (cents)</b>				
Basic	J 25	<u>1.84</u>	<u>2.18</u>	<u>2.34</u>

See accompanying notes to financial information.

---

**APPENDIX I**  
**INDEPENDENT AUDITORS' REPORT AND THE UNAUDITED**  
**PROFORMA CONSOLIDATED FINANCIAL INFORMATION**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

---

**I. UNAUDITED PROFORMA CONSOLIDATED CASH FLOW STATEMENT  
YEAR ENDED 31 DECEMBER 2004**

	2004 \$'000
<b>Cash flows from operating activities:</b>	
Profit before income tax	5,714
Adjustments for:	
Depreciation	1,450
Amortisation of goodwill	852
Interest income	(55)
Interest expense	648
Income from associates	(644)
Loss on disposal of plant and equipment	30
Operating profit before working capital changes	7,995
Trade receivables	(1,176)
Other receivables, deposits and prepayments	1,085
Inventories	(3)
Trade payables and accrued liabilities	300
Other payables	342
Cash generated from operations	8,543
Interest paid	(648)
Interest received	55
Income tax paid	(864)
Net cash from operating activities	<u>7,086</u>
<b>Cash flows from investing activities:</b>	
Proceeds from disposal of plant and equipment	276
Purchase of property, plant and equipment	J 26
Repayment of loan by associate	(2,999)
Net cash used in investing activities	<u>750</u>
	<u>(1,973)</u>
<b>Cash flows from financing activities:</b>	
Net increase in borrowings	1,842
Net decrease in finance leases	(1,259)
Payment to the vendors for the acquisition of businesses	(4,053)
Dividends paid	(4,761)
Net cash used in financing activities	<u>(8,231)</u>
<b>Net effect of exchange rate changes in consolidating foreign subsidiaries</b>	
	<u>(181)</u>
Net decrease in cash and cash equivalents	(3,299)
Cash and cash equivalents at beginning of year	7,148
Cash and cash equivalents at end of year	J 26
	<u>3,849</u>

See accompanying notes to financial information.

---

**APPENDIX I**  
**INDEPENDENT AUDITORS' REPORT AND THE UNAUDITED**  
**PROFORMA CONSOLIDATED FINANCIAL INFORMATION**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

---

**J. NOTES TO UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**ACCOUNTING CONVENTION** — The financial information is prepared in accordance with the historical cost convention.

**BASIS OF PRESENTATION** — The consolidation accounting method is used for the consolidated financial information which include the financial statements made up to 31 December each year of the Company and of those companies in which it holds, directly or indirectly through subsidiaries, over 50 percent of the shares and voting rights. The consolidated financial information is prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions, including income, expenses and dividends, are eliminated in full on consolidation. The equity accounting method is used for associates. The equity accounting of the associates' results and reserves is based on its audited financial statements. However, if these audited financial statements are not available, the management accounts of the associates are used. The results of the investees acquired or disposed of during the financial year are consolidated from the respective dates of acquisition or up to the dates of disposal. On disposal the attributable amount of unamortised goodwill is included in the determination of the gain or loss on disposal.

**GOODWILL** — Goodwill arising on acquisition is based on the purchase method. Goodwill arising on consolidation represents the excess of the cost of acquisition over the acquirer's interest in the fair value of the identifiable assets and liabilities of the subsidiary or associate acquired as at the date of acquisition. Goodwill is carried at cost less any accumulated amortisation and any accumulated impairment losses. It is amortised on the straight-line method over 20 years to reflect the best estimate of the period during which future economic benefits are expected to flow to the Group. Goodwill on acquisitions of associates is included in interests in associates.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

**MINORITY INTERESTS** — Minority interests are stated at the appropriate proportion of the post-acquisition values of the identifiable assets and liabilities of the subsidiaries.

**SUBSIDIARIES** — In the Company's own financial statements, the investments in subsidiaries are carried at cost less any accumulated impairment losses. The book values of the subsidiaries are not necessarily indicative of the amounts that would be realised in a current market exchange.

**ASSOCIATE** — The investments in associates are carried in the Group balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate, less any accumulated impairment in value. The income statement reflects the Group's share of the results of operations of the associate. The Group's investment in its associate includes goodwill (net of accumulated amortisation and any accumulated impairment in value) on acquisition, which is treated in accordance with the accounting policy for goodwill stated above. In the Company's own financial statements, the investments in associates are stated at cost less any provision for impairment in value. The net book values of the associates are not necessarily indicative of the amounts that would be realised in a current market exchange. Profits and losses resulting from transactions between the Group and an associate are recognised in the consolidated financial statements only to the extent of unrelated Group's interests in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

---

**APPENDIX I**  
**INDEPENDENT AUDITORS' REPORT AND THE UNAUDITED**  
**PROFORMA CONSOLIDATED FINANCIAL INFORMATION**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

---

**J. NOTES TO UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004 (cont'd)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**NON-CURRENT INVESTMENTS** — Non-current unlisted investments (other than investments in subsidiaries and associates) held as available-for-sale financial assets are stated at cost less any accumulated impairment in value. The transactions are recorded at the trade date.

**REVENUE RECOGNITION** — Revenue from sale of goods is recognised when significant risks and rewards of ownership are transferred to the buyer and the amount of revenue and the costs of the transaction can be measured reliably. Revenue from rendering of services that are of short duration is recognised when the services are completed. Interest revenue is recognised on a time proportion basis using the effective interest rate. Rental revenue is recognised on a time-proportion basis. Dividend revenue is recognised when the shareholder's right to receive the dividend is legally established. Revenue is measured at the fair value of the consideration received or receivable, taking into account the amount of any trade discounts and volume rebates allowed by the entity.

**INVENTORIES** — Inventories are measured at the lower of cost (weighted average method) and net realisable value.

**PROPERTY, PLANT AND EQUIPMENT** — Property, plant and equipment are carried at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is provided on gross carrying amounts in equal annual installments over the estimated useful lives of the assets. The annual rates of depreciation are as follows:—

Plant and equipment — 10% to 33%

Depreciation is not provided on freehold land.

Fully depreciated assets still in use are retained in the consolidated financial information.

The useful life of an item of property, plant and equipment is reviewed periodically and, if expectations are significantly different from previous estimates, the depreciation charge for the current and future periods are adjusted.

The residual value and the useful life of an asset are reviewed at least at each financial year end and, if expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

**IMPAIRMENT OF ASSETS** — At each reporting date an assessment is made whether there is any indication of impairment in assets. If any such indication exists, an estimate is made of the recoverable amount of the asset. A provision is made for the excess of the carrying amount over the recoverable amount. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

**BORROWING COSTS** — All borrowing costs are recognised as an expense in the period in which they are incurred except for borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset which are capitalised as part of the cost of that asset until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

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**APPENDIX I**  
**INDEPENDENT AUDITORS' REPORT AND THE UNAUDITED**  
**PROFORMA CONSOLIDATED FINANCIAL INFORMATION**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

---

**J. NOTES TO UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004 (cont'd)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**ACCOUNTING ESTIMATES** — The preparation of consolidated financial information in conformity with generally accepted accounting principles requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial information and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies that have the most significant effect on the amounts recognised in the consolidated financial information.

**FOREIGN CURRENCY TRANSACTIONS** — The functional currency is the Singapore dollar as it reflects the primary economic environment in which the Company operates. Transactions in foreign currencies are recorded in Singapore dollars at the rates ruling at the dates of the transactions. At each balance sheet date, recorded monetary balances and balances carried at fair value that are denominated in foreign currencies are reported at the rates ruling at the balance sheet date. All realised and unrealised exchange adjustment gains and losses are dealt with in the income statement except where monetary items in substance form part of the Group's net investment in the subsidiaries and associates, the exchange differences arising on such items are recognised directly in equity until disposal of the investments.

**FOREIGN CURRENCY FINANCIAL STATEMENTS** — The foreign entities determine the appropriate functional currency as it reflects the primary economic environment in which the entities operate. In translating the financial statements of a foreign entity for incorporation in the consolidated financial information of the Company the assets and liabilities denominated in currencies other than the functional currency of the Company are translated at year end rates of exchange and the income and expense items are translated at average rates of exchange for the year. The resulting translation adjustments (if any) are accumulated in a separate component of shareholders' equity until the disposal of the foreign entity.

**INCOME TAX** — The income taxes are accounted using the asset and liability method which requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the consolidated financial information or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. The measurement of deferred tax assets is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax liability is recognised for all taxable temporary differences, unless the deferred tax liability arises from (a) goodwill for which amortisation is not deductible for tax purposes; or (b) the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

**RETIREMENT BENEFITS COSTS** — Contributions to defined contribution retirement benefit plans are recorded as an expense as they fall due. Contributions made to government managed retirement benefit plans such as the Central Provident Fund in Singapore which specifies the employer's obligations are dealt with as defined contribution retirement benefit plans.

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**APPENDIX I**  
**INDEPENDENT AUDITORS' REPORT AND THE UNAUDITED**  
**PROFORMA CONSOLIDATED FINANCIAL INFORMATION**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

---

**J. NOTES TO UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004 (*cont'd*)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*cont'd*)**

**LEASES** — A finance lease is recognised as an asset and as liability in the balance sheet at amounts equal at the inception of the lease to the fair value of the leased assets or, if lower, at the present value of the lease payments based on the interest rate implicit in the lease. The excess of the lease payments over the recorded lease obligations are treated as finance charges which are allocated to each lease term so as to produce a constant rate of charge on the remaining balance of the obligations. The assets are depreciated as owned depreciable assets. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in the income statement on a straight line basis unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis.

**LIABILITIES AND PROVISIONS** — A liability and provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. It is measured at the amount payable.

**CASH** — Cash for the cash flow statement includes cash and cash equivalents less bank overdrafts.

**FAIR VALUE OF FINANCIAL INSTRUMENTS** — The carrying values of cash and cash equivalents, accounts receivable, other current assets, short-term borrowings, accounts payable and other current liabilities approximate their fair values due to the short-term maturity of these instruments. Those financial assets that have a fixed maturity are measured at amortised cost using the effective interest rate method. Those that do not have a fixed maturity are measured at cost. All financial assets are subject to review for impairment. The fair values of long-term debt and other investments were not determined because the book values approximate their fair values. It is impracticable to estimate the fair value of certain receivables as the timing of the repayment is not determinable with reasonable accuracy.

**RISK MANAGEMENT POLICIES FOR FINANCIAL INSTRUMENTS**

**CREDIT RISK ON FINANCIAL ASSETS** — Financial assets that are potentially subject to concentrations of credit risk consist principally of cash and cash equivalents, and trade and other accounts receivable. The Directors believe that the financial risks associated with these financial instruments are minimal. The Group places its cash and cash equivalents with high credit quality institutions. The Group performs ongoing credit evaluation of its debtors' financial condition and maintains a provision for impairment based upon the expected collectibility of all accounts receivable. There is no significant concentration of credit risk, as the exposure is spread over a large number of counterparties and customers.

**OTHER RISKS ON FINANCIAL INSTRUMENTS** — The Group monitors its interest, foreign exchange risks, and changes in fair values from time to time and any gains and losses are included in the income statement. The Group is exposed to interest rate price risk for financial instruments with a fixed interest rate and to interest rate or cash flow risk for financial instruments with a floating interest rate that is reset as market rates change. The Group is also exposed to changes in foreign exchange rates and liquidity of businesses. The Group does not utilise forward contracts or other arrangements to minimise these risks.

---

**APPENDIX I**  
**INDEPENDENT AUDITORS' REPORT AND THE UNAUDITED**  
**PROFORMA CONSOLIDATED FINANCIAL INFORMATION**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

---

**J. NOTES TO UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004 (cont'd)**

**2. RELATED PARTY TRANSACTIONS**

Related parties in this financial information are Directors, shareholders, associates of the Proforma Group or entities with common direct or indirect shareholders and or Directors. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Some of the Proforma Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties are reflected in this financial information. The balances with related parties are without fixed repayment terms and interest unless stated otherwise. It is impracticable to reliably estimate the fair values of the balances when there are no maturity dates and interest.

Significant related party transactions:—

In addition to the transactions and balances disclosed elsewhere in the notes, this item includes the following:—

	<b>2002</b> \$'000	<b>2003</b> \$'000	<b>2004</b> \$'000
Rental expense	126	36	36

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**3. CASH AND CASH EQUIVALENTS**

	<b>2004</b> \$'000
Not restricted in use	3,877
Restricted in use (a)	162
	<hr/> 4,039

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(a) These are fixed deposits held by a bank as security for bank loans granted to the Group.

**4. TRADE RECEIVABLES**

	<b>2004</b> \$'000
Outside parties	4,825
Less: provision for impairment of doubtful debts	(544)
	<hr/> 4,281

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Movements in above provision:

Balance at beginning of year	401
Charged to income statement	148
Reversed from income statement	(5)
Balance at end of year	<hr/> 544

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**APPENDIX I**  
**INDEPENDENT AUDITORS' REPORT AND THE UNAUDITED**  
**PROFORMA CONSOLIDATED FINANCIAL INFORMATION**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

---

**J. NOTES TO UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004 (cont'd)**

**4. TRADE RECEIVABLES (cont'd)**

The average credit period taken by customers is about 37 days. A provision for impairment is established when there is objective evidence that management will not be able to collect all amounts due according to the original terms of receivables. The carrying amount of trade receivables approximates to their fair value. Short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant.

There were no significant foreign currency balances or concentration of customers.

**5. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	2004
	\$'000
Amounts due from former associate	390
Amounts due from doctors	1,611
Deposits — Rental	1,039
— Related party (Note J2)	68
— Others	198
Related parties (Note J2) — Associates	1,361
Other receivables	679
Prepayments	2,260
Loans to staff	12
	<hr/>
	7,618
	<hr/>

Amounts due from doctors, former associate and loans to staff are without fixed repayment terms and interest.

Included in prepayments is expenditure of \$1,264,620, incurred in relation to the Company's public listing. This expenditure will be set off against the share premium account upon the listing of the Company.

The carrying amount of receivables approximate to their fair value.

**6. INVENTORIES**

	2004
	\$'000
Medical supplies at cost	1,968
	<hr/>

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**APPENDIX I**  
**INDEPENDENT AUDITORS' REPORT AND THE UNAUDITED**  
**PROFORMA CONSOLIDATED FINANCIAL INFORMATION**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

---

**J. NOTES TO UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004 (cont'd)**

**7. INTERESTS IN ASSOCIATES**

	2004
	\$'000
Share of net assets of associates	4,931
Goodwill at cost of \$5,153,432 less accumulated amortisation of \$949,832	4,204
Loan to associate (Note J2)	360
	<hr/>
	9,495
	<hr/>
Goodwill amortised during the year	238
	<hr/>

The loan to associate is unsecured and interest free. The loan is not repayable in the next twelve months. It is impracticable to estimate the fair value of the receivable as the timing of the repayment is not determinable with reasonable accuracy.

**8. PROPERTY, PLANT AND EQUIPMENT**

	2004
	\$'000
Cost:	
At beginning of year	11,239
Foreign exchange adjustment	(8)
Additions	5,816
Disposals to outside parties	(337)
At end of year	<hr/> 16,710
Accumulated depreciation:	
At beginning of year	2,708
Depreciation for the year	1,450
Disposals to outside parties	(31)
Foreign exchange adjustment	(1)
At end of year	<hr/> 4,126
Net book value:	
At end of year	<hr/> 12,584

Certain items are under finance lease agreements (Note J15).

The cost and net book value includes freehold land of \$207,000.

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**APPENDIX I**  
**INDEPENDENT AUDITORS' REPORT AND THE UNAUDITED**  
**PROFORMA CONSOLIDATED FINANCIAL INFORMATION**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

---

**J. NOTES TO UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004 (cont'd)**

**9. INTANGIBLE ASSETS**

	<u>Goodwill</u>
	2004
	\$'000
Cost:	
At beginning of year	16,092
Additions	915
At end of year	<u>17,007</u>
Accumulated amortisation:	
At beginning of year	2,136
Foreign exchange adjustment	(2)
Amortisation for the year	852
At end of year	<u>2,986</u>
Net book value:	
At end of year	<u>14,021</u>

The Group will adopt FRS 103 Business Combinations with effect from 1 January 2005. FRS 103 prohibits the amortisation of goodwill acquired in a business combination and instead requires the goodwill to be tested for impairment annually, or more frequently if events or changes in circumstances indicate that the asset might be impaired, in accordance with FRS 36 Impairment of Assets.

**10. OTHER RECEIVABLES AND PREPAYMENTS**

	2004
	\$'000
Amounts due from doctors	
Amount due from former associate	496
Prepayments	782
	<u>472</u>
	<u>1,750</u>

Amounts due from doctors are unsecured, interest free and not repayable in the next twelve months.

The loan to former associate is unsecured and interest free. The loan is not repayable in the next twelve months.

It is impracticable to estimate the fair value of the receivables as the timing of the repayment is not determinable with reasonable accuracy.

---

**APPENDIX I**  
**INDEPENDENT AUDITORS' REPORT AND THE UNAUDITED**  
**PROFORMA CONSOLIDATED FINANCIAL INFORMATION**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

---

**J. NOTES TO UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004 (cont'd)**

**11. SHORT-TERM BORROWINGS**

	2004
	\$'000
Bank overdrafts (secured)	28
	<hr/>

The bank overdrafts are secured by a legal mortgage over a Director's property and covered by joint and several guarantees from all Directors and ex-shareholders of a subsidiary. The effective interest rates ranged from 6.0% to 8.5% per annum and they are repriced at the interval of each month.

**12. TRADE PAYABLES AND ACCRUED LIABILITIES**

	2004
	\$'000
Outside parties	3,442
Accrued liabilities	995
Related parties (Note J2)	4
	<hr/>
	4,441
	<hr/>

The average credit period taken to settle payables is 121 days. There were no significant foreign currency balances.

**13. OTHER PAYABLES**

	2004
	\$'000
Related parties (Note J2)	
— Directors of subsidiaries	113
— Directors of Company	432
— Other related parties	13
For purchase of investments	
— to be settled by cash	2,370
For purchase of plant and equipment	420
Amounts payable to doctors	414
Dividend payable to shareholders of subsidiary	23
Deposits received	250
Provision for restoration costs	791
Others	444
Less: Amounts due after 1 year but within 5 years	(1,801)
Short-term other payables	<hr/>
	3,469
	<hr/>

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**APPENDIX I**  
**INDEPENDENT AUDITORS' REPORT AND THE UNAUDITED**  
**PROFORMA CONSOLIDATED FINANCIAL INFORMATION**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

---

**J. NOTES TO UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004 (cont'd)**

**13. OTHER PAYABLES (cont'd)**

Amounts due after 1 year but within 5 years are as follows:–

	2004
	\$'000
Provision for restoration costs	791
Payables for purchase of investments	1,010
	<hr/>
	1,801
	<hr/>

The carrying amount of payables approximate to their fair value.

Amounts payable to doctors are without fixed repayment terms and interest.

The payables for purchase of investments represent consideration for certain subsidiaries and associates acquired by the Proforma Group. The Proforma Group entered into sale and purchase agreements with certain vendors to acquire certain subsidiaries and associates. The consideration for the acquisitions were or are to be satisfied by cash, shares in the Company to be issued or a combination of both. The number of shares to be issued will be determined according to the provisions of each sale and purchase agreement. For the purpose of the Proforma Group's financial information, shares issued have been classified as equity as if the shares had been issued (see section E above).

The payables for purchase of investments include the following:–

	2004
	\$'000
Payable to Director of Company	45
Payable to Directors of subsidiaries	1,610
	<hr/>

**14. LONG-TERM BORROWINGS**

	2004
	\$'000
Bank loans (secured)	13,183
Convertible loan from private equity fund	6,000
Total borrowings	19,183
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The borrowings are repayable as follows:–

Due within 1 year	10,896
Due after 1 year but within 5 years	8,287
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	19,183

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**APPENDIX I**  
**INDEPENDENT AUDITORS' REPORT AND THE UNAUDITED**  
**PROFORMA CONSOLIDATED FINANCIAL INFORMATION**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

---

**J. NOTES TO UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004 (cont'd)**

**14. LONG-TERM BORROWINGS (cont'd)**

	2004
	\$'000
<u>Bank loans (secured) comprise:</u>	
Loan 1	186
Loan 2	64
Loan 3	42
Loan 4	1,333
Loan 5	2,055
Loan 6	3,003
Loan 7	2,500
Loan 8	4,000
	<hr/>
	13,183
	<hr/>

Loan 1: The bank loan along with the overdraft facility are secured by a legal mortgage over a Company Director's property and covered by joint and several guarantees from all Directors and ex-shareholders of a subsidiary. The bank loan is repayable over 72 monthly installments from December 2000. The effective interest rates ranged from 7.5% to 8.0% per annum. Interest is repriced at the interval of one month.

Loan 2: The bank loan is covered by joint and several guarantees from certain Directors of the Company. The loan is repayable by equal monthly installments over 3 years from November 2003. The effective interest rate is 6.0% per annum. Interest is repriced at the interval of one month.

Loan 3: The bank loan is covered by joint and several guarantees from certain Directors of the Company. The loan is repayable by equal monthly installments over 3 years from November 2003. The effective interest rate is 6.0% per annum. Interest is repriced at the interval of one month.

Loan 4: The bank loan is covered by joint and several guarantees from certain Directors of the Company. The loan is repayable by equal monthly installments over 5 years from May 2003. The effective interest rate is 4.3% per annum. Interest is repriced at the interval of one month.

Loan 5: The bank loan is covered by joint and several guarantees from certain Directors of the Company and certain Directors of the subsidiaries. The loan is repayable by equal monthly installments over 4 1/2 years from August 2003. The effective interest rate is 5.8% per annum. Interest is repriced at the interval of one month.

Loan 6: The bank loan is covered by joint and several guarantees from certain Directors of the Company. The loan is repayable by equal monthly installments over 5 years from June 2004. The effective interest rate is 5.0% per annum. Interest is repriced at the interval of one month.

Loan 7: The bank loan is covered by joint and several guarantees from certain Directors of the Company. The loan is repayable by 12 quarterly installments of \$250,000 each from June 2004. The effective interest rates ranged from 4.9% to 7.5%. Interest is repriced at the interval of one month.

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**APPENDIX I**  
**INDEPENDENT AUDITORS' REPORT AND THE UNAUDITED**  
**PROFORMA CONSOLIDATED FINANCIAL INFORMATION**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

---

**J. NOTES TO UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004 (cont'd)**

**14. LONG-TERM BORROWINGS (cont'd)**

Loan 8: The 3-year revolving term loan is covered by personal guarantees from certain Directors of the Company. The loan limit will be reduced by \$500,000 every quarter commencing 3 months following the first draw down until its expiry 3 years after the first draw down date. The effective interest rates ranged from 4.4% to 4.6% per annum.

Convertible loan from private equity fund

A private equity fund ("SCPEL") granted the Company a convertible loan comprising an initial tranche of \$10,000,000 in 2001. A further \$1,000,000 (part of the second tranche) was drawn down in March and April 2002.

The convertible loan bears effective interest at 10.0% per annum. It shall be repaid in full on the maturity date in July 2005 unless extended at the discretion of the SCPEL.

SCPEL may elect, at any time during the tenor of the convertible loan, to convert all or part of the principal amount of the outstanding convertible loan into ordinary shares in accordance with the terms of the investment agreement. Upon conversion, the amount of the convertible loan converted shall be deemed to be fully repaid.

In consideration of the Company entering into the investment agreement with SCPEL, the initial subscribers ("founders") of the Company executed a deed of indemnity jointly and severally indemnifying the Company for any interest to be paid by the Company on the convertible loan. The Company will receive from the founders interest income equal to the interest expense that becomes payable. As a result there will be no impact on net profit of the Company and the Group. In addition to the above, the founders have also undertaken to indemnify the investor against any losses, claims, damage, costs and expenses suffered or incurred by the investor in respect of the above.

**15. OBLIGATIONS UNDER FINANCE LEASES**

	<b>Minimum Payments</b>	<b>Finance Charges</b>	<b>Present Value</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Minimum lease payments are payable as follows:			
Due within 1 year	1,474	(180)	1,294
Due after 1 year but within 5 years	2,123	(225)	1,898
Total	<u>3,597</u>	<u>(405)</u>	<u>3,192</u>
Net book value of plant and equipment under finance leases			6,532

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**APPENDIX I**  
**INDEPENDENT AUDITORS' REPORT AND THE UNAUDITED**  
**PROFORMA CONSOLIDATED FINANCIAL INFORMATION**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

---

**J. NOTES TO UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004 (cont'd)**

**15. OBLIGATIONS UNDER FINANCE LEASES (cont'd)**

It is the Group's policy to lease certain of its plant and equipment under finance leases. The average lease term is 3–5 years. The average effective borrowing rate ranged from 3.0% to 6.0% per annum. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. All lease obligations are denominated in S\$. The obligations under finance leases are secured by the leased assets of the Group.

The above leases are guaranteed by certain Directors of the Company.

**16. REVENUE**

	2002 \$'000	2003 \$'000	2004 \$'000
Sale of medical supplies	2,790	2,332	4,276
Rendering of services	31,244	33,317	37,598
Management fees — related parties (Note J2)	242	339	305
	<hr/>	<hr/>	<hr/>
	34,276	35,988	42,179
	<hr/>	<hr/>	<hr/>

**17. OTHER OPERATING INCOME**

	2002 \$'000	2003 \$'000	2004 \$'000
Interest income			
— outside parties	6	9	34
— related parties (Note J2)	67	112	21
Rental income from related parties (Note J2)	—	—	191
Rental income from outside parties	181	192	326
Consultancy income	53	2	9
Honorarium	53	53	15
Others	169	193	311
	<hr/>	<hr/>	<hr/>
	529	561	907
	<hr/>	<hr/>	<hr/>

**18. STAFF COSTS**

	2002 \$'000	2003 \$'000	2004 \$'000
Salary costs including those of Directors of Company	15,063	15,420	18,757
Contributions to defined contribution plan including those of Directors of Company	835	841	1,068
Total staff costs	<hr/>	<hr/>	<hr/>
	15,898	16,261	19,825
	<hr/>	<hr/>	<hr/>

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**APPENDIX I**  
**INDEPENDENT AUDITORS' REPORT AND THE UNAUDITED**  
**PROFORMA CONSOLIDATED FINANCIAL INFORMATION**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

---

**J. NOTES TO UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004 (cont'd)**

**19. NUMBER OF EMPLOYEES**

	<b>2002</b>	<b>2003</b>	<b>2004</b>
Number of employees at end of year (including Directors)	270	311	341

**20. DEPRECIATION AND AMORTISATION EXPENSES**

	<b>2002</b>	<b>2003</b>	<b>2004</b>
	\$'000	\$'000	\$'000
Depreciation	1,188	1,384	1,450
Amortisation of goodwill	704	776	852
	<u>1,892</u>	<u>2,160</u>	<u>2,302</u>

**21. OTHER (CHARGES)/CREDITS**

	<b>2002</b>	<b>2003</b>	<b>2004</b>
	\$'000	\$'000	\$'000
Provision for impairment of doubtful trade debts	(78)	(117)	(148)
Bad debts written off	(66)	—	(36)
Bad debts recovered	—	—	5
Foreign exchange adjustment	(165)	(69)	33
Preliminary expenses written off	—	—	(68)
Website development written off	(30)	—	—
Gain/(loss) on disposal of plant and equipment	(13)	83	(30)
Others	2	98	302
	<u>(350)</u>	<u>(5)</u>	<u>58</u>

**22. FINANCE COSTS**

	<b>2002</b>	<b>2003</b>	<b>2004</b>
	\$'000	\$'000	\$'000
Interest expense to related party (Note J2)	12	—	—
Interest expense to non-related parties	275	385	648
Interest expense on convertible loan (a)	—	—	—
	<u>287</u>	<u>385</u>	<u>648</u>
(a)			
Interest expense on convertible loan (Note J14)	1,252	1,370	1,111
Interest recoverable from founders (Note J14)	(1,252)	(1,370)	(1,111)
	<u>—</u>	<u>—</u>	<u>—</u>

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**APPENDIX I**  
**INDEPENDENT AUDITORS' REPORT AND THE UNAUDITED**  
**PROFORMA CONSOLIDATED FINANCIAL INFORMATION**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

---

**J. NOTES TO UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004 (cont'd)**

**23. PROFIT BEFORE INCOME TAX**

In addition to the charges and credits disclosed elsewhere in the notes, this item includes the following charges:—

	2002 \$'000	2003 \$'000	2004 \$'000
Auditors' remuneration:			
— Auditors of the Company			
— Current year	68	106	93
— Under provision in prior years	4	10	43
— Other auditors			
— Current year	24	39	26
Directors' remuneration:			
— Directors of the Company	1,502	1,837	1,897
— Directors of subsidiaries	2,827	1,397	1,620
Professional fees paid to a company in which a Director of a subsidiary has an interest	163	353	—
Inventory written off	—	—	36

**24. INCOME TAX**

	2002 \$'000	2003 \$'000	2004 \$'000
Current	997	842	1,068
Deferred	(77)	308	57
Share of associates' tax	150	264	201
Total income tax expense	1,070	1,414	1,326

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rates of 22.0%, 22.0%, 20.0% for 2002, 2003 and 2004 respectively to profit before income tax as a result of the following differences:—

	2002 \$'000	2003 \$'000	2004 \$'000
Income tax expense at the statutory rate	1,011	1,246	1,143
Non-allowable items	208	250	247
Change in tax rate	(8)	6	—
Tax exemptions	(151)	(129)	(147)
Deferred tax asset valuation allowance	44	12	33
Other items	(34)	29	50
Total income tax expense	1,070	1,414	1,326

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**APPENDIX I**  
**INDEPENDENT AUDITORS' REPORT AND THE UNAUDITED**  
**PROFORMA CONSOLIDATED FINANCIAL INFORMATION**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

---

**J. NOTES TO UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004 (cont'd)**

**24. INCOME TAX (cont'd)**

The net deferred tax amount in the balance sheet is as follows:—

	2004
	\$'000
Deferred tax liabilities:	
Excess of net book value of plant and equipment	(719)
Total deferred tax liabilities	<u>(719)</u>
Deferred tax assets:	
Excess of tax base over net book value of plant and equipment	17
Tax losses carryforwards	93
Unabsorbed capital allowances	<u>17</u>
Total deferred tax assets	<u>127</u>
Net total of deferred tax liabilities	(592)
Deferred tax asset valuation allowance	<u>(75)</u>
Balance	<u>(667)</u>

An allowance is made to the extent that it is not probable that taxable profit will be available against which the unused tax loss carryforwards and unabsorbed capital allowances can be utilised. The realisation of the future income tax benefits from tax loss carryforwards and temporary differences from capital allowances is available for an unlimited future period subject to the conditions imposed by law including the retention of majority shareholders as defined. Where provision for deferred tax arising from temporary differences has been offset against the above tax loss carryforwards and unabsorbed capital allowances such provision for deferred tax will be required to be set up when the tax losses and unabsorbed capital allowances are utilised in the future. There are no income tax consequences of dividends to shareholders of the Company. Temporary differences arising in connection with interests in subsidiaries and associates are insignificant.

In 2004, the government enacted a change in the national income tax rate from 22.0% to 20.0%.

**25. EARNINGS PER SHARE**

Basic earnings per share is calculated based on the net profit for the respective years attributable to shareholders and the pre-invitation share capital of the Company of 186,703,046 shares.

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**APPENDIX I**  
**INDEPENDENT AUDITORS' REPORT AND THE UNAUDITED**  
**PROFORMA CONSOLIDATED FINANCIAL INFORMATION**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

---

**J. NOTES TO UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004 (cont'd)**

**26. CASH AND CASH EQUIVALENTS IN THE CASH FLOW STATEMENT**

	2004
	\$'000
Cash in hand and at bank	3,877
Bank overdrafts	(28)
	<hr/>
	3,849

Property, plant and equipment — The Proforma Group acquired property, plant and equipment with an aggregate cost of approximately \$5,816,000 of which \$2,026,000 was acquired by means of finance leases and \$791,000 relates to provision for restoration costs. Cash payments of \$2,999,000 were made to purchase property, plant and equipment.

**27. OPERATING LEASE COMMITMENTS**

At the balance sheet date the commitments in respect of operating leases with a term of more than one year were as follows:—

	2004
	\$'000
Within 1 year	3,753
After 1 year but within 5 years	6,266
After 5 years	431
	<hr/>
Rental expense for the year	3,212

Operating lease payments represent rentals payable by the Proforma Group for certain of its premises. The lease rental terms are negotiated for an average term of three years and rentals are subject to an escalation clause but the amount of the rent increase is not to exceed a certain percentage. Such increases are not included in the above amounts.

**28. CAPITAL EXPENDITURE COMMITMENTS**

In addition to commitments disclosed elsewhere in the notes, there were the following commitments:—

	2004
	\$'000
Estimated amounts committed for future capital expenditure but not provided for in the financial information.	6,973

**29. CONTINGENT LIABILITIES**

	2004
	\$'000
Corporate guarantee in favour of associates	9,455

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**APPENDIX I**  
**INDEPENDENT AUDITORS' REPORT AND THE UNAUDITED**  
**PROFORMA CONSOLIDATED FINANCIAL INFORMATION**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

---

**J. NOTES TO UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004 (cont'd)**

**30. OTHER MATTERS**

**Option to purchase property**

A subsidiary of the Company, Adam Road Hospital Pte Ltd ("the Purchaser") has entered into an option to purchase a property known as 19 Adam Road from Wong Yip Chong (Private) Limited ("the Vendor"). In consideration of \$300,000 ("option money") being paid to the Vendor, the Purchaser was granted a call option to purchase the property. This option expires on 31 December 2005.

In 2004, an associate of the Company, Pacific Hospital Consultants Pte Ltd (formerly known as Medilane Pte Ltd), entered into a sale and purchase agreement with the Vendor to purchase the property for a consideration of \$10.8 million. Following this, the option to purchase granted by the Vendor to the Purchaser has lapsed and has been rendered null and void. The purchase price will be paid in accordance with the terms set out in the sale and purchase agreement. As at the balance sheet date, the transaction has not been completed.

**Share swap**

Pursuant to the shareholders' agreement of a subsidiary, Adam Road Hospital Pte Ltd ("ARH"), the Company has given an undertaking to Wong Yip Chong (Private) Limited ("WYCPL"), the other shareholder of ARH that in the event of any sale, transfer or disposal which constitutes a majority of the issued share capital of the Company to a third party or an initial public offering of the ordinary shares of the Company to the public, the Company shall offer to WYCPL the right to swap its ordinary shares in ARH for ordinary shares in the Company. The valuation and issue price for the share swap is set out in the shareholders' agreement.

In 2004, the Company entered into a sale and purchase agreement to acquire the additional 20% equity interest in ARH from WYCPL for \$504,000. The purchase consideration is to be satisfied by the issue of shares in the Company. The completion date of the transaction will be upon the listing of the Company's shares on the Singapore Stock Exchange ("SGX-ST"). For the purpose of the Proforma Group's financial information, this equity interest has been consolidated as if the acquisition had taken place since the beginning of the periods reported on.

**Put and call options**

(a) The Company entered into an option agreement in March 2005 with Dr Ang Ai Tin and Dr Ang Poon Liat (collectively, the "Vendors") pursuant to which the Company granted the Vendors a call option (the "29% Call Option") to acquire 29,000 ordinary shares (the "29% Option Shares"), representing 29% of the issued share capital of an associate, Thomson Paediatric Clinic Pte Ltd ("TPC") held by the Company. The 29% Call Option is exercisable by the Vendors at any time for a period of six months commencing on the date falling four months from the date of admission of the Company to the Official List of the SGX-ST. The consideration for the purchase of the 29% Option Shares shall be in cash. The consideration is to be determined in accordance with a formula set out in the call option agreement which is based on the equivalent of approximately 4,545,353 shares of the Company (to be issued by the Company to each Vendor pursuant to its initial purchase of TPC's shares) and on the average of the last dealt price of the shares on the SGX-ST over five trading days immediately preceding the date of the exercise of the 29% Call Option.

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**APPENDIX I**  
**INDEPENDENT AUDITORS' REPORT AND THE UNAUDITED**  
**PROFORMA CONSOLIDATED FINANCIAL INFORMATION**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

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**J. NOTES TO UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004 (*cont'd*)**

**30. OTHER MATTERS (*cont'd*)**

- (b) Pacific Healthcare Medical Services Pte Ltd ("PHMS") entered into a sale and purchase agreement in October 2003 with Dr Lee Leng Ghee, Willie and Dr Lee Ping Wen (collectively, the "Vendors") pursuant to which PHMS acquired 70% of the issued share capital of Doctors Lee & Partners Pte Ltd ("DLP") (the "Initial Acquisition"). Pursuant to the sale and purchase agreement, PHMS granted the Vendors a put option in respect of the remaining balance of 30% of the issued shares then held by the Vendors. The commencement date of the exercise of the put option shall be any time after the full payment of the purchase consideration of the Initial Acquisition. The purchase price of the put option shall be in cash and shall be three times the average net profit after tax for the two consecutive financial years of DLP preceding the exercise of the option.
- (c) A subsidiary, Atria Medical Associates Pte Ltd ("AMA") entered into an option agreement in January 2003 with Dr Tan Thian Soo, Sydney and Liew Suet Yen, Jasmine (collectively, the "Vendors") pursuant to which AMA granted to the Vendors a put option to require AMA to acquire the remaining shares in The Clinic @ Cuppage Pte Ltd ("TC@C") held by the Vendors representing 30% of the issued share capital of TC@C (the "Remaining Shares") in the proportions as set out in the agreement.

The put option is exercisable by the Vendors at any time for a period of one month beginning on the expiry of the fifth anniversary of 31 January 2003. The consideration for the purchase of the Remaining Shares shall be in cash of \$198,000 or determined in accordance with a formula set out in the option to purchase agreement which is based on the average of the net profit after tax of TC@C for the three calendar years 2005 to 2007, whichever is the higher sum.

- (d) A subsidiary, Pacific Health Alliance Pte Ltd, has entered into a put and call option agreement with the vendor for the purchase of 70% of the issued shares in Town Hall Clinic Pte Ltd held by the vendor in cash, on such terms as may be agreed between the parties. The commencement date for the exercise of both the put and call options shall be the day after the expiry of two years from 1 December 2003.
- (e) A subsidiary, Pacific Health Alliance Pte Ltd ("PHA") entered into an option agreement in January 2003 with Dr Yeoh Sin Hock and Dr Winston Ho Sin Teck (collectively, the "Vendors") pursuant to which PHA granted to the Vendors a put option (the "Put Option 1") to require PHA to acquire 40% of the issued and paid up share capital in Clinic 1886 Pte Ltd (the "Option Shares") held by the Vendors in the proportion as set out in the option agreement. The option agreement provides for Put Option 1 to be exercisable by the Vendors at any time for a period of two months beginning on the expiry of the second anniversary of 1 January 2003. This option period has since been varied to commence six months commencing from 1 July 2005 pursuant to an agreement entered into between the parties in March 2005. The consideration for the purchase of the Option Shares shall be in cash and determined in accordance with a formula set out in the option agreement which is based on the net profit after tax of Clinic 1886 Pte Ltd for the two calendar years 2003 and 2004.

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**APPENDIX I**  
**INDEPENDENT AUDITORS' REPORT AND THE UNAUDITED**  
**PROFORMA CONSOLIDATED FINANCIAL INFORMATION**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

---

**J. NOTES TO UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004 (*cont'd*)**

**30. OTHER MATTERS (*cont'd*)**

PHA entered into a second option agreement in January 2003 (the "Option Agreement 2") with the Vendors pursuant to which PHA granted to the Vendors another put option to acquire the remaining balance of up to 70% of the issued and paid up share capital in Clinic 1886 Pte Ltd (the "Remaining Shares") held by the Vendors (less all the Option Shares which have been purchased by PHA pursuant to Put Option 1, if any). The second put option is exercisable by the Vendors at any time for a period of two months beginning on the expiry of the fifth anniversary of 1 January 2003. The consideration for the purchase of the Remaining Shares shall be in cash and determined in accordance with a formula set out in Option Agreement 2, which is based on the net profit after tax of Clinic 1886 Pte Ltd for the three calendar years 2005 to 2007.

- (f) The Company entered into an agreement in May 2004 (the "Agreement") with a director of the Company, Dr William Chong who granted the Company a call option to purchase all or any part of the 20% issued shares ("Option Shares") of Pacific Eldercare and Nursing Pte Ltd, held by him. The Agreement provides for the call option to be exercisable by the Company at any time within a period of five calendar years from the date of the Agreement ("Option Period"). This Option Period has since been varied to commence five calendar years from the first anniversary of the Company's Initial Public Offer ("IPO") of its shares, pursuant to a Deed entered into between the parties in December 2004. The consideration for the Option Shares shall be in cash and will be on the terms and conditions as may be agreed between the parties. The Company has the right of first refusal if Dr William Chong wishes to sell, transfer or dispose of all or any portion of his shares.
- (g) The Company entered into an agreement in May 2004 (the "Agreement") with a director of the Company, Dr William Chong who granted the Company a call option to purchase all or any part of the 20% issued shares ("Option Shares") of Pacific Healthcare Nursing Home Pte Ltd, held by him. The Agreement provides for the call option to be exercisable by the Company at any time within a period of five calendar years from the date of the Agreement ("Option Period"). This Option Period has since been varied to commence five calendar years from the first anniversary of the Company's IPO of its shares, pursuant to a Deed entered into between the parties in December 2004. The consideration for the Option Shares shall be in cash and will be on the terms and conditions as may be agreed between the parties. The Company has the right of first refusal if Dr William Chong wishes to sell, transfer or dispose of all or any portion of his shares.

**Further consideration to be paid**

The sales and purchase agreement entered into between the vendors and a subsidiary, Pacific Healthcare Medical Services Pte Ltd, relating to the acquisition of a subsidiary, Peninsula Plaza Clinic & Surgery Pte Ltd provides that the vendors shall be paid a further consideration sum of \$545,000 ("further consideration") on 1 October 2005 upon the fulfillment of and subject to certain conditions as stipulated in the sales and purchase agreement. This further consideration has not been accounted for in this financial information.

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**APPENDIX I**  
**INDEPENDENT AUDITORS' REPORT AND THE UNAUDITED**  
**PROFORMA CONSOLIDATED FINANCIAL INFORMATION**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

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**J. NOTES TO UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004 (*cont'd*)**

**31. SEGMENTAL INFORMATION**

Segment information is presented in respect of the Proforma Group's business. The Proforma Group operates predominantly in Singapore. The primary format, business segments, is based on the Proforma Group's management and internal reporting structure.

Inter-segment pricing is determined on mutually agreed terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate assets and expenses, interest income, interest expenses and related assets and liabilities.

The Proforma Group comprises the following main business segments:—

Primary: Comprises dentistry, general practice medicine, eldercare and wellness services

Specialist: Comprises clinical services and facilities management

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location in which the services are rendered. Segment assets are based on the geographical location of the assets.

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**APPENDIX I**  
**INDEPENDENT AUDITORS' REPORT AND THE UNAUDITED**  
**PROFORMA CONSOLIDATED FINANCIAL INFORMATION**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

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**J. NOTES TO UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**  
*(cont'd)*

**31. SEGMENTAL INFORMATION *(cont'd)***

**Business segment**

	Primary			Specialist			Consolidated		
	2002	2003	2004	2002	2003	2004	2002	2003	2004
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue</b>									
External sales	18,502	17,706	20,052	15,774	18,282	22,127	34,276	35,988	42,179
<b>Results</b>									
Segment results	2,739	2,653	3,000	3,228	4,368	5,014	5,967	7,021	8,014
<b>Unallocated income and expenses</b>									
Other operating income							93	121	55
Unallocated corporate expenses							(1,725)	(1,823)	(2,351)
Finance costs							(287)	(385)	(648)
Income from associates							549	729	644
Income tax expense							(1,070)	(1,414)	(1,326)
Profit after income tax							3,527	4,249	4,388
Minority interests							(94)	(171)	(15)
Net profit for the year attributable to shareholders							3,433	4,078	4,373

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**APPENDIX I**  
**INDEPENDENT AUDITORS' REPORT AND THE UNAUDITED**  
**PROFORMA CONSOLIDATED FINANCIAL INFORMATION**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

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**J. NOTES TO UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**  
*(cont'd)*

**31. SEGMENTAL INFORMATION *(cont'd)***

**Business segment *(cont'd)***

	Primary	Specialist	Consolidated
	2004	2004	2004
	\$'000	\$'000	\$'000
<b>Assets</b>			
Segment assets	27,385	17,598	44,983
Unallocated assets	<u><u>                  </u></u>	<u><u>                  </u></u>	10,773
Total assets			55,756
<b>Liabilities</b>			
Segment liabilities	4,318	4,107	8,425
Unallocated liabilities	<u><u>                  </u></u>	<u><u>                  </u></u>	25,370
Total liabilities			33,795
<b>Other information</b>			
Segment capital expenditure	1,164	4,497	5,661
Segment depreciation and amortisation	809	1,362	2,171
Unallocated capital expenditure			155
Unallocated depreciation and amortisation			131

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**APPENDIX I**  
**INDEPENDENT AUDITORS' REPORT AND THE UNAUDITED**  
**PROFORMA CONSOLIDATED FINANCIAL INFORMATION**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

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**J. NOTES TO UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**  
*(cont'd)*

**31. SEGMENTAL INFORMATION *(cont'd)***

**Geographical segments**

	Singapore			Overseas			Consolidated		
	2002	2003	2004	2002	2003	2004	2002	2003	2004
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue</b>									
External sales	31,933	33,414	38,381	2,343	2,574	3,798	34,276	35,988	42,179
<b>Results</b>									
Segment results	5,688	7,183	8,273	279	(162)	(259)	5,967	7,021	8,014
<b>Unallocated income and expenses</b>									
Other operating income							93	121	55
Unallocated corporate expenses							(1,725)	(1,823)	(2,351)
Finance costs							(287)	(385)	(648)
Income from associates							549	729	644
Income tax expenses							(1,070)	(1,414)	(1,326)
Profit after income tax							3,527	4,249	4,388
Minority interests							(94)	(171)	(15)
Net profit for the year attributable to shareholders							3,433	4,078	4,373

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**APPENDIX I**  
**INDEPENDENT AUDITORS' REPORT AND THE UNAUDITED**  
**PROFORMA CONSOLIDATED FINANCIAL INFORMATION**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

---

**J. NOTES TO UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**  
*(cont'd)*

**31. SEGMENTAL INFORMATION *(cont'd)***

**Geographical segments *(cont'd)***

	Singapore	Overseas	Consolidated
	2004	2004	2004
	\$'000	\$'000	\$'000
<b>Other information</b>			
Segment assets	40,030	4,953	44,983
Unallocated assets	<u>                  </u>	<u>                  </u>	10,773
Total assets	<u>                  </u>	<u>                  </u>	55,756
Segment liabilities	7,629	796	8,425
Unallocated liabilities	<u>                  </u>	<u>                  </u>	25,370
Total liabilities	<u>                  </u>	<u>                  </u>	33,795
Segment capital expenditure	4,454	1,362	5,816
Segment depreciation and amortisation	2,272	30	2,302

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**APPENDIX I**  
**INDEPENDENT AUDITORS' REPORT AND THE UNAUDITED**  
**PROFORMA CONSOLIDATED FINANCIAL INFORMATION**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

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**J. NOTES TO UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004 (cont'd)**

**32. SUBSEQUENT EVENTS**

- (i) At an extraordinary general meeting held on 23 August 2005, the shareholders' approved, inter alia, the following:–
  - (a) the increase in the authorised share capital of the Company from \$500,000 divided into 5,000,000 shares of \$0.10 each to \$50,000,000 divided into 500,000,000 shares of \$0.10 each;
  - (b) the sub-division of every 1 ordinary share of \$0.10 each in the authorised and paid-up share capital of the Company into 5 ordinary shares of \$0.02 each (the "Share Split");
  - (c) the conversion of the Company into a public limited company and the change of name to Pacific Healthcare Holdings Ltd.;
  - (d) the bonus issue for the allotment and issue of an aggregate of 130,323,250 ordinary shares at par of the Company to three of the Directors of the Company, Pacific Investments, Dr Iris Chong and the original shareholders of the Founding Entities pursuant to the Restructuring Exercise as described under the section "Restructuring Exercise" of this Prospectus;
  - (e) the adoption of a new set of Articles of Association;
  - (f) the issue of 48,000,000 New Shares pursuant to the Invitation. The New Shares, when issued and fully paid-up, will rank pari passu in all respects with the existing issued and fully paid-up shares;
  - (g) the establishment of the ESOS, the rules of which are set out in Appendix III of this Prospectus; and
  - (h) Pursuant to Section 161 of the Act and the Articles of Association of the Company, the Directors be authorised to allot and issue new Share or convertible securities in the Company (whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit, provided that the aggregate number of Shares and convertible securities issued pursuant to such authority shall not exceed 50.0 per cent. of the issued share capital of the Company, of which the aggregate number of Shares and convertible securities issued other than on a pro-rata basis to the existing Shareholders of the Company shall not exceed 20.0 per cent. of the issued share capital of the Company (the percentage of issued share capital being based on the post-Invitation issued share capital of the Company after adjusting for new Shares arising from the conversion or exercise of any convertible securities or exercise of employee share options or vesting of share awards outstanding or subsisting on issue at the time such authority is given, and for any consolidation or sub-division of shares) and, unless revoked or varied by the Company in general meeting, such authority shall take effect on the date of admission of the Company to the Official List of the SGT-ST and shall continue to be in force until the conclusion of the next annual general meeting of the Company or on the date by which the next annual general meeting is required by law to be held, whichever is the earlier.

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**APPENDIX I**  
**INDEPENDENT AUDITORS' REPORT AND THE UNAUDITED**  
**PROFORMA CONSOLIDATED FINANCIAL INFORMATION**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

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**J. NOTES TO UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004 (*cont'd*)**

**32. SUBSEQUENT EVENTS (*cont'd*)**

- (ii) The Company
  - (a) allotted and issued an aggregate of 18,250,000 ordinary shares at par of the Company to three of the Directors of the Company, Pacific Investments, Dr Iris Chong and the original shareholders of the Founding Entities pursuant to the Restructuring Exercise as described under the section "Restructuring Exercise" of this Prospectus; and
  - (b) allotted and issued an aggregate of 36,329,796 ordinary shares of the Company at \$0.30 per share to the original shareholders of the Non-Founding Entities and SCPEL pursuant to the Restructuring Exercise as described under the section "Restructuring Exercise" of this Prospectus.
- (iii) The Company granted the Lead Manager of the Invitation an Over-allotment Option exercisable by the Lead Manager, in whole or in part, during the period commencing on the listing date and expiring on the date falling 30 days after the listing date, to subscribe and/or procure subscribers for up to an aggregate of 7,200,000 additional shares, representing in aggregate not more than 15 per cent. of the invitation shares (before the exercise of the Over-allotment Option), at the invitation price, solely for the purpose of covering over-allotments (if any) made in connection with the Invitation. This is described under the section "Over-allotment and Stabilisation" of this Prospectus.

**K. AUDITED FINANCIAL STATEMENTS**

No audited consolidated financial statements of the Group have been prepared for any period subsequent to 31 December 2004.

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**APPENDIX II**  
**INDEPENDENT AUDITORS' REPORT AND**  
**AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

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**PACIFIC HEALTHCARE HOLDINGS LTD.  
AND SUBSIDIARIES**  
**(FORMERLY KNOWN AS PACIFIC HEALTHCARE HOLDINGS PTE. LTD.)**  
(Registration No: 200100544H)

**INDEPENDENT AUDITORS' REPORT AND  
AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

---

**APPENDIX II**  
**INDEPENDENT AUDITORS' REPORT AND**  
**AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

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**INDEPENDENT AUDITORS' REPORT**

27 October 2005

The Board of Directors  
Pacific Healthcare Holdings Ltd.  
(formerly known as Pacific Healthcare Holdings Pte. Ltd.)  
290 Orchard Road  
#12-01 Paragon  
Singapore 238859

Dear Sirs,

We have audited the accompanying consolidated financial statements of the Group as set out on pages II-3 to II-44, comprising the Group's consolidated balance sheets as at 31 December 2002, 2003 and 2004, its consolidated statements of income, cash flows and changes in equity for each of the financial years ended 31 December 2002, 2003 and 2004. These consolidated financial statements of the Group are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether these financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in these financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statements presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the abovementioned consolidated financial statements of the Group present fairly, in all material respects, the state of affairs of the Group as at 31 December 2002, 2003 and 2004 and the results, changes in equity and cash flows of the Group for each of the financial years ended 31 December 2002, 2003 and 2004 in accordance with Singapore Financial Reporting Standards.

The accompanying consolidated financial statements of the Group have been compiled from the statutory consolidated financial statements of the Group for the years ended 31 December 2002, 2003 and 2004. This report has been prepared for the purpose of inclusion in the Prospectus in connection with the invitation in respect of new ordinary shares in the share capital of the Company to be issued in connection with such invitation.

Yours faithfully

Chio Lim & Associates  
Certified Public Accountants  
Singapore

Peter Jacob  
Partner-in-charge  
A member of the Institute of Certified Public Accountants of Singapore

**APPENDIX II**  
**INDEPENDENT AUDITORS' REPORT AND**  
**AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

**PACIFIC HEALTHCARE HOLDINGS PTE. LTD. AND SUBSIDIARIES**

(Registration No: 200100544H)

**CONSOLIDATED BALANCE SHEETS**

**As at 31 December**

	<b>Notes</b>	<b>2002</b> \$'000	<b>2003</b> \$'000	<b>2004</b> \$'000
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash	5	6,252	7,862	4,251
Trade receivables	6	2,534	3,387	4,322
Other receivables, deposits and prepayments	7	5,143	6,053	7,505
Inventories	8	1,641	2,071	1,980
<b>Total current assets</b>		<b>15,570</b>	<b>19,373</b>	<b>18,058</b>
<b>Non-current assets:</b>				
Interests in associates	9	593	8,580	8,299
Other investment	10	—	995	—
Property, plant and equipment	11	8,856	8,641	12,789
Intangible assets	12	6,497	14,173	15,158
Other receivables and prepayments	13	2,085	3,674	1,750
<b>Total non-current assets</b>		<b>18,031</b>	<b>36,063</b>	<b>37,996</b>
<b>Total assets</b>		<b>33,601</b>	<b>55,436</b>	<b>56,054</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities:</b>				
Short-term borrowings	14	—	289	28
Trade payables and accrued liabilities	15	1,974	4,193	4,462
Other payables	16	5,870	15,804	12,925
Income tax payable		1,030	839	880
Current portion of long-term borrowings	17	80	1,206	12,896
Current portion of finance leases	18	1,304	1,184	1,294
<b>Total current liabilities</b>		<b>10,258</b>	<b>23,515</b>	<b>32,485</b>
<b>Non-current liabilities:</b>				
Deferred tax	29	315	468	688
Other payables	16	—	—	1,301
Long-term borrowings	17	13,357	18,135	8,287
Finance leases	18	2,061	1,231	1,898
<b>Total non-current liabilities</b>		<b>15,733</b>	<b>19,834</b>	<b>12,174</b>
<b>Minority interests</b>		<b>210</b>	<b>1,219</b>	<b>1,053</b>
<b>Capital and reserves:</b>				
Issued capital	19	— <sup>(1)</sup>	— <sup>(1)</sup>	36
Reserves	20	7,400	10,868	10,306
<b>Total equity</b>		<b>7,400</b>	<b>10,868</b>	<b>10,342</b>
<b>Total liabilities and equity</b>		<b>33,601</b>	<b>55,436</b>	<b>56,054</b>

(1) Less than \$ 1,000

See accompanying notes to consolidated financial statements.

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**APPENDIX II**  
**INDEPENDENT AUDITORS' REPORT AND**  
**AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

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**PACIFIC HEALTHCARE HOLDINGS PTE. LTD. AND SUBSIDIARIES**

(Registration No: 200100544H)

**CONSOLIDATED INCOME STATEMENTS**

**Year ended 31 December**

	<b>Notes</b>	<b>2002</b> \$'000	<b>2003</b> \$'000	<b>2004</b> \$'000
<b>Revenue</b>	21	34,313	36,484	42,404
Other operating income	22	584	529	907
Changes in inventories of finished goods		463	147	(72)
Raw materials and consumables used		(4,795)	(6,742)	(8,317)
Staff costs	23	(17,254)	(17,126)	(19,994)
Depreciation and amortisation expenses	25	(1,802)	(2,037)	(2,308)
Other operating expenses		(5,972)	(6,071)	(6,941)
Other (charges)/credits	26	(378)	(121)	(22)
<b>Profit from operations</b>		5,159	5,063	5,657
Finance costs	27	(272)	(376)	(648)
Income/(losses) from associates		(7)	71	630
<b>Profit before income tax</b>	28	4,880	4,758	5,639
Income tax expense	29	(965)	(1,106)	(1,330)
<b>Profit after income tax</b>		3,915	3,652	4,309
Minority interests		20	(157)	(80)
<b>Net profit for the year attributable to shareholders</b>		<u>3,935</u>	<u>3,495</u>	<u>4,229</u>
<b>Earnings per share (cents)</b>				
<b>Basic</b>	30	<u>1,093</u>	<u>971</u>	<u>1,175</u>

See accompanying notes to consolidated financial statements.

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**APPENDIX II**  
**INDEPENDENT AUDITORS' REPORT AND**  
**AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

---

**PACIFIC HEALTHCARE HOLDINGS PTE. LTD. AND SUBSIDIARIES**

(Registration No: 200100544H)

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

**Year ended 31 December**

	<b>Issued Capital</b>	<b>Foreign Exchange Translation Reserve</b>	<b>Accumulated Profits</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Balance at 31 December 2001</b>	— <sup>(1)</sup>	2	3,479	3,481
Net profit for the year	—	—	3,935	3,935
Currency translation differences	—	(16)	—	(16)
<b>Balance at 31 December 2002</b>	—	(14)	7,414	7,400
Net profit for the year	—	—	3,495	3,495
Currency translation differences	—	(27)	—	(27)
<b>Balance at 31 December 2003</b>	— <sup>(1)</sup>	(41)	10,909	10,868
Issue of shares (Note 19)	36	—	(36)	—
Net profit for the year	—	—	4,229	4,229
Dividend (Note 31)	—	—	(4,600)	(4,600)
Currency translation differences	—	(155)	—	(155)
<b>Balance at 31 December 2004</b>	<u>36</u>	<u>(196)</u>	<u>10,502</u>	<u>10,342</u>

(1) Less than \$ 1,000

See accompanying notes to consolidated financial statements.

**APPENDIX II**  
**INDEPENDENT AUDITORS' REPORT AND**  
**AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

**PACIFIC HEALTHCARE HOLDINGS PTE. LTD. AND SUBSIDIARIES**

(Registration No: 200100544H)

**CONSOLIDATED CASH FLOW STATEMENTS**

**Year ended 31 December**

	<u>Notes</u>	<u>2002</u> \$'000	<u>2003</u> \$'000	<u>2004</u> \$'000
<b>Cash flows from operating activities:</b>				
Profit before income tax		4,880	4,758	5,639
Adjustments for:				
Depreciation		1,440	1,558	1,503
Amortisation of goodwill		362	479	805
Interest income		(73)	(121)	(55)
Interest expense		272	376	648
(Income)/losses from associates		7	(71)	(630)
Goodwill written off		—	41	—
Gain on disposal of subsidiaries		—	(16)	(7)
(Gain)/loss on disposal of plant and equipment		13	(83)	30
Gain on disposal of associate		—	—	(47)
Gain on disposal of business units		—	—	(128)
Gain on disposal of inventories		—	(34)	—
Operating profit before working capital changes		6,901	6,887	7,758
Cash — restricted deposits		—	(162)	—
Trade receivables		(482)	(108)	(936)
Other receivables, deposits and prepayments		1,573	(1,413)	1,300
Inventories		(437)	(356)	90
Trade payables and accrued liabilities		(389)	1,257	268
Other payables		(1,136)	1,375	577
Cash generated from operations		6,030	7,480	9,057
Interest paid		(272)	(376)	(648)
Interest received		73	121	55
Income tax paid		(1,060)	(1,102)	(1,088)
Net cash from operating activities		4,771	6,123	7,376
<b>Cash flows from investing activities:</b>				
Proceeds from disposal of plant and equipment		1	222	298
Proceeds from sale of inventories		—	200	—
Purchase consideration paid to the founders for the purchase of subsidiaries		—	—	(4,139)
Purchase of plant and equipment	33	(515)	(1,387)	(3,145)
Increase in interests in associates		(600)	(2,869)	—
Net cash (outflow)/inflow on disposal of subsidiaries/business units	32	—	(783)	651
Net cash outflow on acquisition of subsidiaries/business units	32	(987)	(3,341)	(44)
Net cash used in investing activities		(2,101)	(7,958)	(6,379)

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**APPENDIX II**  
**INDEPENDENT AUDITORS' REPORT AND**  
**AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

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**PACIFIC HEALTHCARE HOLDINGS PTE. LTD. AND SUBSIDIARIES**

(Registration No: 200100544H)

**CONSOLIDATED CASH FLOW STATEMENTS**

**Year ended 31 December**

	<u>Notes</u>	<u>2002</u> \$'000	<u>2003</u> \$'000	<u>2004</u> \$'000
<b>Cash flows from financing activities:</b>				
Net increase in borrowings		2,174	4,367	1,842
Net decrease in finance leases		(1,660)	(1,348)	(1,259)
Dividend paid		—	—	(4,600)
Dividend paid to minority interests of a subsidiary		—	—	(162)
Net cash from/(used in) financing activities		514	3,019	(4,179)
<b>Net effect of exchange rate changes in consolidating foreign subsidiaries</b>				
		200	(25)	(168)
<b>Net increase/(decrease) in cash and cash equivalents</b>				
		3,384	1,159	(3,350)
<b>Cash and cash equivalents at beginning of year</b>		2,868	6,252	7,411
<b>Cash and cash equivalents at end of year</b>	33	<u>6,252</u>	<u>7,411</u>	<u>4,061</u>

See accompanying notes to consolidated financial statements.

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**APPENDIX II**  
**INDEPENDENT AUDITORS' REPORT AND**  
**AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

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**PACIFIC HEALTHCARE HOLDINGS PTE. LTD. AND SUBSIDIARIES**

(Registration No: 200100544H)

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**1. GENERAL**

Pacific Healthcare Holdings Pte. Ltd. (the "Company") is incorporated in Singapore. The registered office of the Company is 290 Orchard Road #12-01 Paragon Singapore 238859. The Company is domiciled in Singapore.

The consolidated financial statements are presented in Singapore dollars. They are drawn up in accordance with the Singapore Financial Reporting Standards ("FRS").

The principal activities of the Company are those of investment holding and to carry on the business of healthcare management. The principal activities of the subsidiaries are set out in note 3 below.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**ACCOUNTING CONVENTION** — The consolidated financial statements are prepared in accordance with the historical cost convention.

**BASIS OF PRESENTATION** — The consolidation accounting method is used for the consolidated financial statements which include the financial statements made up to 31 December each year of the Company and of those companies in which it holds, directly or indirectly through subsidiaries, over 50 percent of the shares and voting rights. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions, including income, expenses and dividends, are eliminated in full on consolidation. The equity accounting method is used for associates. The equity accounting of the associates results and reserves is based on its audited financial statements. However, if these audited financial statements are not available, the management accounts of the associates are used. The results of the investees acquired or disposed of during the financial year are consolidated from the respective dates of acquisition or up to the dates of disposal. On disposal the attributable amount of unamortised goodwill is included in the determination of the gain or loss on disposal.

**GOODWILL** — Goodwill arising on acquisition is based on the purchase method. Goodwill arising on consolidation represents the excess of the cost of acquisition over the acquirer's interest in the fair value of the identifiable assets and liabilities of the subsidiary or associate acquired as at the date of acquisition. Goodwill is carried at cost less any accumulated amortisation and any accumulated impairment losses. It is amortised on the straight-line method over 20 years to reflect the best estimate of the period during which future economic benefits are expected to flow to the Group. Goodwill on acquisitions of associates is included in interests in associates.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

**MINORITY INTERESTS** — Minority interests are stated at the appropriate proportion of the post-acquisition values of the identifiable assets and liabilities of the subsidiaries.

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**APPENDIX II**  
**INDEPENDENT AUDITORS' REPORT AND**  
**AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**SUBSIDIARIES** — In the Company's own financial statements, the investments in subsidiaries are carried at cost less any accumulated impairment losses. The book values of the subsidiaries are not necessarily indicative of the amounts that would be realised in a current market exchange.

**ASSOCIATE** — The investments in associates are carried in the Group balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate, less any accumulated impairment in value. The income statement reflects the Group's share of the results of operations of the associate. The Group's investment in its associate includes goodwill (net of accumulated amortisation and any accumulated impairment in value) on acquisition, which is treated in accordance with the accounting policy for goodwill stated above. In the Company's own financial statements, the investments in associates are stated at cost less any accumulated impairment in value. The net book values of the associates are not necessarily indicative of the amounts that would be realised in a current market exchange. Profits and losses resulting from transactions between the Group and an associate are recognised in the consolidated financial statements only to the extent of unrelated Group's interests in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

**REVENUE RECOGNITION** — Revenue from sale of goods is recognised when significant risks and rewards of ownership are transferred to the buyer and the amount of revenue and the costs of the transaction can be measured reliably. Revenue from rendering of services that are of short duration is recognised when the services are completed. Interest revenue is recognised on a time proportion basis using the effective interest rate. Rental revenue is recognised on a time-proportion basis. Dividend revenue is recognised when the shareholder's right to receive the dividend is legally established. Revenue is measured at the fair value of the consideration received or receivable, taking into account the amount of any trade discounts and volume rebates allowed by the entity.

**INVENTORIES** — Inventories are measured at the lower of cost (weighted average method) and net realisable value.

**PROPERTY, PLANT AND EQUIPMENT** — Property, plant and equipment are carried at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is provided on gross carrying amounts in equal annual installments over the estimated useful lives of the assets. The annual rates of depreciation are as follows:-

Plant and equipment – 10% to 33%

Depreciation is not provided on freehold land. Fully depreciated assets still in use are retained in the consolidated financial statements.

The useful life of an item of property, plant and equipment is reviewed periodically and, if expectations are significantly different from previous estimates, the depreciation charge for the current and future periods are adjusted.

The residual value and the useful life of an asset are reviewed at least at each financial year end and, if expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

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**APPENDIX II**  
**INDEPENDENT AUDITORS' REPORT AND**  
**AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

---

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**IMPAIRMENT OF ASSETS** — At each reporting date an assessment is made whether there is any indication of impairment in assets. If any such indication exists, an estimate is made of the recoverable amount of the asset. A provision is made for the excess of the carrying amount over the recoverable amount. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

**NON-CURRENT INVESTMENTS** — Non-current unlisted investments (other than investments in subsidiaries and associates) held as available-for-sale financial assets are stated at cost less any accumulated impairment in value. The transactions are recorded at the trade date.

**BORROWING COSTS** — All borrowing costs are recognised as an expense in the period in which they are incurred except for borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset which are capitalised as part of the cost of that asset until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

**ACCOUNTING ESTIMATES** — The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements.

**FOREIGN CURRENCY TRANSACTIONS** — The functional currency is the Singapore dollar as it reflects the primary economic environment in which the Company operates. Transactions in foreign currencies are recorded in Singapore dollars at the rates ruling at the dates of the transactions. At each balance sheet date, recorded monetary balances and balances carried at fair value that are denominated in foreign currencies are reported at the rates ruling at the balance sheet date. All realised and unrealised exchange adjustment gains and losses are dealt with in the income statement except where monetary items in substance form part of the Group's net investment in the subsidiaries and associates, the exchange differences arising on such items are recognised directly in equity until disposal of the investments.

**FOREIGN CURRENCY FINANCIAL STATEMENTS** — The foreign entities determine the appropriate functional currency as it reflects the primary economic environment in which the entities operate. In translating the financial statements of a foreign entity for incorporation in the consolidated financial statements of the Company the assets and liabilities denominated in currencies other than the functional currency of the Company are translated at year end rates of exchange and the income and expense items are translated at average rates of exchange for the year. The resulting translation adjustments (if any) are accumulated in a separate component of shareholders' equity until the disposal of the foreign entity.

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**APPENDIX II**  
**INDEPENDENT AUDITORS' REPORT AND**  
**AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**INCOME TAX** — The income taxes are accounted using the asset and liability method which requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. The measurement of deferred tax assets is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax liability is recognised for all taxable temporary differences, unless the deferred tax liability arises from (a) goodwill for which amortisation is not deductible for tax purposes; or (b) the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

**RETIREMENT BENEFITS COSTS** — Contributions to defined contribution retirement benefit plans are recorded as an expense as they fall due. Contributions made to government managed retirement benefit plans such as the Central Provident Fund in Singapore which specifies the employer's obligations are dealt with as defined contribution retirement benefit plans.

**LEASES** — A finance lease is recognised as an asset and as liability in the balance sheet at amounts equal at the inception of the lease to the fair value of the leased assets or, if lower, at the present value of the lease payments based on the interest rate implicit in the lease. The excess of the lease payments over the recorded lease obligations are treated as finance charges which are allocated to each lease term so as to produce a constant rate of charge on the remaining balance of the obligations. The assets are depreciated as owned depreciable assets. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in the income statement on a straight line basis unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis.

**LIABILITIES AND PROVISIONS** — A liability and provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. It is measured at the amount payable.

**CASH** — Cash for the cash flow statement includes cash and cash equivalents less bank overdrafts.

**FAIR VALUE OF FINANCIAL INSTRUMENTS** — The carrying values of cash and cash equivalents, accounts receivable, other current assets, short-term borrowings, accounts payable and other current liabilities approximate their fair values due to the short-term maturity of these instruments. Those financial assets that have a fixed maturity are measured at amortised cost using the effective interest rate method. Those that do not have a fixed maturity are measured at cost. All financial assets are subject to review for impairment. The fair values of long-term debt and other investments were not determined because the book values approximate their fair values. It is impracticable to estimate the fair value of certain receivables as the timing of the repayment is not determinable with reasonable accuracy.

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**APPENDIX II**  
**INDEPENDENT AUDITORS' REPORT AND**  
**AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*cont'd*)**

**RISK MANAGEMENT POLICIES FOR FINANCIAL INSTRUMENTS**

**CREDIT RISK ON FINANCIAL ASSETS** — Financial assets that are potentially subject to concentrations of credit risk consist principally of cash and cash equivalents, and trade and other accounts receivable. The Directors believe that the financial risks associated with these financial instruments are minimal. The Group places its cash and cash equivalents with high credit quality institutions. The Group performs ongoing credit evaluation of its debtors' financial condition and maintains a provision for impairment based upon the expected collectibility of all accounts receivable. There is no significant concentration of credit risk, as the exposure is spread over a large number of counterparties and customers.

**OTHER RISKS ON FINANCIAL INSTRUMENTS** — The Group monitors its interest, foreign exchange risks, and changes in fair values from time to time and any gains and losses are included in the income statement. The Group is exposed to interest rate price risk for financial instruments with a fixed interest rate and to interest rate or cash flow risk for financial instruments with a floating interest rate that is reset as market rates change. The Group is also exposed to changes in foreign exchange rates and liquidity of businesses. The Group does not utilise forward contracts or other arrangements to minimise these risks.

**APPENDIX II**  
**INDEPENDENT AUDITORS' REPORT AND**  
**AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**3. SUBSIDIARIES**

The details of the subsidiaries are as follows:-

<b>Name of subsidiary, country of incorporation, (date of acquisition/ incorporation) and principal activities</b>	<b>Cost</b>			<b>Effective percentage of equity held by the Group</b>		
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
<b>Held by the Company</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>	<b>%</b>	<b>%</b>
Specialist Surgery and Laser Centre Pte Ltd <sup>(a)</sup> Singapore (3 February 2001) Provision of day surgical facilities	1,730	1,730	1,730	100	100	100
Adam Road Hospital Pte Ltd <sup>(a)</sup> Singapore (1 July 2001) Provision of psychiatric services and management of hospital	1,116	1,116	2,560	80	80	80
Atria Pan Dental Group Pte Ltd <sup>(a)</sup> Singapore (28 February 2001) Practice of dental surgery and operation of dental clinics	1,188	1,188	1,188	100	100	100
Pacific Children's Clinic Pte Ltd <sup>(a)</sup> (formerly known as Kiddies Clinic Pte Ltd) Singapore (28 February 2001) Provision of specialised medical and paediatric services	300	285	285	100	100	100
Pacific Healthcare Specialist Services Pte Ltd <sup>(a)</sup> (formerly known as Tay Eye Surgery Pte Ltd) Singapore (1 February 2001) Provision of specialised healthcare including ophthalmology and colorectal surgery	300	300	567	100	100	100
Pacific Healthcare Asia Pte Ltd <sup>(a)</sup> (formerly known as Asia — Link Dental Services Pte Ltd) Singapore (29 October 2002) Trading of implants/investment holding	300	300	300	100	100	100
The Cosmetic Surgery Clinic Pte Ltd <sup>(a)</sup> (formerly known as The Cosmetic Surgery Clinic, Plastic Surgery and Dental Services Pte Ltd) Singapore (1 February 2001) Provision of cosmetic surgical services	200	200	200	100	100	100
MD Specialist Healthcare Pte Ltd <sup>(a)</sup> Singapore (28 February 2001) Provision of specialised medical services including day surgery centres and dental services	*—	*—	140	100	100	100

**APPENDIX II**  
**INDEPENDENT AUDITORS' REPORT AND**  
**AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**3. SUBSIDIARIES (cont'd)**

<b>Name of subsidiary, country of incorporation, (date of acquisition/ incorporation) and principal activities</b>	<b>Cost</b>			<b>Effective percentage of equity held by the Group</b>		
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
<b>Held by the Company</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>	<b>%</b>	<b>%</b>
Pacific Hospital Consultants Pte Ltd <sup>(a)</sup> (formerly known as Medilane Pte Ltd) Singapore (1 February 2001) Investment holding	—	—	—	100	100	100
Pacific Health Alliance Pte Ltd <sup>(a)</sup> Singapore (14 October 2002) Investment holding	—	—	—	100	100	100
Pacific Healthcare Medical Services Pte Ltd <sup>(a)</sup> Singapore (14 October 2002) Investment holding	—	—	—	100	100	100
Aesthetic and Reconstructive Centre Pte Ltd <sup>(a)</sup> Singapore (6 May 2002) Provision of cosmetic surgical services	51	51	449	51	51	80
Pacific Healthcare Limited <sup>(b)</sup> (formerly known as Dental — Link Services Limited) Hong Kong (28 February 2001) Investment holding and provision of management services	200	200	200	100	100	100
Pacific Dental Implant Centre Pte Ltd <sup>(a)</sup> (formerly known as Guan San Enterprise Pte Ltd) Singapore (1 November 2003) Practice of dental surgery	—	1,374	1,374	—	100	100
MHC Holdings Pte Ltd <sup>(a)</sup> Singapore (1 January 2003) Investment holding	—	570	573	—	100	100
Pacific Healthcare Diagnostics Services Pte Ltd <sup>(a)</sup> Singapore (16 May 2003) Provision of medical diagnostic tests	—	—	—	—	100	100
Pacific Healthcare Women's Centre Pte Ltd <sup>(a)</sup> Singapore (19 March 2003) Provision of obstetric and gynaecology services	—	150	500	—	100	100
Pacific Healthcare (India) Pte Ltd <sup>(a)/(e)</sup> Singapore (18 November 2003) Investment holding	—	50	105	—	66.7	70

**APPENDIX II**  
**INDEPENDENT AUDITORS' REPORT AND**  
**AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**3. SUBSIDIARIES (cont'd)**

<b>Name of subsidiary, country of incorporation, (date of acquisition/ incorporation) and principal activities</b>	<b>Cost</b>			<b>Effective percentage of equity held by the Group</b>		
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
<b>Held by subsidiaries</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Held by Atria Pan Dental Group Pte Ltd</b>						
Atria Medical Associates Pte Ltd <sup>(a)</sup> Singapore (29 September 2001) Practice of general medical practitioners	913	1,463	1,463	100	100	100
Implanet Pte Ltd <sup>(a)</sup> Singapore (24 December 2003) Inactive	—	*—	*—	—	100	100
Cross Marketing Services Pte Ltd <sup>(a)</sup> Singapore (24 December 2003) Trading of implants	—	*—	*—	—	100	100
Image Ceramics Dental Laboratory Pte Ltd <sup>(a)</sup> (formerly known as Med Frontiers Pte Ltd) Singapore (27 December 2003) Inactive	—	*—	*—	—	100	100
<b>Held by Atria Medical Associates Pte Ltd</b>						
The Clinic @ Cuppage Pte Ltd <sup>(a)</sup> Singapore (1 January 2003) Practice of general medical practitioners	—	525	525	—	70	70
<b>Held by Pacific Children's Clinic Pte Ltd</b>						
Therapy Works Pte Ltd <sup>(a)</sup> Singapore (1 July 2001) Provision of specialised physiotherapy medical services	130	130	—	100	100	—
<b>Held by Pacific Hospital Consultants Pte Ltd</b>						
Rejuvemed Pte Ltd <sup>(a)</sup> Singapore (7 July 2001) Inactive	50	50	50	100	100	100
<b>Held by Pacific Healthcare Medical Services Pte Ltd</b>						
Pacific Medicare Family Clinic Pte Ltd <sup>(a)</sup> Singapore (20 February 2003) Practice of general medical practitioners	—	*—	*—	—	100	100
Peninsula Plaza Clinic & Surgery Pte Ltd <sup>(a)/(c)</sup> Singapore (1 October 2003) Practice of general medical practitioners	—	668	668	—	100	100

**APPENDIX II**  
**INDEPENDENT AUDITORS' REPORT AND**  
**AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**3. SUBSIDIARIES (cont'd)**

<b>Name of subsidiary, country of incorporation, (date of acquisition/ incorporation) and principal activities</b>	<b>Cost</b>			<b>Effective percentage of equity held by the Group</b>		
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
<b>Held by subsidiaries</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>	<b>%</b>	<b>%</b>
Junction 8 Family Clinic Pte Ltd <sup>(a)</sup> Singapore (1 June 2003) Practice of general medical practitioners	—	245	221	—	70	70
Vagus Medical Pacific Pte Ltd <sup>(a)</sup> Singapore (1 June 2003) Practice of general medical practitioners	—	315	133	—	70	70
Pacific Tiong Bahru Medical Centre Pte Ltd <sup>(a)</sup> Singapore (1 June 2003) Practice of general medical practitioners	—	616	—	—	70	—
Doctors Lee & Partners Pte Ltd <sup>(a)</sup> Singapore (1 October 2003) Practice of general medical practitioners	—	306	306	—	70	70
Pacific Mah Medical Pte Ltd <sup>(a)</sup> Singapore (1 October 2003) Practice of general medical practitioners	—	547	547	—	70	70
Drs Thompson & Thomson Pte Ltd <sup>(a)/(c)</sup> Singapore (1 August 2003) Practice of general medical practitioners	—	655	677	—	70	70
Pacific Well Medical Clinic Pte Ltd <sup>(a)</sup> Singapore (1 July 2003) Provision of corporate support services	—	*—	*—	—	70	— <sup>(d)</sup>
<b>Held by Pacific Healthcare Asia Pte Ltd</b>						
Asia Lifeline Medical Services Pte Ltd <sup>(a)</sup> Singapore (17 May 2004) Provision of medical assistance services	—	—	51	—	—	51
<b>Held by Pacific Healthcare Limited</b>						
Health Concepts Limited <sup>(b)</sup> Hong Kong (1 November 2001) Provision of medical and health scheme services	1,374	1,374	1,374	80	80	80
Health Concepts Medical Centres Limited <sup>(b)</sup> Hong Kong (28 February 2001) Inactive	2	2	2	80	80	80
Clinics of Plastic & Maxillofacial Surgery Limited <sup>(b)</sup> Hong Kong (28 February 2001) Inactive	*—	*—	*—	100	100	100

**APPENDIX II**  
**INDEPENDENT AUDITORS' REPORT AND**  
**AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**3. SUBSIDIARIES (cont'd)**

<b>Name of subsidiary, country of incorporation, (date of acquisition/ incorporation) and principal activities</b>	<b>Cost</b>			<b>Effective percentage of equity held by the Group</b>		
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
<b>Held by subsidiaries</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>	<b>%</b>	<b>%</b>
Hong Kong Osseointegration Implant Centre Limited <sup>(b)</sup> , Note 9	406	—	—	100	—	—
Hong Kong (28 February 2001) Dental and oral clinic and related business						
Aesthetic Dental Centre Limited <sup>(b)</sup> Hong Kong (28 February 2001) Dental and oral clinic and related business	5	5	—	100	100	—
<b>Held by Pacific Healthcare (India) Pte Ltd</b>						
Pacific Hospitals Private Limited <sup>(c)</sup> India (15 June 2004) Provision of healthcare services including cord blood bank and management of hospital.	—	—	239	—	—	49

\* Less than \$ 1,000

- (a) Statutory audited financial statements were audited by Chio Lim & Associates, Singapore, a member of Horwath International.
- (b) Statutory audited financial statements were audited by Horwath Hong Kong CPA Limited, a member firm of Horwath International of which Chio Lim & Associates, Singapore is a member.
- (c) Statutory audited financial statements were audited by firms of accountants other than member firms of Horwath International of which Chio Lim & Associates, Singapore is a member.
- (d) Pacific Healthcare Medical Services Pte Ltd disposed 40% of the equity interest in this subsidiary to an associate for a consideration of \$1. Due to the loss of overall control over this subsidiary, it was treated as an associate from the date of disposal.
- (e) 2003 financial statements were not required to be audited by laws of country of incorporation. The financial statements were immaterial.

The auditors' reports on statutory audited financial statements of the Company and its subsidiaries as of and for the financial years ended 31 December 2002, 2003 and 2004 were not subject to any qualification, modification or disclaimer.

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**APPENDIX II**  
**INDEPENDENT AUDITORS' REPORT AND**  
**AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

---

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**4. RELATED PARTY TRANSACTIONS**

Related parties in these financial statements are Directors, shareholders of the Group, associates of the Group or entities with common direct or indirect shareholders and or Directors. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties are reflected in these financial statements. The balances with related parties are without fixed repayment terms and interest unless stated otherwise. It is impracticable to reliably estimate the fair values of the balances when there are no maturity dates and interest.

Significant related party transactions:—

In addition to the transactions and balances disclosed elsewhere in the consolidated financial statements, this item includes the following:—

	<b>2002</b>	<b>2003</b>	<b>2004</b>
	\$'000	\$'000	\$'000
Administration fee income	(48)	—	—
Rental expense	126	36	36
Service income	(144)	—	—
Purchase of dental products and goods	596	—	—
Purchase of equipment	44	—	—
	<hr/>	<hr/>	<hr/>

**5. CASH**

	<b>2002</b>	<b>2003</b>	<b>2004</b>
	\$'000	\$'000	\$'000
Not restricted in use	6,252	7,700	4,089
Restricted in use <sup>(a)</sup>	—	162	162
	<hr/>	<hr/>	<hr/>
	6,252	7,862	4,251
	<hr/>	<hr/>	<hr/>

(a) These are fixed deposits held by a bank as security for bank loans granted to the Group.

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**APPENDIX II**  
**INDEPENDENT AUDITORS' REPORT AND**  
**AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

---

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**6. TRADE RECEIVABLES**

	<b>2002</b>	<b>2003</b>	<b>2004</b>
	\$'000	\$'000	\$'000
Outside parties	2,847	3,657	4,866
Less: provision for impairment of doubtful debts	(318)	(441)	(544)
Related parties (Note 4)	5	171	—
	<hr/>	<hr/>	<hr/>
	2,534	3,387	4,322
	<hr/>	<hr/>	<hr/>
Movements in above provision:			
Balance at beginning of year	189	318	441
Charged to income statement	129	123	108
Reversed from income statement	—	—	(5)
Balance at end of year	<hr/>	<hr/>	<hr/>
	318	441	544
	<hr/>	<hr/>	<hr/>

The average credit period generally taken by customers is about 37 days, 34 days and 27 days for 2004, 2003 and 2002 respectively. A provision for impairment is established when there is objective evidence that management will not be able to collect all amounts due according to the original terms of receivables. The carrying amount of trade receivables approximates to their fair value. Short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant.

There were no significant foreign currency balances or concentration of customers.

**7. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	<b>2002</b>	<b>2003</b>	<b>2004</b>
	\$'000	\$'000	\$'000
Amounts due from doctors	1,444	2,623	1,611
Deposits			
— Rental	745	552	1,039
— Option money (Note 39)	300	300	300
— Related party (Note 4)	—	—	68
— Others	34	118	198
Related parties (Note 4)			
— Directors	1	—	—
— Associates	—	309	1,061
— Other related parties	93	167	—
Other receivables	1,397	1,273	603
Amounts due from former associate	—	—	390
Management fees receivable	811	—	19
Prepayments	317	708	2,204
Loans to staff	1	3	12
	<hr/>	<hr/>	<hr/>
	5,143	6,053	7,505
	<hr/>	<hr/>	<hr/>

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**APPENDIX II**  
**INDEPENDENT AUDITORS' REPORT AND**  
**AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

---

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**7. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (cont'd)**

Amounts due from doctors, from former associate and loans to staff are without fixed repayment terms and interest.

Included in other receivables of the Group in 2002 and 2003 was an advance of \$110,000 to a third party which bore an effective interest rate of 6.8% per annum. The interest rate was fixed at inception of the advance.

Included in prepayments is expenditure of \$1,264,620, incurred in relation to the Company's public listing. This expenditure will be set off against the share premium account upon the listing of the Company.

The carrying amount approximates to their fair value.

**8. INVENTORIES**

	<u>2002</u>	<u>2003</u>	<u>2004</u>
	\$'000	\$'000	\$'000
Medical supplies at cost	<u>1,641</u>	<u>2,071</u>	<u>1,980</u>

**9. INTERESTS IN ASSOCIATES**

	<u>2002</u>	<u>2003</u>	<u>2004</u>
	\$'000	\$'000	\$'000
Share of net assets of the associates	593	1,419	3,189
Goodwill at cost of \$5,073,053 (2003:\$4,813,909) less accumulated amortisation of \$323,579 (2003:\$71,831)	—	4,742	4,750
Loans to associates (Note 4)	—	2,419	360
	<u>593</u>	<u>8,580</u>	<u>8,299</u>
Goodwill amortised during the year	—	72	252
	<u>—</u>	<u>72</u>	<u>252</u>

Loans to associates are interest free except for a loan of S\$1,108,896 in 2003 which bore an effective interest rate of 5.8% per annum. It is impracticable to estimate the fair value of the receivable as the timing of the repayment is not determinable with reasonable accuracy.

**APPENDIX II**  
**INDEPENDENT AUDITORS' REPORT AND**  
**AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**9. INTERESTS IN ASSOCIATES (cont'd)**

The details of associates are as follows:—

<b>Name of associate, country of incorporation, (date of acquisition/incorporation) and principal activities</b>	<b>Cost</b>			<b>Effective percentage of equity held by the Group</b>		
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
<b>Held by the Company</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>	<b>%</b>	<b>%</b>
Pacific Healthcare Nursing Home Pte Ltd <sup>(a)</sup> Singapore (3 April 2002) Provision of nursing home services	600	960	960	30	40	40
Pacific Eldercare and Nursing Pte Ltd <sup>(a)</sup> Singapore (18 November 2003) Provision of nursing home services	—	40 <sup>(b)</sup>	720	—	40	40
Haach Pacific Lifestyle & Wellness Pte Ltd <sup>(c)</sup> Singapore (16 June 2004) Provision of services and products related to wellness and beauty	—	—	44	—	—	40
The Wellness Lounge Pte Ltd <sup>(c)</sup> Singapore (12 April 2004) Provision of services and products related to wellness and beauty	—	—	40	—	—	48
Pacific Health Therapies Pte Ltd <sup>(b)</sup> Singapore (1 September 2004) Provision of non-medical wellness services	—	—	20	—	—	40
<b>Held by subsidiaries</b>						
<b>Held by Pacific Healthcare Limited</b>						
Hong Kong Osseointegration Implant Centre Limited <sup>(d)</sup> Hong Kong (1 April 2003) Dental and oral clinic and related business	—	203	— <sup>(e)</sup>	—	50	—
<b>Held by Pacific Children's Clinic Pte Ltd</b>						
Thomson Paediatric Clinic Pte Ltd <sup>(b)/(c)</sup> Singapore (1 October 2003) Provision of specialised medical and paediatric services and operation of medical clinics	—	4,778	4,618	—	49	49
<b>Held by Pacific Health Alliance Pte Ltd</b>						
Clinic 1886 Pte Ltd <sup>(a)</sup> Singapore (1 January 2003) Practice of general medical practitioners	—	148	148	—	30	30

**APPENDIX II**  
**INDEPENDENT AUDITORS' REPORT AND**  
**AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**9. INTERESTS IN ASSOCIATES (cont'd)**

<b>Name of associate, country of incorporation, (date of acquisition/incorporation) and principal activities</b>	<b>Cost</b>			<b>Effective percentage of equity held by the Group</b>		
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
<b>Held by subsidiaries</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>	<b>%</b>	<b>%</b>
Town Hall Clinic Pte Ltd <sup>(a)</sup> Singapore (1 December 2003) Practice of general medical practitioners	—	149	149	—	30	30
<b>Held by MHC Holdings Pte Ltd</b>						
Managed Health Care Pte Ltd and its subsidiaries <sup>(b)/(c)</sup> Singapore (1 April 2004) Practice of general medical practitioners/ investment holding	—	—	995	—	—	46
<b>Held by associate</b>						
<b>Held by Managed Health Care Pte Ltd</b>						
AMHC Pte Ltd Singapore Practice of general medical practitioners	—	—	—	—	—	—
MHCAMK Pte Ltd Singapore Inactive	—	—	—	—	—	—
MHCBDK Pte Ltd Singapore Inactive	—	—	—	—	—	—
Health Outreach Pte Ltd (formerly known as MHCL Pte Ltd) Singapore Practice of medical and health screening services	—	—	—	—	—	—
MHCYWT Pte Ltd Singapore Practice of general medical practitioners	—	—	—	—	—	—
MHC Healthcare Pte Ltd Singapore Practice of general medical practitioners	—	—	—	—	—	—
MHC Healthnet Pte Ltd Singapore Inactive	—	—	—	—	—	—

**APPENDIX II**  
**INDEPENDENT AUDITORS' REPORT AND**  
**AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**9. INTERESTS IN ASSOCIATES (cont'd)**

Name of associate, country of incorporation, (date of acquisition/incorporation) and principal activities	Cost			Effective percentage of equity held by the Group		
	2002	2003	2004	2002	2003	2004
<b>Held by subsidiaries</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>	<b>%</b>	<b>%</b>

Held by Pacific Healthcare Medical Services Pte Ltd	\$'000	\$'000	\$'000	%	%	%
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Pacific Well Medical Clinic Pte Ltd <sup>(a)</sup> Singapore (1 July 2003) Provision of corporate support services	—	—	*—	—	—	30
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\* Less than \$1,000

- (a) Statutory audited financial statements were audited by Chio Lim & Associates, Singapore, a member of Horwath International.
- (b) The management accounts were used for equity accounting purposes as the audited financial statements were not available.
- (c) Statutory audited financial statements were audited by firms of accountants other than member firms of Horwath International of which Chio Lim & Associates, Singapore is a member.
- (d) Statutory audited financial statements were audited by Horwath Hong Kong CPA Limited, a member firm of Horwath International of which Chio Lim & Associates, Singapore is a member.
- (e) Pacific Healthcare Limited disposed 50% of the equity in this subsidiary to a third party for a consideration of \$49,518 (HK\$ 219,000) in 2003. Due to the loss of overall control over this subsidiary, it was treated as an associate from the date of disposal. During 2004, Pacific Healthcare Limited, disposed 50% of equity interest in this associate to a third party, for a consideration of \$47,500 (HK\$219,000).

The auditors' reports on statutory audited financial statements of the associates as of and for the financial years ended 31 December 2002, 2003 and 2004 were not subject to any qualification, modification or disclaimer.

**10. OTHER INVESTMENT**

	2002	2003	2004
	\$'000	\$'000	\$'000
Unlisted equity shares at cost	—	995	—

In 2003, other investment represents the Group's 45.85% equity interest in Managed Health Care Pte Ltd ("MHC"), a company incorporated in Singapore. During 2004, pursuant to an agreement entered into between the Group and the other shareholders of MHC ("agreement"), the Group was granted board seats in MHC. Following this, the Group was able to exercise significant influence on the financial and operating policies of MHC. Accordingly, the investment has been reclassified as an associate (Note 9) and the financial statements of MHC has been equity accounted in the financial statements of the Group with effect from the date of the agreement.

**APPENDIX II**  
**INDEPENDENT AUDITORS' REPORT AND**  
**AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**11. PROPERTY, PLANT AND EQUIPMENT**

	<b>Freehold Land</b>	<b>Plant and equipment</b>	<b>Total</b>
	\$'000	\$'000	\$'000
<b>Cost:</b>			
At 31 December 2001	—	9,786	9,786
Foreign exchange adjustment	—	(143)	(143)
Additions during 2002	—	1,590	1,590
Disposals to outside parties	—	(16)	(16)
At 31 December 2002	—	11,217	11,217
Foreign exchange adjustment	—	32	32
Acquisition of subsidiaries	—	354	354
Additions during 2003	—	2,277	2,277
Disposal of subsidiary	—	(2,176)	(2,176)
Disposals to outside parties	—	(639)	(639)
At 31 December 2003	—	11,065	11,065
Foreign exchange adjustment	—	(8)	(8)
Additions during 2004	207	5,765	5,972
Disposal of subsidiary	—	(417)	(417)
Write off	—	(22)	(22)
Disposals to outside parties	—	(58)	(58)
At 31 December 2004	207	16,325	16,532
<b>Accumulated depreciation:</b>			
At 31 December 2001	—	979	979
Foreign exchange adjustment	—	(56)	(56)
Depreciation for 2002	—	1,440	1,440
Disposals to outside parties	—	(2)	(2)
At 31 December 2002	—	2,361	2,361
Foreign exchange adjustment	—	17	17
Depreciation for 2003	—	1,558	1,558
Disposal of subsidiary	—	(1,012)	(1,012)
Disposals to outside parties	—	(500)	(500)
At 31 December 2003	—	2,424	2,424

**APPENDIX II**  
**INDEPENDENT AUDITORS' REPORT AND**  
**AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**11. PROPERTY, PLANT AND EQUIPMENT (cont'd)**

	<b>Freehold Land</b>	<b>Plant and equipment</b>	<b>Total</b>
	\$'000	\$'000	\$'000
Foreign exchange adjustment	—	(1)	(1)
Depreciation for 2004	—	1,503	1,503
Disposals of subsidiary	—	(166)	(166)
Write off	—	(7)	(7)
Disposals to outside parties	—	(10)	(10)
At 31 December 2004	—	3,743	3,743
Net book value:			
At 31 December 2002	—	8,856	8,856
At 31 December 2003	—	8,641	8,641
At 31 December 2004	207	12,582	12,789

Certain items are under finance lease agreements (Note 18).

**12. INTANGIBLE ASSETS**

	<b>Goodwill</b>
	\$'000
Cost:	
At 31 December 2001	5,807
Foreign exchange adjustment	(82)
Additions during 2002	1,309
At 31 December 2002	7,034
Foreign exchange adjustment	(19)
Additions during 2003	8,227
Written off during 2003	(44)
Reduction in consideration	(15)
At 31 December 2003	15,183
Foreign exchange adjustment	—
Additions during 2004	2,742
Disposals during 2004	(668)
Reduction in consideration	(305)
At 31 December 2004	16,952

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**APPENDIX II**  
**INDEPENDENT AUDITORS' REPORT AND**  
**AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

---

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**12. INTANGIBLE ASSETS (cont'd)**

	<b>Goodwill</b>
	\$'000
Accumulated amortisation:	
At 31 December 2001	175
Amortisation for 2002	362
At 31 December 2002	537
Foreign exchange adjustment	(3)
Amortisation for 2003	479
Written off for 2003	(3)
At 31 December 2003	1,010
Foreign exchange adjustment	(1)
Amortisation for 2004	805
Disposals during 2004	(20)
At 31 December 2004	1,794
Net book value:	
At 31 December 2002	6,497
At 31 December 2003	14,173
At 31 December 2004	15,158

The Group will adopt FRS 103 Business Combinations with effect from 1 January 2005. FRS 103 prohibits the amortisation of goodwill acquired in a business combination and instead requires the goodwill to be tested for impairment annually, or more frequently if events or changes in circumstances indicate that the asset might be impaired, in accordance with FRS 36 Impairment of Assets.

**13. OTHER RECEIVABLES AND PREPAYMENTS**

	<b>2002</b>	<b>2003</b>	<b>2004</b>
	\$'000	\$'000	\$'000
Amounts due from doctors	—	—	496
Amount due from former associate	—	—	782
Interest recoverable from founders	2,085	3,455	—
Prepayments	—	219	472
	<b>2,085</b>	<b>3,674</b>	<b>1,750</b>

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**APPENDIX II**  
**INDEPENDENT AUDITORS' REPORT AND**  
**AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

---

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**13. OTHER RECEIVABLES AND PREPAYMENTS (cont'd)**

The interest recoverable will be due upon payment of interest on the convertible loan in accordance with a deed of indemnity executed by the initial subscribers of the Company. See note 17 for details.

Amounts due from doctors are unsecured, interest free and not repayable in the next twelve months.

The loan to former associate is unsecured and interest free. The loan is not repayable in the next twelve months.

It is impracticable to estimate the fair value of the receivables as the timing of the repayment is not determinable with reasonable accuracy.

**14. SHORT-TERM BORROWINGS**

	<u>2002</u>	<u>2003</u>	<u>2004</u>
	\$'000	\$'000	\$'000
Bank overdrafts (secured)	—	289	28

The secured bank overdrafts are secured by a legal mortgage over a Director's property and covered by joint and several guarantees from all Directors and ex-shareholders of a subsidiary. The effective interest rates on overdrafts ranged from 6.0% to 8.5% (2003: 6.3% to 9.0%) per annum and they are repriced at the interval of one month.

**15. TRADE PAYABLES AND ACCRUED LIABILITIES**

	<u>2002</u>	<u>2003</u>	<u>2004</u>
	\$'000	\$'000	\$'000
Outside parties	999	2,802	3,463
Accrued liabilities	974	1,376	995
Related parties (Note 4)	—	2	4
Director of a subsidiary (Note 4)	1	13	—
	<u>1,974</u>	<u>4,193</u>	<u>4,462</u>

The average credit period taken by the Group to settle payables is about 121 days, 123 days and 78 days for 2004, 2003 and 2002 respectively. There were no significant foreign currency balances.

**APPENDIX II**  
**INDEPENDENT AUDITORS' REPORT AND**  
**AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**16. OTHER PAYABLES**

	<b>2002</b> \$'000	<b>2003</b> \$'000	<b>2004</b> \$'000
Related parties (Note 4)			
— Directors of subsidiaries	132	72	113
— Directors of the Company	164	618	432
— Other related parties	12	48	13
Ex-Directors of subsidiaries	—	29	—
For purchase of investments			
— to be settled by cash	1,883	2,476	1,870
— to be settled by shares of the Company	3,009	11,810	9,270
For purchase of plant and equipment	—	412	420
Amounts payable to doctors	423	105	414
Dividend payable to shareholders of subsidiary	—	—	23
Deferred revenue	127	111	—
Interest payable	—	—	22
Amount due to shareholder of subsidiary	—	—	150
Provision for restoration costs	—	—	791
Deposits received	—	14	250
Others	120	109	458
Less: Amounts due after 1 year but within 5 years	—	—	(1,301)
	<u>5,870</u>	<u>15,804</u>	<u>12,925</u>

Amounts due after 1 year but within 5 years are as follows:-

	<b>2002</b> \$'000	<b>2003</b> \$'000	<b>2004</b> \$'000
Provision for restoration costs	—	—	791
Payables for purchase of investments	—	—	510
	<u>—</u>	<u>—</u>	<u>1,301</u>

The carrying amount of payables approximates to their fair value.

Amounts payable to doctors are without fixed repayment terms and interest.

Deferred revenue consists principally of amounts collected from customers for services that the Group will provide in future periods.

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**APPENDIX II**  
**INDEPENDENT AUDITORS' REPORT AND**  
**AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

---

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**16. OTHER PAYABLES (*cont'd*)**

The payables for purchase of investments represent consideration for certain subsidiaries and associates acquired by the Group. The Group entered into sale and purchase agreements with certain vendors to acquire certain subsidiaries and associates referred to in notes 3 and 9 respectively. The consideration for the acquisitions were or are to be satisfied by cash, shares in the Company to be issued to the vendors at a later date or a combination of both. The number of shares to be issued will be determined according to the provisions of each sale and purchase agreement. The ordinary shares, when issued, will rank pari passu in all respects with the existing shares of the Company.

The payables for purchase of investments include the following:–

	<b>2002</b> \$'000	<b>2003</b> \$'000	<b>2004</b> \$'000
Payable to Directors of the Company			
— cash	880	880	—
— shares of the Company	45	45	45
Payable to Directors of subsidiaries			
— cash	650	642	508
— shares of the Company	<u>721</u>	<u>1,699</u>	<u>1,102</u>

**17. LONG-TERM BORROWINGS**

	<b>2002</b> \$'000	<b>2003</b> \$'000	<b>2004</b> \$'000
Bank loans (secured)	352	4,886	13,183
Convertible loan from private equity fund	11,000	11,000	8,000
Interest payable on convertible loan	<u>2,085</u>	<u>3,455</u>	<u>—</u>
Total borrowings	<u><u>13,437</u></u>	<u><u>19,341</u></u>	<u><u>21,183</u></u>
The borrowings are repayable as follows:–			
Due within 1 year	80	1,206	12,896
Due after 1 year but within 5 years	<u>13,357</u>	<u>18,135</u>	<u>8,287</u>
	<u><u>13,437</u></u>	<u><u>19,341</u></u>	<u><u>21,183</u></u>

---

**APPENDIX II**  
**INDEPENDENT AUDITORS' REPORT AND**  
**AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

---

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**17. LONG-TERM BORROWINGS (*cont'd*)**

Bank loans (secured) comprise:

	<b>2002</b>	<b>2003</b>	<b>2004</b>
	\$'000	\$'000	\$'000
Loan 1	352	273	186
Loan 2	—	96	64
Loan 3	—	62	42
Loan 4	—	1,733	1,333
Loan 5	—	2,722	2,055
Loan 6	—	—	3,003
Loan 7	—	—	2,500
Loan 8	—	—	4,000
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
	352	4,886	13,183
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

Loan 1: The bank loan along with the overdraft facility are secured by a legal mortgage over a Director's property and covered by joint and several guarantees from all Directors and ex-shareholders of a subsidiary. The bank loan is repayable over 72 monthly installments from December 2000. The effective interest rates ranged from 7.5% to 8.0% per annum. Interest is repriced at the interval of one month.

Loan 2: The bank loan is covered by joint and several guarantees from certain Directors. The loan is repayable by equal monthly installments over 3 years from November 2003. The effective interest rate is 6.0% per annum. Interest is repriced at the interval of one month.

Loan 3: The bank loan is covered by joint and several guarantees from certain Directors. The loan is repayable by equal monthly installments over 3 years from November 2003. The effective interest rate is 6.0% per annum. Interest is repriced at the interval of one month.

Loan 4: The bank loan is covered by joint and several guarantees from certain Directors. The loan is repayable by equal monthly installments over 5 years from May 2003. The effective interest rate is 4.3% per annum. Interest is repriced at the interval of one month.

Loan 5: The bank loan is covered by joint and several guarantees from certain Directors of the Company and certain Directors of the subsidiaries. The loan is repayable by equal monthly installments over 4 1/2 years from August 2003. The effective interest rate is 5.8% per annum. Interest is repriced at the interval of one month.

Loan 6: The bank loan is covered by joint and several guarantees from certain Directors. The loan is repayable by equal monthly installments over 5 years from June 2004. The effective interest rate is 5.0% per annum. Interest is repriced at the interval of one month.

---

**APPENDIX II**  
**INDEPENDENT AUDITORS' REPORT AND**  
**AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

---

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**17. LONG-TERM BORROWINGS (*cont'd*)**

Loan 7: The bank loan is covered by joint and several guarantees from certain Directors. The loan is repayable by 12 quarterly installments of \$250,000 each from June 2004. The effective interest rates ranged from 4.9% to 7.5%. Interest is repriced at the interval of one month.

Loan 8: The 3-year revolving term loan is covered by personal guarantees from certain Directors. The loan limit will be reduced by \$500,000 every quarter commencing 3 months following the first draw down until its expiry 3 years after the first draw down date. The effective interest rates are ranged from 4.4% to 4.6% per annum.

Convertible loan from private equity fund

A private equity fund ("investor") granted the Company a convertible loan comprising an initial tranche of \$10,000,000 in 2001. A further \$1,000,000 (part of the second tranche) was drawn down in March and April 2002.

The convertible loan bears effective interest rate at 10.0% per annum. It shall be repaid in full on the maturity date in July 2005 unless extended at the discretion of the investor.

The investor may elect, at any time during the tenor of the convertible loan, to convert all or part of the principal amount of the outstanding convertible loan into ordinary shares in accordance with the terms of the investment agreement. Upon conversion, the amount of the convertible loan converted shall be deemed to be fully repaid.

In consideration of the Company entering into the investment agreement with the investor, the initial subscribers ("founders") of the Company executed a deed of indemnity jointly and severally indemnifying the Company for any interest to be paid by the Company on the convertible loan. The Company will receive from the founders interest income equal to the interest expense that becomes payable. As a result there will be no impact on net profit of the Company and the Group (Note 27). In addition to the above, the founders have also undertaken to indemnify the investor against any losses, claims, damage, costs and expenses suffered or incurred by the investor in respect of the above.

In view of the above arrangements, interest expense on the convertible loan and interest income recoverable from the founders (Note 13) have been accrued in these financial statements. Interest recoverable from founders was repaid in full during 2004.

**APPENDIX II**  
**INDEPENDENT AUDITORS' REPORT AND**  
**AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**18. OBLIGATIONS UNDER FINANCE LEASES**

<b>2002</b>	<b>Minimum</b>	<b>Finance</b>	<b>Present</b>
	<b>payments</b>	<b>charges</b>	<b>value</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Minimum lease payments are payable as follows:			
Due within 1 year	1,477	(173)	1,304
Due after 1 year but within 5 years	2,320	(259)	2,061
Total	<u>3,797</u>	<u>(432)</u>	<u>3,365</u>
Net book value of plant and equipment under finance leases			<u>5,310</u>
<b>2003</b>	<b>Minimum</b>	<b>Finance</b>	<b>Present</b>
	<b>payments</b>	<b>charges</b>	<b>value</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Minimum lease payments are payable as follows:			
Due within 1 year	1,349	(165)	1,184
Due after 1 year but within 5 years	1,377	(146)	1,231
Total	<u>2,726</u>	<u>(311)</u>	<u>2,415</u>
Net book value of plant and equipment under finance leases			<u>4,874</u>
<b>2004</b>	<b>Minimum</b>	<b>Finance</b>	<b>Present</b>
	<b>payments</b>	<b>charges</b>	<b>value</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Minimum lease payments are payable as follows:			
Due within 1 year	1,474	(180)	1,294
Due after 1 year but within 5 years	2,123	(225)	1,898
Total	<u>3,597</u>	<u>(405)</u>	<u>3,192</u>
Net book value of plant and equipment under finance leases			<u>6,532</u>

It is the Group's policy to lease certain of its plant and equipment under finance leases. The average lease term is 3–5 years. The average effective borrowing rate ranged from 3.0% to 6.0% per annum. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. All lease obligations are denominated in S\$. The obligations under finance leases are secured by the leased assets of the Group.

The above leases are guaranteed by certain Directors of the Company.

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**APPENDIX II**  
**INDEPENDENT AUDITORS' REPORT AND**  
**AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

---

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**19. ISSUED CAPITAL**

	<b>2002</b>	<b>2003</b>	<b>2004</b>
	\$'000	\$'000	\$'000
Authorised:			
5,000,000 ordinary shares of \$0.10 each	500	500	500
Issued and fully paid:			
360,000 (2002 : 30; 2003 : 30) ordinary shares of \$0.10 each	*—	*—	36

\* less than \$1,000.

During 2004, 359,970 fully paid ordinary shares of \$0.10 each were issued by the Company to the existing shareholders by way of the capitalisation of the account owing to Directors of \$35,997.

**20. RESERVES**

Included in the reserves is a foreign exchange translation reserve which represents foreign exchange differences arising from the translation of the financial statements of foreign entities for consolidation and translation of foreign currency loans to a subsidiary which in substance form part of the Group's net investment.

**21. REVENUE**

	<b>2002</b>	<b>2003</b>	<b>2004</b>
	\$'000	\$'000	\$'000
Sale of medical supplies	1,828	2,342	4,276
Rendering of services	32,341	34,015	37,820
Rendering of services to related parties (Note 4)	144	—	3
Management fees — related parties (Note 4)	—	127	305
	<b>34,313</b>	<b>36,484</b>	<b>42,404</b>

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**APPENDIX II**  
**INDEPENDENT AUDITORS' REPORT AND**  
**AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

---

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**22. OTHER OPERATING INCOME**

	<b>2002</b> \$'000	<b>2003</b> \$'000	<b>2004</b> \$'000
Honorarium	53	52	15
Interest income — outside parties	6	9	34
— related parties (Note 4)	67	112	21
Rental income — outside parties	180	193	326
— related parties (Note 4)	7	2	191
Consultancy income	53	2	9
Others	218	159	311
	<hr/> <b>584</b> <hr/>	<hr/> <b>529</b> <hr/>	<hr/> <b>907</b> <hr/>

**23. STAFF COSTS**

	<b>2002</b> \$'000	<b>2003</b> \$'000	<b>2004</b> \$'000
Salaries costs including those of Directors	16,520	16,203	18,926
Contributions to defined contribution plan including those of Directors	734	920	936
Other benefits	<hr/> —	<hr/> 3	<hr/> 132
Total staff costs	<hr/> <b>17,254</b> <hr/>	<hr/> <b>17,126</b> <hr/>	<hr/> <b>19,994</b> <hr/>

**24. NUMBER OF EMPLOYEES**

	<b>2002</b>	<b>2003</b>	<b>2004</b>
Number of employees at end of year (including Directors)	<hr/> 270 <hr/>	<hr/> 311 <hr/>	<hr/> 341 <hr/>

**25. DEPRECIATION AND AMORTISATION EXPENSES**

	<b>2002</b> \$'000	<b>2003</b> \$'000	<b>2004</b> \$'000
Depreciation	1,440	1,558	1,503
Amortisation of goodwill	362	479	805
Total	<hr/> <b>1,802</b> <hr/>	<hr/> <b>2,037</b> <hr/>	<hr/> <b>2,308</b> <hr/>

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**APPENDIX II**  
**INDEPENDENT AUDITORS' REPORT AND**  
**AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

---

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**26. OTHER (CHARGES)/CREDITS**

	<b>2002</b> \$'000	<b>2003</b> \$'000	<b>2004</b> \$'000
Provision for impairment of doubtful trade debts	(129)	(123)	(108)
Bad debts written off	(36)	(24)	(36)
Bad debts recovered	—	—	5
Foreign exchange adjustment	(172)	(67)	33
Preliminary expense written off	—	—	(68)
Gain on disposal of associate	—	—	47
Gain on disposal of subsidiaries	—	16	7
Gain on disposal of business units	—	—	128
Goodwill written off	—	(41)	—
Website development written off	(30)	—	—
Gain/(loss) on disposal of plant and equipment	(13)	83	(30)
Others	2	35	—
	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>
	(378)	(121)	(22)

**27. FINANCE COSTS**

	<b>2002</b> \$'000	<b>2003</b> \$'000	<b>2004</b> \$'000
Interest expense to related party (Note 4)	12	—	—
Interest expense to non-related parties	260	376	648
Interest expense on convertible loan (a)	—	—	—
	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>
	272	376	648
	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>
(a)	<b>2002</b> \$'000	<b>2003</b> \$'000	<b>2004</b> \$'000
Interest expense on convertible loan (Note 17)	1,252	1,370	1,111
Interest recoverable from founders (Note 13)	(1,252)	(1,370)	(1,111)
	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>

**APPENDIX II**  
**INDEPENDENT AUDITORS' REPORT AND**  
**AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**28. PROFIT BEFORE INCOME TAX**

In addition to the charges and credits disclosed elsewhere in the financial statements, this item includes the following charges (credits):—

	<b>2002</b> \$'000	<b>2003</b> \$'000	<b>2004</b> \$'000
Auditors' remuneration			
Auditors of the Company:			
— current year	67	106	93
— Underprovision in prior years	5	10	43
Other auditors			
— current year	29	39	26
Directors' remuneration			
— Directors of the Company	1,502	1,837	1,897
— Directors of subsidiaries	1,130	1,609	1,620
Professional fees paid to a company in which a Director of a subsidiary has an interest	163	353	—
Inventory written off	—	—	36

**29. INCOME TAX**

	<b>2002</b> \$'000	<b>2003</b> \$'000	<b>2004</b> \$'000
Current	1,042	886	1,072
Deferred	(77)	190	57
Share of associates' tax	—	30	201
Total income tax expense	965	1,106	1,330

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rates of 22.0%, 22.0% and 20.0% for 2002, 2003 and 2004 respectively to profit before income tax as a result of the following differences:—

	<b>2002</b> \$'000	<b>2003</b> \$'000	<b>2004</b> \$'000
Income tax expense at the statutory rate	1,074	1,047	1,128
Non-allowable items	140	218	266
Change in tax rate	(9)	6	—
Tax exemptions	(88)	(119)	(144)
(Over)/under provision of tax for prior years	(99)	(60)	33
Deferred tax assets valuation allowance	(1)	8	3
Other items	(52)	6	44
Total income tax expense	965	1,106	1,330

**APPENDIX II**  
**INDEPENDENT AUDITORS' REPORT AND**  
**AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**29. INCOME TAX (cont'd)**

The net deferred tax liabilities in the balance sheet are as follows:-

	<b>2002</b> \$'000	<b>2003</b> \$'000	<b>2004</b> \$'000
<b>Deferred tax liabilities:</b>			
Excess of net book value over tax base of plant and equipment	(468)	(592)	(740)
<b>Total deferred tax liabilities</b>	<b>(468)</b>	<b>(592)</b>	<b>(740)</b>
<b>Deferred tax assets:</b>			
Excess of tax base over net book value of plant and equipment	4	20	17
Tax losses carryforwards	63	87	93
Unabsorbed capital allowances	141	84	17
Others	9	5	—
<b>Total deferred tax assets</b>	<b>217</b>	<b>196</b>	<b>127</b>
Net total of deferred tax liabilities	(251)	(396)	(613)
Deferred tax assets valuation allowance	(64)	(72)	(75)
<b>Balance</b>	<b>(315)</b>	<b>(468)</b>	<b>(688)</b>

An allowance is made to the extent that it is not probable that taxable profit will be available against which the unused tax loss carryforwards and unabsorbed capital allowances can be utilised. The realisation of the future income tax benefits from tax loss carryforwards and temporary differences from capital allowances is available for an unlimited future period subject to the conditions imposed by law including the retention of majority shareholders as defined. Where provision for deferred tax arising from temporary differences has been offset against the above tax loss carryforwards and unabsorbed capital allowances such provision for deferred tax will be required to be set up when the tax losses and unabsorbed capital allowances are utilised in the future. There are no income tax consequences of dividends to shareholders of the Company. Temporary differences arising in connection with interests in subsidiaries and associates are insignificant.

In 2004, the government enacted a change in the national income tax rate from 22.0% to 20.0%.

**30. EARNINGS PER SHARE**

	<b>2002</b> '000	<b>2003</b> '000	<b>2004</b> '000
Basic earnings per share is based on the following:-			
Net profit for the year (\$)	3,935	3,495	4,229
Weighted average number of shares outstanding during the year, adjusted for issue of 359,970 shares issued in 2004	360	360	360

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**APPENDIX II**  
**INDEPENDENT AUDITORS' REPORT AND**  
**AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**31. DIVIDEND**

During 2004, a tax exempt one-tier interim dividend of approximately 1,278 cents per share was paid to shareholders totaling \$4,600,000.

**32. ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES/BUSINESS UNITS**

The fair value of assets and liabilities acquired during the respective years are as follows:-

	<b>2002</b> \$'000	<b>2003</b> \$'000	<b>2004</b> \$'000
Cash and bank balances	—	1,535	145
Bank overdrafts	—	(29)	—
Trade receivables	—	693	58
Other receivables and prepayments	—	978	29
Inventories	30	376	13
Other investments	—	995	—
Plant and equipment	—	354	107
Trade payables and accrued liabilities	—	(1,138)	(118)
Other payables	—	(2,414)	(169)
Income tax and deferred tax	—	6	(17)
Minority interests	—	(852)	(68)
Net assets acquired	30	504	(20)
Add: Goodwill	1,309	8,227	473
Total purchase consideration	1,339	8,731	453
Less : Purchase consideration to be satisfied by shares of the Company	(352)	(3,883)	(402)
Cash consideration	987	4,848	51
Less: Net cash acquired	—	(1,507)	(7)
Net cash flow on acquisition of subsidiaries/business units	987	3,341	44

The revenue and net contributions from the subsidiaries/business units acquired are as follows:-

	<b>2002</b> \$'000	<b>2003</b> \$'000	<b>2004</b> \$'000
Revenue	534	4,581	193
Net profit	70	305	24

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**APPENDIX II**  
**INDEPENDENT AUDITORS' REPORT AND**  
**AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**32. ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES/BUSINESS UNITS (cont'd)**

The fair value of assets and liabilities disposed during the respective years are as follows:—

	<b>2002</b>	<b>2003</b>	<b>2004</b>
	\$'000	\$'000	\$'000
Cash and bank balances	—	832	89
Trade receivables	—	30	202
Other receivables and prepayments	—	253	217
Inventories	—	135	43
Plant and equipment	—	1,164	251
Intangible assets	—	—	648
Trade payables and accrued liabilities	—	(176)	(117)
Other payables	—	(1,802)	(412)
Deferred revenue	—	—	(42)
Finance leases	—	(332)	(5)
Income tax payable	—	—	(1)
Minority interests	—	—	(268)
Deferred tax	—	(37)	—
Net assets at date of disposal	—	67	605
Equity interest disposed off	—	33	605
Gain on disposal of subsidiaries/business units	—	16	135
Cash consideration	—	49	740
Net cash (outflow)/inflow on disposal of subsidiaries/business units	—	(783)	651

The revenue and net contributions from the subsidiaries/business units disposed are as follows:—

	<b>2002</b>	<b>2003</b>	<b>2004</b>
	\$'000	\$'000	\$'000
Revenue	3,935	370	813
Net (loss)/profit	152	(126)	11

In 2004,

- (a) The Company disposed 100% of the equity interest in Therapy Works Pte Ltd to a third party for a consideration of \$1.
- (b) The Company disposed 70% of the equity interest in Pacific Tiong Bahru Medical Centre Pte Ltd to a third party for a consideration of \$176,000.
- (c) Pacific Healthcare Limited disposed 100% of the equity interest in Aesthetic Dental Centre Limited to a third party for a consideration of \$43,400 (HK \$200,000).

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**APPENDIX II**  
**INDEPENDENT AUDITORS' REPORT AND**  
**AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

---

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**32. ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES/BUSINESS UNITS (cont'd)**

In 2003,

(a) Pacific Healthcare Limited disposed 50% of the equity in Hong Kong Osseointegration Implant Centre Limited to a third party for a consideration of \$49,518 (HK\$ 219,000).

**33. CASH IN THE CASH FLOW STATEMENT**

	<u>2002</u> \$'000	<u>2003</u> \$'000	<u>2004</u> \$'000
Cash in hand and at banks	6,135	7,713	4,089
Bank overdrafts	—	(289)	(28)
Effect of foreign exchange rate changes	117	(13)	—
	<u>6,252</u>	<u>7,411</u>	<u>4,061</u>

Plant and equipment — During 2004, 2003 and 2002, the Group acquired plant and equipment with an aggregate cost of \$5,972,101, \$2,276,928, \$1,588,723 respectively. Out of these, \$2,035,782, \$889,822, \$1,073,653 respectively was acquired by means of finance leases and additions of \$791,000 in 2004 relates to provision for restoration costs. Cash payments of \$3,145,319, \$1,387,106, \$515,070 were made to purchase plant and equipment in 2004, 2003 and 2002 respectively.

**34. CONTINGENT LIABILITIES**

	<u>2002</u> \$'000	<u>2003</u> \$'000	<u>2004</u> \$'000
Corporate guarantee in favour of associates	<u>1,600</u>	<u>3,776</u>	<u>2,975</u>

**35. CAPITAL EXPENDITURE COMMITMENTS**

	<u>2002</u> \$'000	<u>2003</u> \$'000	<u>2004</u> \$'000
In addition to commitments disclosed elsewhere in the notes, there were the following commitments:-			
Estimated amounts committed for future capital expenditure but not provided for in the financial statements.	<u>102</u>	<u>73</u>	<u>13,453</u>

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**APPENDIX II**  
**INDEPENDENT AUDITORS' REPORT AND**  
**AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

---

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**36. OPERATING LEASE COMMITMENTS**

At the balance sheet date, the commitments in respect of operating leases with a term of more than one year are as follows:-

	<b>2002</b>	<b>2003</b>	<b>2004</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Within 1 year	3,153	2,585	3,753
After 1 year but within 5 years	3,555	1,735	6,266
After 5 years	—	—	431
 Rental expense for the year	 2,616	 3,790	 3,212

Operating lease payments represent rentals payable by the Group for certain of its premises. The lease rental terms are negotiated for an average term of three years and rentals are subject to an escalation clause but the amount of the rent increase is not to exceed a certain percentage. Such increases are not included in the above amounts.

**37. RECLASSIFICATIONS AND PRIOR YEARS' ADJUSTMENTS MADE TO STATUTORY AUDITED FINANCIAL STATEMENTS**

Details of reclassifications and prior years' adjustments made to the statutory audited consolidated financial statements of the Group for the year ended 31 December 2002 are set out in the statutory audited consolidated financial statements for the year ended 31 December 2003. For ease of reference, these financial statements have been presented on a restated basis.

The prior years' adjustments do not have a significant impact on the net results of the Group for the year ended 31 December 2002.

**38. SEGMENTAL INFORMATION**

The board of Directors is of the opinion that there is no benefit to be gained by disclosing the segmental information required by the Singapore Financial Reporting Standard 14 in these financial statements. This is because this information has been disclosed in the unaudited proforma consolidated financial information of the Group as set out in the Prospectus in connection with the invitation in respect of new ordinary shares in the share capital of the Company to be issued in connection with such invitation. The proforma segmental information better reflects the financial position of the Group.

**39. OTHER MATTERS**

**Option to purchase property**

A subsidiary of the Company, Adam Road Hospital Pte Ltd ("the Purchaser") has entered into an option to purchase a property known as 19 Adam Road from Wong Yip Cheong (Private) Limited ("the Vendor"). In consideration of \$300,000 ("option money") being paid to the Vendor, the Purchaser was granted a call option to purchase the property. This option expires on 31 December 2005.

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**APPENDIX II**  
**INDEPENDENT AUDITORS' REPORT AND**  
**AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

---

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**39. OTHER MATTERS (*cont'd*)**

In 2004, a subsidiary of the Company, Pacific Hospital Consultants Pte Ltd (formerly known as Medilane Pte Ltd), entered into a sale and purchase agreement with the Vendor to purchase the property for a consideration of \$10.8 million. Following this, the option to purchase granted by the Vendor to the Purchaser has lapsed and has been rendered null and void. The purchase price will be paid in accordance with the terms set out in the sale and purchase agreement. As at the balance sheet date, the transaction has not been completed.

**Share swap**

Pursuant to the shareholders' agreement of a subsidiary, Adam Road Hospital Pte Ltd ("ARH"), the Company has given an undertaking to Wong Yip Chong (Private) Limited ("WYCPL"), the other shareholder of ARH that in the event of any sale, transfer or disposal which constitutes a majority of the issued share capital of the Company to a third party or an initial public offering of the ordinary shares of the Company to the public, the Company shall offer to WYCPL the right to swap its ordinary shares in ARH for ordinary shares in the Company. The valuation and issue price for the share swap is set out in the shareholders' agreement.

In 2004, the Company entered into a sale and purchase agreement to acquire the additional 20% equity interest in ARH from WYCPL for \$504,000. The purchase consideration is to be satisfied by the issue of shares in the Company. The completion date of the transaction will be upon the listing of the Company's shares on the Singapore Stock Exchange ("SGX-ST").

**Put and call options**

- (a) The Company entered into an option agreement in March 2005 with Dr Ang Ai Tin and Dr Ang Poon Liat (collectively, the "Vendors") pursuant to which the Company granted the Vendors a call option (the "29% Call Option") to acquire 29,000 ordinary shares (the "29% Option Shares"), representing 29% of the issued share capital of an associate, Thomson Paediatric Clinic Pte Ltd ("TPC") held by the Company. The 29% Call Option is exercisable by the Vendors at any time for a period of six months commencing on the date falling four months from the date of admission of the Company to the Official List of the SGX-ST. The consideration for the purchase of the 29% Option Shares shall be in cash. The consideration is to be determined in accordance with a formula set out in the call option agreement which is based on the equivalent of approximately 4,545,353 shares of the Company (to be issued by the Company to each Vendor pursuant to its initial purchase of TPC's shares) and on the average of the last dealt price of the shares on the SGX-ST over five trading days immediately preceding the date of the exercise of the 29% Call Option.
- (b) Pacific Healthcare Medical Services Pte Ltd ("PHMS") entered into a sale and purchase agreement in October 2003 with Dr Lee Leng Ghee, Willie and Dr Lee Ping Wen (collectively, the "Vendors") pursuant to which PHMS acquired 70% of the issued share capital of Doctors Lee & Partners Pte Ltd ("DLP") (the "Initial Acquisition"). Pursuant to the sale and purchase agreement, PHMS granted the Vendors a put option in respect of the remaining balance of 30% of the issued shares then held by the Vendors. The commencement date of the exercise of the put option shall be any time after the full payment of the purchase consideration of the Initial Acquisition. The purchase price of the put option shall be in cash and shall be three times the average net profit after tax for the two consecutive financial years of DLP preceding the exercise of the option.

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**APPENDIX II**  
**INDEPENDENT AUDITORS' REPORT AND**  
**AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

---

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**39. OTHER MATTERS (*cont'd*)**

(c) A subsidiary, Atria Medical Associates Pte Ltd ("AMA") entered into an option agreement in January 2003 with Dr Tan Thian Soo, Sydney and Liew Suet Yen, Jasmine (collectively, the "Vendors") pursuant to which AMA granted to the Vendors a put option to require AMA to acquire the remaining shares in The Clinic @ Cuppage Pte Ltd ("TC@C") held by the Vendors representing 30% of the issued share capital of TC@C (the "Remaining Shares") in the proportions as set out in the agreement.

The put option is exercisable by the Vendors at any time for a period of one month beginning on the expiry of the fifth anniversary of 31 January 2003. The consideration for the purchase of the Remaining Shares shall be in cash of \$198,000 or determined in accordance with a formula set out in the option to purchase agreement which is based on the average of the net profit after tax of TC@C for the three calendar years 2005 to 2007, whichever is the higher sum.

(d) A subsidiary, Pacific Health Alliance Pte Ltd, has entered into a put and call option agreement with the vendor for the purchase of 70% of the issued shares in Town Hall Clinic Pte Ltd (Note 9) held by the vendor in cash, on such terms as may be agreed between the parties. The commencement date for the exercise of both the put and call options shall be the day after the expiry of two years from 1 December 2003.

(e) A subsidiary, Pacific Health Alliance Pte Ltd ("PHA") entered into an option agreement in January 2003 with Dr Yeoh Sin Hock and Dr Winston Ho Sin Teck (collectively, the "Vendors") pursuant to which PHA granted to the Vendors a put option (the "Put Option 1") to require PHA to acquire 40% per cent of the issued and paid up share capital in Clinic 1886 Pte Ltd (the "Option Shares") held by the Vendors in the proportion as set out in the option agreement. The option agreement provides for Put Option 1 to be exercisable by the Vendors at any time for a period of two months beginning on the expiry of the second anniversary of 1 January 2003. This option period has since been varied to commence six months commencing from 1 July 2005 pursuant to an agreement entered into between the parties in March 2005. The consideration for the purchase of the Option Shares shall be in cash and determined in accordance with a formula set out in the option agreement which is based on the net profit after tax of Clinic 1886 Pte Ltd for the two calendar years 2003 and 2004.

PHA entered into a second option agreement in January 2003 (the "Option Agreement 2") with the Vendors pursuant to which PHA granted to the Vendors another put option to acquire the remaining balance of up to 70% of the issued and paid up share capital in Clinic 1886 Pte Ltd (the "Remaining Shares") held by the Vendors (less all the Option Shares which have been purchased by PHA pursuant to Put Option 1, if any). The second put option is exercisable by the Vendors any time for a period of two months beginning on the expiry of the fifth anniversary of 1 January 2003. The consideration for the purchase of the Remaining Shares shall be in cash and determined in accordance with a formula set out in Option Agreement 2, which is based on the net profit after tax of Clinic 1886 Pte Ltd for the three calendar years 2005 to 2007.

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**APPENDIX II**  
**INDEPENDENT AUDITORS' REPORT AND**  
**AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**39. OTHER MATTERS (*cont'd*)**

- (f) The Company entered into an agreement in May 2004 (the "Agreement") with a director of the Company, Dr William Chong who granted the Company a call option to purchase all or any part of the 20% issued shares ("Option Shares") of Pacific Eldercare and Nursing Pte Ltd, held by him. The Agreement provides for the call option to be exercisable by the Company at any time within a period of five calendar years from the date of the Agreement ("Option Period"). This Option Period has since been varied to commence five calendar years from the first anniversary of the Company's Initial Public Offer ("IPO") of its shares, pursuant to a Deed entered into between the parties in December 2004. The consideration for the Option Shares shall be in cash and will be on the terms and conditions as may be agreed between the parties. The Company has the right of first refusal if Dr William Chong wishes to sell, transfer or dispose of all or any portion of his shares.
- (g) The Company entered into an agreement in May 2004 (the "Agreement") with a director of the Company, Dr William Chong who granted the Company a call option to purchase all or any part of the 20% issued shares ("Option Shares") of Pacific Healthcare Nursing Home Pte Ltd, held by him. The Agreement provides for the call option to be exercisable by the Company at any time within a period of five calendar years from the date of the Agreement ("Option Period"). This Option Period has since been varied to commence five calendar years from the first anniversary of the Company's IPO of its shares, pursuant to a Deed entered into between the parties in December 2004. The consideration for the Option Shares shall be in cash and will be on the terms and conditions as may be agreed between the parties. The Company has the right of first refusal if Dr William Chong wishes to sell, transfer or dispose of all or any portion of his shares.

**Further consideration to be paid**

The sales and purchase agreement entered into between the vendors and a subsidiary, Pacific Healthcare Medical Services Pte Ltd, relating to the acquisition of a subsidiary, Peninsula Plaza Clinic & Surgery Pte Ltd provides that the vendors shall be paid a further consideration sum of \$545,000 ("further consideration") on 1 October 2005 upon the fulfillment of and subject to certain conditions as stipulated in the sales and purchase agreement. This further consideration has not been accounted for in these financial statements.

**40. SUBSEQUENT EVENTS**

Subsequent to 31 December 2004, the company changed its name from Pacific Healthcare Holdings Pte. Ltd. to Pacific Healthcare Holdings Ltd.. The other information of the subsequent events are as disclosed in the unaudited proforma consolidated financial information of the Group as set out in the Prospectus in connection with the invitation in respect of new ordinary shares in the share capital of the Company to be issued in connection with such invitation.

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## APPENDIX III

### RULES OF PACIFIC HEALTHCARE EMPLOYEE SHARE OPTION SCHEME

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#### 1. DEFINITIONS

In this Scheme, unless the context otherwise requires, the following words and expressions shall have the following meanings:-

“Act”	The Companies Act, Chapter 50 of Singapore, as amended, supplemented or modified from time to time.
“Associated Company”	A company in which at least 20% but not more than 50% of its shares are held by the Company or any of its Subsidiaries and over which the Company has control.
“Associate”	Shall have the meaning assigned to it in the Listing Manual of the SGX-ST.
“Auditors”	The auditors of the Company for the time being.
“Board”	The Board of Directors of the Company for the time being.
“CDP”	The Central Depository (Pte) Limited.
“Committee”	A committee of Directors duly authorised and appointed by the Board pursuant to Rule 16 to administer the Scheme.
“Company” or “Pacific Healthcare”	Pacific Healthcare Holdings Ltd.
“control”	The capacity to dominate decision making, directly or indirectly, in relation to the financial and operating policies of that company being controlled.
“Controlling Shareholder”	A person who holds directly or indirectly fifteen percent (15%) or more of the nominal amount of all voting shares in the Company (subject to the SGX-ST determining that such a person is not a controlling shareholder) or a person who in fact exercises control over the Company.
“Director”	A person holding office as a director for the time being of the Company.
“Employee”	Any full-time confirmed employee of the Group.
“Executive Director”	A Director who performs an executive function.
“Exercise Price”	The price at which a Participant shall subscribe for each Share upon the exercise of an Option, as determined in accordance with Rule 9, or such adjusted price as may be applicable pursuant to Rule 10.
“Financial Year”	Each period, at the end of which the accounts of the Company are prepared and audited, for the purpose of laying the same before an annual general meeting of the Company.
“Grantee”	The person to whom an offer of an Option is made.

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### APPENDIX III

### RULES OF PACIFIC HEALTHCARE EMPLOYEE SHARE OPTION SCHEME

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“Group”	The Company and its Subsidiaries and Associated Companies (as they may exist from time to time).
“Group Company”	Any of the corporations within the Group.
“Market Day”	A day on which the SGX-ST is open for trading of securities.
“Market Price”	The price as defined in Rule 9.1(i).
“Non-Executive Director”	A Director who is not an Executive Director.
“Offer Date”	The date on which an offer to grant an Option is made.
“Option”	The right to subscribe for Shares granted or to be granted pursuant to the Scheme and for the time being subsisting.
“Option Period”	The period for the exercise of an Option as set out in Rule 11.
“Participant”	A holder of an Option.
“Scheme”	The Pacific Healthcare Employee Share Option Scheme, as modified, supplemented or amended from time to time.
“SGX-ST”	The Singapore Exchange Securities Trading Limited.
“Shareholders”	The registered holders for the time being of Shares (other than CDP) or in the case of Depositors, Depositors who have Shares entered against their names in the Depository Register.
“Shares”	Ordinary shares of S\$0.02 each in the capital of the Company.
“Subsidiary”	A corporation which is for the time being a subsidiary (as defined by the Act) of the Company.
“S\$”	Singapore dollars.
“%” or “percent”	Per centum or percentage.

The terms “Depositor”, “Depository Register” and “Depository Agent” shall have the meanings ascribed to them respectively by Section 130A of the Companies Act (Chapter 50) of Singapore.

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

Any reference in the Scheme 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 used in the Scheme shall, where applicable, have the same meaning assigned to it under the Act or any statutory modification thereof.

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## **APPENDIX III**

### **RULES OF PACIFIC HEALTHCARE EMPLOYEE SHARE OPTION SCHEME**

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Any reference in the Scheme to a time of day shall be a reference to Singapore time unless otherwise stated.

#### **2. NAME OF THE SCHEME**

The Scheme shall be called the "Pacific Healthcare Employee Share Option Scheme".

#### **3. OBJECTIVES OF THE SCHEME**

The Scheme will provide an opportunity for Employees who have contributed significantly to the growth and performance of the Group, as well as Directors who satisfy the eligibility criteria as set out in Rule 4 of the Scheme, to participate in the equity of the Company.

The Scheme is primarily a share incentive scheme. It recognises the fact that the services of Employees and Directors are important to the success and continued well-being of the Group. Implementation of the Scheme will enable the Company to give recognition to the contributions made by such Employees and Directors. At the same time, it will give such Employees and Directors an opportunity to have a direct interest in the Company and will also help to achieve the following positive objectives:—

- (i) to motivate such Employees and Directors to maintain a high level of performance and contribution;
- (ii) to attract and maintain a group of key Employees whose contributions are important to the long-term growth and profitability of the Group;
- (iii) to instil loyalty to, and a stronger identification by Employees with the long-term prosperity of, the Group; and
- (iv) to attract potential Employees with relevant skills to contribute to the Group and to create value for Shareholders.

#### **4. ELIGIBILITY**

**4.1** An Employee's eligibility to participate in the Scheme shall be at the absolute discretion of the Committee and in addition, an Employee must:—

- (i) be confirmed in his employment with the Group and not be on probation;
- (ii) have attained the age of twenty-one (21) years on or before the Offer Date; and
- (iii) not be an undischarged bankrupt and must not have entered into a composition with his creditors.

For the avoidance of doubt, any Employee who is seconded to any Associated Company of the Company or to any other company outside the Group whether or not the Company and/or the Group has any equity interest in that other company, and who otherwise satisfies (i) to (iii) above, may, in the absolute discretion of the Committee, be selected to participate in the Scheme.

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### **APPENDIX III**

### **RULES OF PACIFIC HEALTHCARE EMPLOYEE SHARE OPTION SCHEME**

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4.2 All Directors of the Company (whether Executive or Non-Executive) are, subject to the absolute discretion of the Committee, eligible to participate in the Scheme, provided that the Director must:-

- (i) have attained the age of twenty-one (21) years on or before the Offer Date; and
- (ii) not be an undischarged bankrupt and must not have entered into a composition with his creditors.

Controlling Shareholders and their Associates who have contributed to the success and development of the Group are, subject to the absolute discretion of the Committee, eligible to participate in the Scheme provided that the participation by each such Controlling Shareholder or Associate and each grant of Options to any one of them may be effected only with the specific prior approval of independent Shareholders at a general meeting in separate resolutions for each such person. The Company will at such time provide the rationale and justification for any proposal to grant the Controlling Shareholders or Associate any options (including the rationale for any discount to the market price, if so proposed).

4.3 The following information shall be disclosed in the circular seeking such approval:-

- (a) clear justification or rationale for allowing the participation of such Controlling Shareholder or his Associate;
- (b) clear justification or rationale for the specific grants to be made to such Controlling Shareholder or his Associate; and
- (c) the rationale and justification for any discount granted pursuant to Rule 9.2 of the Scheme Shares under the grants made to such Controlling Shareholder or his Associate.

Such Controlling Shareholder or his Associate shall abstain from voting on the resolution in relation to his participation in this Scheme and the grant of Options to him.

4.4 There shall be no restriction on the eligibility of any Grantee or Participant to participate in any other share option or share incentive scheme, whether or not implemented by any of the other corporations within the Group or any other corporation.

4.5 Subject to the Act and any requirement of the SGX-ST or any other stock exchange on which the Shares may be listed or quoted, the terms of eligibility for participation in the Scheme may be amended from time to time at the absolute discretion of the Committee.

#### **5. SIZE OF THE SCHEME**

5.1 The aggregate number of Shares over which the Committee may grant Options, when added to the number of Shares issued and issuable in respect of all Options granted under the Scheme, shall not exceed fifteen percent (15%) of the total issued share capital of the Company on the date immediately preceding the Offer Date of the Option.

5.2 The aggregate number of Shares over which the Committee may grant to Controlling Shareholders and their Associates under the Scheme, shall not exceed twenty-five per cent. (25.0%) of the Shares available under the Scheme, Provided Always that that number of Shares available to each Controlling Shareholder or each of his Associates shall not exceed ten per cent. (10.0%) of the Shares available under the Scheme.

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## **APPENDIX III**

### **RULES OF PACIFIC HEALTHCARE EMPLOYEE SHARE OPTION SCHEME**

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#### **6. MAXIMUM ENTITLEMENT**

Subject to Rule 4, Rule 5 and Rule 10, the aggregate number of Shares in respect of which Options may be offered to a Grantee for subscription in accordance with the Scheme shall be determined at the discretion of the Committee which shall take into account (where applicable) criteria such as the rank and responsibilities within the Group, performance, years of service, contributions to the Company and the Board and potential for future development of the Grantee, and the performance of the Group.

#### **7. OFFER DATE**

- 7.1 The Committee may, save as provided in Rule 4, Rule 5 and Rule 6, offer to grant Options to such Grantees as it may select in its absolute discretion at any time during the period when the Scheme is in force. Except that, for so long as the Shares are listed and quoted on the SGX-ST, no Options shall be granted during the period of thirty (30) days immediately preceding the date of announcement of the Company's interim and/or final results (whichever the case may be) and in addition, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is made, offers to grant Options may only be made after the Market Day on which such announcement is released.
- 7.2 An offer to grant an Option to a Grantee shall be made by way of a letter (the "Letter of Offer") in the form or substantially in the form set out as attached, subject to such modifications as the Committee may determine from time to time.

#### **8. ACCEPTANCE OF OFFER**

- 8.1 An Option offered to a Grantee pursuant to Rule 7 may only be accepted by the Grantee within thirty (30) days after the relevant Offer Date and not later than 5.00 p.m. on the thirtieth (30th) day from such Offer Date by completing, signing and returning to the Company the Acceptance Form in or substantially in the form set out as attached, subject to such modifications as the Committee may from time to time determine and together with the Acceptance Form:–
  - (i) paying S\$1.00 or such other amount as the Committee may require as consideration (the "Consideration"); and
  - (ii) providing such other documentation as the Committee may require;

if, at the date on which the Committee, for and on behalf of the Company, receives from the Grantee the Acceptance Form in respect of the Option as aforesaid, he remains eligible to participate in the Scheme in accordance with these Rules.
- 8.2 If a grant of an Option is not accepted strictly in the manner as provided in this Rule 8, such offer shall, upon the expiry of the thirty (30) day period referred to in Rule 8.1, automatically lapse and shall forthwith be deemed to be null and void and be of no effect.
- 8.3 The Company shall be entitled to reject any purported acceptance of a grant of an Option made pursuant to this Rule 8 or Exercise Notice (as defined in Rule 12.1) given pursuant to Rule 12 which does not comply strictly with the terms of the Scheme.
- 8.4 Options are personal to the Grantees to whom they are granted and shall not be sold, mortgaged, transferred, charged, assigned, pledged or otherwise disposed of or encumbered in whole or in part or in any way whatsoever without the Committee's prior written approval, but may be exercised by the Grantee's duly appointed personal representative as provided in Rule 11.7 in the event of the death of such Grantee.

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### **APPENDIX III**

### **RULES OF PACIFIC HEALTHCARE EMPLOYEE SHARE OPTION SCHEME**

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- 8.5 The Grantee may accept or refuse the whole or part of the offer. If only part of the offer is accepted, the Grantee shall accept the offer in multiples of 1,000 Shares. The Committee shall within fifteen (15) Market Days of receipt of the Acceptance Form and the Consideration acknowledge receipt of the same.
- 8.6 In the event that a grant of an Option results in a contravention of any applicable law or subsidiary legislation, such grant shall be null and void and of no effect and the relevant Participant shall have no claim whatsoever against the Company.
- 8.7 Unless the Committee determines otherwise, an Option shall automatically lapse and become null, void and of no effect and shall not be capable of acceptance if:–
  - (i) it is not accepted in the manner as provided in Rule 8.1 within the thirty (30) day period referred to therein; or
  - (ii) the Participant dies prior to his acceptance of the Option; or
  - (iii) the Participant is adjudicated a bankrupt or enters into composition with his creditors prior to his acceptance of the Option; or
  - (iv) the Participant ceases to be in the employment of the Group or ceases to be a Director, in each case, for any reason whatsoever prior to his acceptance of the Option; or
  - (v) the Company is liquidated or wound-up prior to the Participant's acceptance of the Option.

#### **9. EXERCISE PRICE**

- 9.1 Subject to any adjustment pursuant to Rule 10, the Exercise Price for each Share in respect of which an Option is exercisable shall be fixed by the Committee at:–
  - (i) a price (the “Market Price”) equal to the average of the last dealt prices for a Share, as determined by reference to the daily official list or other publication published by the SGX-ST for the three (3) consecutive Market Days immediately preceding the Offer Date of that Option, rounded up to the nearest whole cent in the event of fractional prices; or
  - (ii) a price (as shall be determined by the Committee in its absolute discretion) which is set at a discount to the Market Price, provided that:–
    - (a) the maximum discount shall not exceed twenty percent (20%) of the Market Price; and
    - (b) the Shareholders in general meeting shall have authorised the making of offers and grants of Options under the Scheme at a discount not exceeding the maximum discount as aforesaid in a separate resolution.
- 9.2 In making any determination under Rule 9.1(ii) on whether to give a discount and the quantum of such discount, the Committee shall be at liberty to take into consideration such criteria as the Committee may, at its absolute discretion, deem appropriate, including but not limited to:–
  - (a) the performance of the Company, its Subsidiaries and Associated Companies, as the case may be, taking into account financial parameters such as net profit after tax, return on equity and earnings growth;
  - (b) the years of service and individual performance of the eligible Employee;
  - (c) the contribution of the eligible Employee to the success and development of the Company and/or the Group; and
  - (d) the prevailing market conditions.

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## APPENDIX III

### RULES OF PACIFIC HEALTHCARE EMPLOYEE SHARE OPTION SCHEME

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9.3 Where the Exercise Price as determined above is less than the par value of a Share, the Exercise Price shall be the par value.

#### **10. ALTERATION OF CAPITAL**

10.1 If a variation in the issued share capital of the Company, whether by way of a capitalisation of profits or reserves or rights issue or reduction (including any reduction arising by reason of the Company purchasing or acquiring its issued Shares), subdivision, consolidation or distribution, or issues for cash or for shares or otherwise (other than the distribution of dividends by the Company), should take place, then:-

- (i) the Exercise Price in respect of the Shares comprised in any Options to the extent unexercised; and/or
- (ii) the nominal value, class and/or number of Shares comprised in any Options to the extent unexercised and the rights attached thereto; and/or
- (iii) the maximum entitlement in any one Financial Year; and/or
- (iv) the nominal value, class and/or number of Shares in respect of which additional Options may be granted to Participants;

shall be adjusted in such manner as the Committee may determine to be appropriate including retrospective adjustments where such variation occurs after the date of the exercise of an Option but the Record Date relating to such variation precedes such date of exercise and, except in relation to a capitalisation issue, upon the written confirmation of the Auditors (acting as experts and not as arbitrators), that in their opinion, such adjustment (or absence of adjustment) is fair and reasonable. Provided Always that any adjustment shall be made in such manner that a Participant will not receive a benefit that Shareholders do not receive.

For the purposes of these Rules, "Record Date" means the date as at the close of business on which Shareholders must be registered in order to participate in any dividend, right, allotment or other distribution (as the case may be).

10.2 Notwithstanding the provisions of Rule 10.1 above, no such adjustment shall be made:-

- (i) which would result in the Shares to be issued upon the exercise of an Option being issued at a discount to the nominal value of a Share and if such an adjustment would but for this sub-Rule have so resulted, the Exercise Price payable shall be the nominal value of a Share; and
- (ii) unless the Committee after considering all relevant circumstances considers it equitable to do so.

10.3 The issue of securities as consideration for an acquisition of any assets by the Company, or a private placement of securities of the Company, or the cancellation of issued Shares purchased or acquired by the Company during the period when a share purchase mandate granted by the Shareholders (including any renewal of such mandate) is in force by way of a market purchase of such Shares undertaken by the Company on the SGX-ST, will not be regarded as a circumstance requiring adjustment under the provisions of this Rule 10. Any increase in the issued share capital of the Company as a consequence of the exercise of Options issued from time to time by the Company entitling holders thereof to subscribe for Shares in the capital of the Company (including the exercise of any Options granted pursuant to the Scheme will also not be regarded as a circumstance requiring adjustment.

10.4 The restriction on the number of Shares to be offered to any Grantee under Rule 5 above, shall not apply to the number of additional Shares or Options over additional Shares issued by virtue of any adjustment to the number of Shares and/or Options pursuant to this Rule 10.

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## **APPENDIX III**

### **RULES OF PACIFIC HEALTHCARE EMPLOYEE SHARE OPTION SCHEME**

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10.5 Upon any adjustment required to be made, the Company shall notify each Participant (or his duly appointed personal representative(s)) in writing and deliver to him (or, where applicable, his duly appointed personal representative(s)) a statement setting forth the new Exercise Price thereafter in effect and the nominal value, class and/or number of Shares thereafter comprised in the Option so far as unexercised and the maximum entitlement in any one Financial Year.

#### **11. OPTION PERIOD**

11.1 Options granted with the Exercise Price set at the Market Price shall only be exercisable, in whole or in part (provided that an Option may be exercised in part only in respect of 1,000 Shares or any multiple thereof) at any time, by a Participant after the first anniversary of the Offer Date of that Option, Provided Always that Options shall be exercised before the fifth anniversary of the relevant Offer Date, or such earlier date as may be determined by the Committee, failing which all unexercised Options shall immediately lapse and become null and void and a Participant shall have no claim against the Company.

11.2 Options granted with the Exercise Price set at a discount to the Market Price shall only be exercisable, in whole or in part (provided that an Option may be exercised in part only in respect of 1,000 Shares or any multiple thereof) at any time, by a Participant after the second anniversary of the Offer Date of that Option, Provided Always that Options shall be exercised before the fifth anniversary of the relevant Offer Date, or such earlier date as may be determined by the Committee, failing which all unexercised Options shall immediately lapse and become null and void and a Participant shall have no claim against the Company.

11.3 An Option shall, to the extent unexercised, immediately lapse and become null and void and a Participant shall have no claim against the Company:-

- (i) upon the bankruptcy of the Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of such Option; or
- (ii) in the event of misconduct on the part of the Participant, as determined by the Committee in its absolute discretion.

11.4 Subject to Rule 11.5, 11.6 and 11.7, if a Participant ceases to be an Employee or a Director for any reason whatsoever, the Participant shall not be entitled to exercise any unexercised Options and any unexercised Option shall immediately lapse and become null and void. For the purpose of this Rule, the Participant shall be deemed to have ceased being an Employee or a Director as of the date of the notice of termination or resignation, as the case may be, unless such notice shall be withdrawn prior to its effective date.

11.5 Where a Participant who is an Executive Director ceases to be an Executive Director due to a change in control of the Board, he shall, notwithstanding Rule 11 and Rule 12, be entitled to exercise in full all unexercised Options from the date he ceased to be an Executive Director until the end of the relevant Option Period.

11.6 If a Participant ceases to be an Employee by reason of:-

- (i) his ill-health, injury or disability, in each case, as certified by a medical practitioner approved by the Committee;
- (ii) his redundancy;
- (iii) his retirement at or after a normal retirement age;
- (iv) his retirement before that age with the consent of the Committee; or

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## APPENDIX III

### RULES OF PACIFIC HEALTHCARE EMPLOYEE SHARE OPTION SCHEME

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(v) the Subsidiary, by which he is principally employed ceasing to be a corporation within the Group or the undertaking or part of the undertaking of such Subsidiary, being transferred otherwise than to another corporation within the Group;

or for any other reason approved in writing by the Committee, he may, at the absolute discretion of the Committee, exercise any unexercised Option within the relevant Option Period, and upon the expiry of such period, the Option shall immediately lapse and become null and void.

- 11.7 If a Participant dies and at the date of his death holds any unexercised Option, such Option may, at the absolute discretion of the Committee, be fully exercisable by the duly appointed legal personal representatives of the Participant from the date of his death to the end of the relevant Option Period and upon the expiry of such period, the Option shall immediately lapse and become null and void.
- 11.8 The Committee may, by notification, provide for further restrictions on the period during which Options may be exercised (whether granted with the Exercise Price set at a discount to Market Price or not) whether by providing a schedule for the vesting of Shares comprised in the relevant Options or otherwise.

#### **12. EXERCISE OF OPTIONS, ALLOTMENT AND LISTING OF SHARES**

- 12.1 An Option may be exercised, in whole or in part (provided that an Option may be exercised in part only in respect of 1,000 Shares or any multiple thereof), by a Participant giving notice in writing to the Company in or substantially in the form set out as attached (the "Exercise Notice"), subject to such modifications as the Committee may from time to time determine. Every Exercise Notice must be accompanied by a remittance for the full amount of the aggregate Exercise Price in respect of the Shares which have been exercised under the Option, the relevant CDP charges (if any) and any other documentation the Committee may require. All payment shall be made by cheque, cashier's order, bank draft or postal order made out in favour of the Company. An Option shall be deemed to be exercised upon the receipt by the Company of the said notice duly completed and the receipt by the Company of the full amount of the aggregate Exercise Price in respect of the Shares which have been exercised under the Option.

- 12.2 Subject to:-

- (i) such consents or other actions required by any competent authority under any regulations or enactments for the time being in force as may be necessary (including any approvals required from the SGX-ST); and
- (ii) compliance with the Rules of the Scheme and the memorandum and articles of association of the Company;

the Company shall, as soon as practicable after the exercise of an Option by a Participant but in any event within ten (10) Market Days (or such other period as may be permitted by the Listing Manual of the SGX-ST) after the date of the exercise of the said Option in accordance with Rule 12.1, allot and issue the Shares in respect of which such Option has been exercised by the Participant and despatch the relevant share certificates to the Participant or, if the Shares are listed and quoted on the SGX-ST, to CDP for the credit of the securities account or securities sub-account of that Participant by ordinary post or such other mode of delivery as the Committee may deem fit.

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### **APPENDIX III**

### **RULES OF PACIFIC HEALTHCARE EMPLOYEE SHARE OPTION SCHEME**

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- 12.3 The Company shall, if necessary, as soon as practicable after the exercise of an Option, apply to the SGX-ST or any other stock exchange on which the Shares are quoted or listed for permission to deal in and for quotation of the Shares which may be issued upon exercise of the Option and the Shares (if any) which may be issued to the Participant pursuant to any adjustments made in accordance with Rule 10.
- 12.4 Shares which are all allotted on the exercise of an Option by a Participant shall be issued, as the Participant may elect, in his name or, if the Shares are listed and quoted on the SGX-ST, in the name of CDP to the credit of the securities account of the Participant maintained with CDP or the Participant's securities sub-account with a Depository Agent.
- 12.5 Shares allotted and issued upon the exercise of an Option shall be subject to all provisions of the memorandum and articles of association of the Company (including all provisions thereof relating to the voting, dividend, transfer and other rights attached to such Shares, including those rights which arise from a liquidation of the Company) and shall rank *pari passu* in all respects with the then existing issued Shares in the capital of the Company except for any dividend, right, allotment or other distribution, the Record Date of which is prior to the date such Option is exercised.
- 12.6 Except as set out in Rule 12.2 and subject to Rule 10, an Option does not confer on a Participant any right to participate in any new issue of Shares.
- 12.7 The Company shall keep available sufficient unissued Shares to satisfy the full exercise of all Options for the time being remaining capable of being exercised.

### **13. ALTERATIONS AND MODIFICATIONS TO THE SCHEME**

- 13.1 Any or all of the provisions of the Scheme may be modified and/or altered at any time and from time to time by resolution of the Committee except that:-
  - (i) any modification or alteration which shall alter adversely the rights attached to the Options granted prior to such modification or alteration and which in the opinion of the Committee, materially alters the rights attaching to any Option granted prior to such modification or alteration may only be made with the consent in writing of such number of Participants who, if they exercised their Options in full, would thereby become entitled to not less than three-quarters (3/4) in nominal amount of all the Shares which would fall to be issued and allotted upon exercise in full of all outstanding Options;
  - (ii) the definitions of "Director", "Executive Director", "Employee" and "Group" and the provisions of Rules 4, 5, 6, 8.1, 9, 11.1, 11.2, 12.5, 16 and this Rule shall not be altered or modified to the advantage of Participants under the Scheme except with the prior approval of Shareholders at a general meeting; and
  - (iii) (if required) no modification or alteration shall be made without the prior approval of the SGX-ST or any other stock exchange on which the Shares are quoted or listed, and such other regulatory authorities as may be necessary.

For the purposes of Rule 13.1(i), the opinion of the Committee as to whether any modification or alteration would alter adversely the rights attaching to any Option shall be final and conclusive.

- 13.2 Notwithstanding anything to the contrary contained in Rule 13.1, the Committee may at any time by resolution (and without any other formality save for the prior approval of the SGX-ST if necessary) amend or alter the Scheme in any way to the extent necessary to cause the Scheme to comply with any statutory provision or the provisions or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).

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## **APPENDIX III**

### **RULES OF PACIFIC HEALTHCARE EMPLOYEE SHARE OPTION SCHEME**

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13.3 Written notice of any modification or alteration made in accordance with this Rule shall be given to all Participants.

#### **14. DURATION OF THE SCHEME**

14.1 The Scheme shall continue to be in force at the discretion of the Committee, subject to a maximum period of ten (10) years, commencing on the date on which the Scheme is adopted by Shareholders at the relevant general meeting. Subject to compliance with any applicable laws and regulations in Singapore, the Scheme may continue beyond the above stipulated period with the approval of the Shareholders by ordinary resolution at a general meeting and of any relevant authorities which may then be required.

14.2 The Scheme may be terminated at any time by the Committee or by resolution of the Shareholders at a general meeting subject to all other relevant approvals which may be required and if the Scheme is so terminated, no further Options shall be offered by the Company hereunder.

14.3 The termination, discontinuance or expiry of the Scheme shall be without prejudice to the rights accrued to Options which have been granted and accepted as provided in Rule 8, whether such Options have been exercised (whether fully or partially) or not.

#### **15. TAKE-OVER AND WINDING-UP OF THE COMPANY**

15.1 In the event of a take-over being made for the Company, Participants (including Participants holding Options which are then not exercisable pursuant to the provisions of Rule 11.1 and 11.2) holding Options as yet unexercised shall, notwithstanding Rule 11 but subject to Rule 15.5, be entitled to exercise such Options in full or in part during the period commencing on the date on which such offer is made or, if such offer is conditional, the date on which the offer becomes or is declared unconditional, as the case may be, and ending on the earlier of:–

- (i) the expiry of six (6) months thereafter, unless prior to the expiry of such six (6) month period, at the recommendation of the offeror and with the approvals of the Committee and (if so required) the SGX-ST, such expiry date is extended to a later date (being a date falling not later than the date of expiry of the Option Period relating thereto); or
- (ii) the date of expiry of the Option Period relating thereto;

whereupon any Option then remaining unexercised shall immediately lapse and become null and void.

Provided Always that if during such period the offeror becomes entitled or bound to exercise the rights of compulsory acquisition of the Shares under any relevant regulatory provisions or legislation and, being entitled to do so, gives notice to the Participants that it intends to exercise such rights on a specified date, all Options shall remain exercisable by the Participants until such specified date or the expiry of the respective Option Periods relating thereto, whichever is earlier. Any Option not so exercised by the said specified date shall lapse and become null and void provided that the rights of acquisition or obligation to acquire stated in the notice shall have been exercised or performed, as the case may be. If such rights of acquisition or obligations have not been exercised or performed, all Options shall, subject to Rule 11, remain exercisable until the expiry of the Option Period.

15.2 If under any applicable laws, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another corporation or corporations, Participants (including Participants holding Options which are then not exercisable pursuant to the provisions of Rule 11.1 or 11.2) shall notwithstanding Rule 11 but subject to Rule 15.5, be entitled to exercise any Option then

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### **APPENDIX III**

### **RULES OF PACIFIC HEALTHCARE EMPLOYEE SHARE OPTION SCHEME**

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held by them during the period commencing on the date upon which the compromise or arrangement is sanctioned by the court and ending either on the expiry of sixty (60) days thereafter or the date upon which the compromise or arrangement becomes effective, whichever is later (but not after the expiry of the Option Period relating thereto), whereupon any unexercised Option shall lapse and become null and void, Provided Always that the date of exercise of any Option shall be before the expiry of the relevant Option Period.

- 15.3 If an order or an effective resolution is passed for the winding up of the Company on the basis of its insolvency, all Options, to the extent unexercised, shall lapse and become null and void.
- 15.4 In the event that a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as or soon after it despatches such notice to each member of the Company, give notice thereof to all Participants (together with a notice of the existence of the provisions of this Clause) and thereupon, each Participant (or his legal personal representative(s)) shall be entitled to exercise all or any of his Options at any time not later than two business days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate Exercise Price for the Shares in respect of which the notice is given whereupon the Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Participant credited as fully paid.
- 15.5 If in connection with the making of a general offer referred to in Rule 15.1 above or the scheme referred to in Rule 15.2 above or the winding up referred to in Rule 15.4 above, arrangements are made (which are confirmed in writing by the Auditors, acting only as experts and not as arbitrators, to be fair and reasonable) for the compensation of Participants, whether by the continuation of their Options or the payment of cash or the grant of other options or otherwise, a Participant holding an Option, which is not then exercisable, may not, at the discretion of the Committee, be permitted to exercise that Option as provided for in this Rule 15.
- 15.6 If the events stipulated in this Rule 15 should occur, to the extent that an Option is not exercised within the respective periods referred to herein in this Rule 15, it shall lapse and become null and void.

#### **16. ADMINISTRATION OF THE SCHEME**

- 16.1 This Scheme shall be administered by the Committee in its absolute discretion with such powers and duties as are conferred on it by the Board of Directors.
- 16.2 The Committee shall have the power, from time to time, to make or vary such regulations (not being inconsistent with this Scheme) for the implementation and administration of this Scheme as it thinks fit.
- 16.3 Any decision of the Committee, made pursuant to any provision of this Scheme (other than a matter to be certified by the Auditors), shall be final and binding (including any decisions pertaining to disputes as to the interpretation of the Scheme or any rule, regulation, or procedure thereunder or as to any rights under this Scheme).
- 16.4 A Participant who is a member of the Committee shall not be involved in its deliberation in respect of Options (if any) to be granted to him.
- 16.5 The Company shall, where applicable, briefly describe in the circular to the Shareholders the potential cost to it arising from the grant of Options.

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## **APPENDIX III**

### **RULES OF PACIFIC HEALTHCARE EMPLOYEE SHARE OPTION SCHEME**

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- 16.6 The Company shall disclose the terms of the Scheme or a summary of the principal terms of the Scheme in the circular to the Shareholders. The summary shall contain all the information required under rules 844 to 849, and rules 853 to 854 in Part VIII of the SGX-ST Listing Manual and/or such other applicable statutory provisions or regulations of any regulatory authority or body (including the SGX-ST) from time to time in force. If only a summary is disclosed, the Company shall make the terms of the Scheme available for inspection at its registered office for at least 14 days before the date of the general meeting of the Shareholders.
- 16.7 Where any director of the Company is trustee of the Scheme or has an interest direct or indirect in the Scheme, the circular must disclose that interest.
- 16.8 Shareholders who are eligible to participate in the Scheme must abstain from voting on any resolution relating to the Scheme.
- 16.9 The Committee will establish and maintain a register to be kept at the Company's principal office showing the details of the holders of the Options.

#### **17. NOTICES**

- 17.1 Any notice given by a Participant to the Company shall be sent by post or delivered to the principal office of the Company or such other address as may be notified by the Company to him in writing.
- 17.2 Any notice or documents given by the Company to a Participant shall be sent to him by hand or sent to him at his home address stated in the register of the Company under Rule 16.5 or the last known address of the Participant, and if sent by post shall be deemed to have been given on the day immediately following the date of posting.

#### **18. TERMS OF EMPLOYMENT UNAFFECTED**

- 18.1 The Scheme or any Option shall not form part of any contract of employment between the Company, or any Group Company and any Participant and the rights and obligations of any individual under the terms of the office or employment with such corporation within the Group shall not be affected by his participation in the Scheme or any right which he may have to participate in it or any Option which he may hold and the Scheme or any Option shall afford such an individual no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason whatsoever.
- 18.2 The Scheme shall not confer on any person any legal or equitable rights (other than those constituting the Options themselves) against the Company or the Group directly or indirectly or give rise to any cause of action at law or in equity against the Company and/or the Group.

#### **19. TAXES**

All taxes (including income tax) arising from the exercise of any Option granted to any Participant under the Scheme shall be borne by the Participant.

#### **20. COSTS AND EXPENSES OF THE SCHEME**

- 20.1 Each Participant shall be responsible for all fees of CDP (if any) relating to or in connection with the issue and allotment of any Shares pursuant to the exercise of any Option in CDP's name, the deposit of share certificate(s) with CDP, the Participant's securities account with CDP or the Participant's securities sub-account with his Depository Agent and all taxes referred to in Rule 19 which shall be payable by the relevant Participant.

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## **APPENDIX III**

### **RULES OF PACIFIC HEALTHCARE EMPLOYEE SHARE OPTION SCHEME**

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20.2 Save for such costs and expenses expressly provided in the Scheme to be payable by the Participants, all fees, costs, and expenses incurred by the Company in relation to the Scheme including but not limited to the fees, costs and expenses relating to the allotment and issue of the Shares pursuant to the exercise of any Option shall be borne by the Company.

#### **21. DISCLAIMER OF LIABILITY**

Notwithstanding any provisions herein contained and subject to the Act, the Board, the Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in respect of any matter under or in connection with the Scheme including but not limited to the Company's delay or failure in issuing and allotting the Shares or in applying for or procuring the listing of and quotation for the Shares allotted pursuant to the exercise of any Option on the SGX-ST or any other stock exchanges on which the Shares are quoted or listed.

#### **22. DISPUTES**

Any disputes or differences of any nature in connection with the Scheme shall be referred to the Committee and its decision shall be final and binding in all respects.

#### **23. CONDITION OF OPTION**

Every Option shall be subject to the condition that no Shares shall be issued pursuant to the exercise of an Option if such issue would be contrary to any law or enactment, or any rules or regulations of any legislative or non-legislative governing body for the time being in force in Singapore or any other relevant country.

#### **24. DISCLOSURES IN ANNUAL REPORTS**

The Company shall, for so long as the Shares are listed and quoted on the SGX-ST, make the following disclosure in its annual report:–

- (i) the names of the members of the Committee;
- (ii) the information required in the table below for the following Participants:–
  - (a) Directors of the Company;
  - (b) Participants who are Controlling Shareholders and their Associates;
  - (c) Participants, other than those in (a) and (b) above, who receive five percent (5%) or more of the total number of Options available under the Scheme;

Name of Participant	Options granted during Financial Year under review (including terms)	Aggregate options granted since commencement of the Scheme to end of Financial Year under review	Aggregate options exercised since commencement of the Scheme to end of Financial Year under review	Aggregate options outstanding as at end of Financial Year under review

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### **APPENDIX III**

### **RULES OF PACIFIC HEALTHCARE EMPLOYEE SHARE OPTION SCHEME**

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- (iii) the number and proportion of options granted at a discount during the financial year under review in respect of every ten percent (10%) discount range, up to the maximum quantum of discount granted; and
- (iv) any other information required to be so disclosed pursuant to the Listing Manual of the SGX-ST and all other applicable laws and requirements;

Provided that if any of the above requirements is not applicable, an appropriate negative statement should be included therein.

#### **25. GOVERNING LAW**

The Scheme shall be governed by and construed in accordance with the laws of the Republic of Singapore. The Company and the Participants, by accepting the offer of the grant of Options in accordance with the Scheme, submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

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**APPENDIX III**  
**RULES OF PACIFIC HEALTHCARE EMPLOYEE SHARE OPTION SCHEME**

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**APPENDIX 1**

**PACIFIC HEALTHCARE EMPLOYEE SHARE OPTION SCHEME**

**LETTER OF OFFER**

Serial No: \_\_\_\_\_

**PRIVATE AND CONFIDENTIAL**

Date:

To: [Name]  
[Designation]  
[Address]

Dear Sir/Madam

We are pleased to inform you that you have been nominated by the Remuneration Committee of the Board of Directors of Pacific Healthcare Holdings Ltd. (the "Company") to participate in the Pacific Healthcare Employee Share Option Scheme (the "Scheme"). Terms as defined in the Scheme shall have the same meaning when used in this letter.

Accordingly, an offer is hereby made to grant you an Option, in consideration of the payment of a sum of S\$1.00, to subscribe for and be allotted \_\_\_\_\_ ordinary shares of S\$0.02 each in the capital of the Company at the price of S\$ \_\_\_\_\_ per ordinary share. The Option shall be subject to the terms of this Letter of Offer and the Scheme (as the same may be amended from time to time pursuant to the terms and conditions of the Scheme), a copy of which is enclosed herewith.

The Option is personal to you and shall not be sold, mortgaged, transferred, charged, assigned, pledged or otherwise disposed of or encumbered in whole or in part or in any way whatsoever.

If you wish to accept the offer, please sign and return the enclosed Acceptance Form with a sum of S\$1.00 not later than 5:00 p.m. on the \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_ failing which this offer will forthwith lapse.

Yours faithfully  
For and on behalf of  
Pacific Healthcare Holdings Ltd.

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Name:  
Designation

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**APPENDIX III**  
**RULES OF PACIFIC HEALTHCARE EMPLOYEE SHARE OPTION SCHEME**

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**APPENDIX 2**

**PACIFIC HEALTHCARE EMPLOYEE SHARE OPTION SCHEME**

**ACCEPTANCE FORM**

Serial No: \_\_\_\_\_

To: The Remuneration Committee  
Pacific Healthcare Employee Share Option Scheme  
290 Orchard Road  
#12-01 Paragon  
Singapore 238859

Closing Time and Date for Acceptance of Option : \_\_\_\_\_

No. of Shares in respect of which Option is offered : \_\_\_\_\_

Exercise Price per Share : S\$ \_\_\_\_\_

Total Amount Payable on acceptance of Option : S\$ \_\_\_\_\_  
(exclusive of the relevant CDP charges)

I have read your Letter of Offer dated \_\_\_\_\_ (the "Offer Date") and agree to be bound by the terms thereof and of the Pacific Healthcare Employee Share Option Scheme. I confirm that my acceptance of the Option will not result in the contravention of any applicable law or regulation in relation to the ownership of shares in the Company or options to subscribe for such shares.

I hereby accept the Option to subscribe for \_\_\_\_\_ ordinary shares of S\$0.02 each in the capital of Pacific Healthcare Holdings Ltd (the "Shares") at S\$ \_\_\_\_\_ per Share and enclose \*cash/banker's draft/cashier's order/postal order no. \_\_\_\_\_ of \_\_\_\_\_ in payment for the purchase of the Option.

I understand that I am not obliged to exercise the Option.

I also understand that I shall be responsible for all the fees of CDP (if applicable) relating to or in connection with the issue and allotment of any Shares in CDP's name, the deposit of share certificates with CDP, my securities account with CDP or my securities sub-account with a CDP Depository Agent (as the case may be) (collectively, the "CDP charges").

I confirm that as at the date hereof:

I am not less than 21 years old nor an undischarged bankrupt nor have I entered into a composition with any of my creditors;

I satisfy the eligibility requirements to participate in the Scheme as defined in Rule 4 of the Scheme; and

I satisfy other requirements to participate in the Scheme as set out in the Rules of the Scheme.

I hereby acknowledge that you have not made any representation or warranty or given me any expectation of employment or continued employment to induce me to accept the offer and that the terms of the Letter of Offer and this Acceptance Form constitute the entire agreement between us relating to the offer.

I agree to keep all information pertaining to the grant of the Option to me confidential.

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### **APPENDIX III**

### **RULES OF PACIFIC HEALTHCARE EMPLOYEE SHARE OPTION SCHEME**

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**PLEASE PRINT IN BLOCK LETTERS**

Name in full : \_\_\_\_\_

Designation : \_\_\_\_\_

Address : \_\_\_\_\_

Nationality : \_\_\_\_\_

\*NRIC/Passport No. : \_\_\_\_\_

Signature : \_\_\_\_\_

Date : \_\_\_\_\_

\* Delete as appropriate.

**Notes:-**

Option must be accepted in full or in multiples of 1,000 Shares.

The Acceptance Form must be forwarded to the Company Secretary in an envelope marked "Private and Confidential".

The Participant shall be informed by the Company of the relevant CDP charges payable at the time of the exercise of an Option.

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**APPENDIX III**  
**RULES OF PACIFIC HEALTHCARE EMPLOYEE SHARE OPTION SCHEME**

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**APPENDIX 3**

**PACIFIC HEALTHCARE EMPLOYEE SHARE OPTION SCHEME**

**EXERCISE NOTICE**

Serial No: \_\_\_\_\_

To: The Remuneration Committee  
Pacific Healthcare Employee Share Option Scheme  
290 Orchard Road  
#12-01 Paragon  
Singapore 238859

Total Number of ordinary shares of S\$0.02 each (the  
"Shares") at S\$ \_\_\_\_\_ per Share under an Option  
granted on \_\_\_\_\_ (the "Offer Date") : \_\_\_\_\_

Number of Shares previously allotted and issued thereunder : \_\_\_\_\_

Outstanding balance of Shares which may be allotted and  
issued thereunder : \_\_\_\_\_

Number of Shares now to be subscribed (in multiples of  
1,000) : \_\_\_\_\_

Pursuant to your Letter of Offer dated \_\_\_\_\_ (the "Offer Date") and my acceptance  
thereof, I hereby exercise the Option to subscribe for \_\_\_\_\_ Shares in Pacific  
Healthcare Holdings Ltd. (the "Company") at S\$ \_\_\_\_\_ per Share.

I hereby request the Company to allot and issue to me the number of Shares specified in paragraph 1  
in \*my name/the name of The Central Depository (Pte) Limited ("CDP") to the credit of my \*Securities  
Account with CDP/Securities Sub-Account with a CDP Depository Agent specified below and to deliver  
the share certificates relating thereto to \*me/CDP at my own risk. I further agree to bear such fees or  
other charges as may be imposed by CDP ("CDP charges") and any stamp duties in respect thereof:

\*(a) Direct Securities Account Number : \_\_\_\_\_

\*(b) Securities Sub-Account Number : \_\_\_\_\_

Name of CDP Depository Agent : \_\_\_\_\_

I enclose a \*cheque/cashier's order/bank draft/postal order no. \_\_\_\_\_ for S\$ \_\_\_\_\_ in  
payment for the subscription for the total number of the said Shares.

I agree to subscribe for the Shares subject to the terms of the Letter of Offer, the Pacific Healthcare  
Employee Share Option Scheme (as the same may be amended pursuant to the terms thereof from  
time to time) and the memorandum and articles of association of the Company.

I declare that I am subscribing for the Shares for myself and not as a nominee for any other person.

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### **APPENDIX III**

### **RULES OF PACIFIC HEALTHCARE EMPLOYEE SHARE OPTION SCHEME**

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**PLEASE PRINT IN BLOCK LETTERS**

Name in full : \_\_\_\_\_

Designation : \_\_\_\_\_

Address : \_\_\_\_\_

Nationality : \_\_\_\_\_

\*NRIC/Passport No. : \_\_\_\_\_

Signature : \_\_\_\_\_

Date : \_\_\_\_\_

\* Delete as appropriate.

**Notes:-**

1. An Option may be exercised in whole or in part provided that an Option may be exercised in part only in respect of 1,000 Shares or any multiple thereof.
2. The form entitled "Exercise Notice" must be forwarded to the Company Secretary in an envelope marked "Private and Confidential".

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## APPENDIX IV

### TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

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#### **PROCEDURES FOR APPLICATION AND ACCEPTANCE**

You are invited to subscribe for the 48,000,000 New Shares at the Issue Price, subject to the following terms and conditions:-

- 1. YOUR APPLICATION MUST BE MADE IN LOTS OF 1,000 NEW SHARES AND INTEGRAL MULTIPLES THEREOF. YOUR APPLICATION FOR ANY OTHER NUMBER OF NEW SHARES WILL BE REJECTED.**
- 2. Your application for Offer Shares may be made by way of Offer Shares Application Forms or by way of Electronic Applications through ATMs of the Participating Banks ("ATM Electronic Applications") or through Internet Banking ("IB") websites of the relevant Participating Banks ("Internet Electronic Applications" which, together with ATM Electronic Applications, shall be referred to as "Electronic Applications"). Your application for the Placement Shares (other than Reserved Shares) may only be made by way of printed Placement Shares Application Forms. Your application for Reserved Shares may only be made by way of printed Reserved Shares Application Forms. **YOU MAY NOT USE CPF FUNDS TO APPLY FOR THE NEW SHARES.****
- 3. You are allowed to submit only one application in your own name for the Offer Shares or the Placement Shares (other than Reserved Shares). If you submit an application for Offer Shares by way of an Application Form, you MAY NOT submit another application for Offer Shares by way of an Electronic Application and vice versa. Such separate applications shall be deemed to be multiple applications and will be liable to be rejected at the discretion of our Company, except in the case of applications by approved nominees companies, where each application is made on behalf of a different beneficiary.**

**If you submit an application for Offer Shares by way of Internet Electronic Application, you MAY NOT submit another application for Offer Shares by way of ATM Electronic Application and vice versa. Such separate applications shall be deemed to be multiple applications and will be liable to be rejected at the discretion of our Company.**

**If you being other than an approved nominee company, have submitted an application for Offer Shares in your own name, you should not submit any other application for Offer Shares, whether by way of an Application Form or by way of an Electronic Application, for any other person. Such separate applications shall be deemed to be multiple applications and may be rejected at the discretion of our Company.**

**If you have made an application for Placement Shares (other than for Reserved Shares), you should not make any application for Offer Shares either by way of an Application Form or by way of an Electronic Application and vice versa. Such separate applications shall be deemed to be multiple applications and may be rejected at the discretion of our Company.**

**Conversely, if you have made an application for Offer Shares either by way of an Electronic Application or by way of an Application Form, you may not make any application for Placement Shares (other than Reserved Shares). Such separate applications shall be deemed to be multiple applications and may be rejected at the discretion of our Company.**

**If you have made an application for Reserved Shares, you may submit ONE separate application for the Offer Shares in your own name by way of an Application Form or by way of an Electronic Application, or submit one separate application for Placement Shares (other than Reserved Shares) by way of an Application Form, provided that you adhere to the terms and conditions of this Prospectus. Such separate applications shall NOT be treated as multiple applications.**

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## APPENDIX IV

### TERMS, CONDITIONS AND PROCEDURES

### FOR APPLICATION AND ACCEPTANCE

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**Joint applications shall be rejected. Multiple applications for New Shares will be liable to be rejected at the discretion of our Company. If you submit or procure submissions of multiple share applications for Offer Shares, Placement Shares or both Offer Shares and Placement Shares, you may be deemed to have committed an offence under the Penal Code, Chapter 224 of Singapore and the SFA, and your applications may be referred to the relevant authorities for investigation. Multiple applications or those appearing to be or suspected of being multiple applications may be rejected at the discretion of our Company.**

4. We will not accept applications from any person under the age of 21 years, undischarged bankrupts, sole-proprietorships, partnerships, chops or non-corporate bodies, joint Securities Account holders of CDP and from applicants whose addresses (furnished in their Application Forms or, in the case of Electronic Applications, contained in the records of the relevant Participating Banks) or IPO website, as the case may be, bear post office box numbers. No person acting or purporting to act on behalf of a deceased person is allowed to apply under the Securities Account with CDP in the deceased name at the time of application.
5. We will not recognise the existence of a trust. Any application by a trustee or trustees must be made in his/their own name(s) and without qualification or, where the application is made by way of an Application Form by a nominee, in the name(s) of an approved nominee company or approved nominee companies after complying with paragraph 6 below.
6. **WE WILL ONLY ACCEPT APPLICATIONS FROM APPROVED NOMINEE COMPANIES ONLY.** Approved nominee companies are defined as banks, merchant banks, finance companies, insurance companies, licensed securities dealers in Singapore and nominee companies controlled by them. Applications made by persons acting as nominees other than approved nominee companies shall be rejected.
7. **IF YOU ARE NOT AN APPROVED NOMINEE COMPANY, YOU MUST MAINTAIN A SECURITIES ACCOUNT WITH CDP IN YOUR OWN NAME AT THE TIME OF YOUR APPLICATION.** If you do not have an existing Securities Account with CDP in your own name at the time of your application, your application will be rejected (if you apply by way of an Application Form), or you will not be able to complete your Electronic Application (if you apply by way of an Electronic Application). If you have an existing Securities Account with CDP but fail to provide your Securities Account number or provide an incorrect Securities Account number in Section B of the Application Form or in your Electronic Application or IPO website, as the case may be, your application is liable to be rejected. Subject to paragraph 8 below, your application shall be rejected if your particulars, such as name, NRIC/passport number, nationality and permanent residence status provided in your Application Form or contained in the records of the relevant Participating Bank or IPO website at the time of your Electronic Application, as the case may be, differ from those particulars in your Securities Account as maintained with CDP. If you possess more than one individual direct Securities Account with CDP, your application shall be rejected.
8. If your address as stated in the Application Form or, in the case of an Electronic Application, contained in the records of the relevant Participating Bank or IPO website, as the case may be, is different from the address registered with CDP, you must inform CDP of your updated address promptly, failing which the notification letter on successful allotment and other correspondence from CDP will be sent to your address last registered with CDP.
9. Our Company reserves the right to reject any application which does not conform strictly to the instructions set out in the Application Form and in this Prospectus or which does not comply with the instructions for Electronic Applications or with the terms and conditions of this Prospectus or, in the case of an application by way of an Application Forms, which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly drawn remittance or improper form of remittance. Our Company further reserves the right to treat as valid any applications not completed or submitted or effected in all respects in accordance with the instructions set out in the

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## **APPENDIX IV** **TERMS, CONDITIONS AND PROCEDURES** **FOR APPLICATION AND ACCEPTANCE**

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Application Form or the instructions for Electronic Applications or the terms and conditions of this Prospectus and also to present for payment or other processes all remittances at any time after receipt and to have full access to all information relating to, or deriving from, such remittances or the processing thereof.

10. Our Company reserves the right to reject or to accept, in whole or in part, or to scale down or to ballot any application, without assigning any reason therefor, and we will not entertain any enquiry and/or correspondence on the decision of our Company. This right applies to applications made by way of Application Forms and by way of Electronic Applications. In deciding the basis of allotment which will be at the discretion of our Company, we will give due consideration to the desirability of allotting the New Shares to a reasonable number of applicants with a view to establishing an adequate market for the Shares.
11. Share certificates will be registered in the name of CDP or its nominee and will be forwarded only to CDP. It is expected that CDP will send to you, at your own risk, within 15 Market Days after the close of the Application List, a statement of account stating that your Securities Account has been credited with the number of New Shares allotted to you, if your application is successful. This will be the only acknowledgement of application monies received and is not an acknowledgement by our Company. You irrevocably authorise CDP to complete and sign on your behalf as transferee or renounce any instrument of transfer and/or other documents required for the issue or transfer of the New Shares allotted to you. This authorisation applies to applications made by way of Application Forms and by way of Electronic Applications.
12. In the event that our Company lodges a supplementary or replacement prospectus ("Relevant Document") pursuant to the SFA or any applicable legislation in force from time to time prior to the close of the Invitation, and the New Shares have not been issued, we will (as required by law) at our Company's sole and absolute discretion either:–
  - (i) within seven days of the lodgement of the Relevant Document give you a copy of the Relevant Document and provide you with an option to withdraw your application; or
  - (ii) deem your application as withdrawn and cancelled and refund your application monies (without interest or any share of revenue or other benefit arising there from) to you within seven days from the lodgement of the Relevant Document.

Where you have notified us within 14 days from the date of lodgement of the Relevant Document of your wish to exercise your option under the SFA to withdraw your application, we shall pay to you all monies paid by you on account of your application for the New Shares without interest or any share of revenue or other benefit arising there from and at your own risk, within seven days from the receipt of such notification.

In the event that at any time of the lodgement of the Relevant Document, the New Shares have already been issued but trading has not commenced, we will (as required by law) either:–

- (i) within seven days of the lodgement of the Relevant Document give you a copy of the Relevant Document and provide you with an option to return the New Shares; or
- (ii) deem the issue of the New Shares as void and refund your application monies (without interest or any share of revenue or other benefit arising therefrom) to you within seven days from the lodgement of the Relevant Document.

Where you have notified us within 14 days from the date of lodgement of the Relevant Document of your wish to exercise your option under the SFA to return the New Shares issued to you, you shall return all documents, if any, purporting to be evidence of title to those New Shares, whereupon we shall pay to you all monies paid by you on account of your application for the New Shares without interest or any share of revenue or other benefit arising therefrom and at your own risk, within seven days from the receipt of such notification and documents.

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## **APPENDIX IV** **TERMS, CONDITIONS AND PROCEDURES** **FOR APPLICATION AND ACCEPTANCE**

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Additional terms and instructions applicable upon the lodgement of the supplementary or replacement prospectus, including instructions on how you can exercise the option to withdraw, may be found in such supplementary or replacement prospectus.

13. In the event of an under-subscription for Offer Shares as at the close of the Application List, we will make available that number of Offer Shares under-subscribed to satisfy applications for Placement Shares to the extent that there is an over-subscription for Placement Shares as at the close of the Application List.

Any of the Reserved Shares not taken up will be made available first to satisfy applications for the Placement Shares to the extent that there is an over-subscription for the Placement Shares and then to satisfy applications for Offer Shares to the extent that there is an over-subscription for Offer Shares as at the close of the Application List.

In the event of an under-subscription for Placement Shares (other than Reserved Shares) as at the close of the Application List, we will make available that number of Placement Shares (other than Reserved Shares) under-subscribed to satisfy applications for Offer Shares to the extent that there is an over-subscription for Offer Shares as at the close of the Application List.

In the event of an over-subscription for Offer Shares as at the close of the Application List and Placement Shares are fully subscribed or over-subscribed as at the close of the Application List, the successful applications for Offer Shares will be determined by ballot or otherwise as determined by our Company and approved by the SGX-ST if required.

In all the above instances, the basis of allotment of the New Shares as may be decided by our Company in ensuring a reasonable spread of shareholders of our Company, shall be made public, as soon as practicable, via an announcement through the SGX-ST and by advertisement in a generally circulating daily newspaper.

14. You irrevocably authorise CDP to disclose the outcome of your application, including the number of New Shares allotted to you pursuant to your application, to the Company, the Lead Manager, Underwriter and Placement Agent, the Co-Manager, Primary Sub-Underwriters or Primary Sub Placement Agents, and any other parties so authorised by the foregoing persons.

15. Any reference to "you" or the "Applicant" in this section shall include an individual, a corporation, an approved nominee and trustee applying for the Offer Shares by way of an Application Form or by way of an Electronic Application, a person applying for the Placement Shares through the Placement Agents and a person applying for the Reserved Shares.

16. By completing and delivering an Application Form or by making and completing an Electronic Application by (in the case of an ATM Electronic Application) pressing the "Enter" or "OK" or "Confirm" or "Yes" or any other relevant key on the ATM (as the case may be) or by (in the case of an Internet Electronic Application) clicking "Submit" or "Continue" or "Yes" or "Confirm" or any other relevant button on the IB website screen (as the case may be) in accordance with the provisions of this Prospectus, you:—

- (a) irrevocably offer to subscribe for the number of New Shares specified in your application (or such smaller number for which the application is accepted) at the Issue Price and agree that you will accept such New Shares as may be allotted to you, in each case subject to the conditions set out in this Prospectus and the Memorandum and Articles of Association of our Company;
- (b) agree that in the event of any inconsistency between the terms and conditions of application set out in this Prospectus and those set out in the IB websites or ATMs of the relevant Participating Banks, the terms and conditions set out in this Prospectus shall prevail;

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## APPENDIX IV

### TERMS, CONDITIONS AND PROCEDURES

### FOR APPLICATION AND ACCEPTANCE

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- (c) agree that the aggregate Issue Price for the New Shares applied for is due and payable to the Company forthwith;
- (d) warrant the truth and accuracy of the information contained, and representations and declarations made, in your application, and acknowledge and agree that such information, representations and declarations will be relied on by our Company in determining whether to accept your application and/or whether to allocate any New Shares to you; and
- (e) agree and warrant that, if the laws of any jurisdictions outside Singapore are applicable to your application, you have complied with all such laws and none of our Company, the Lead Manager, Underwriter and Placement Agent, the Co-Manager, Primary Sub-Underwriter or the Primary Sub-Placement Agent will infringe any such laws as a result of the acceptance of your application.

17. Our acceptance of applications will be conditional upon, *inter alia*, our Company being satisfied that:–

- (a) permission has been granted by the SGX-ST to deal in and for quotation for all our existing Shares and the New Shares on the Official List of the SGX-ST;
- (b) the Management and Underwriting Agreement and the Placement Agreement referred to in the section on “General and Statutory Information — Management, Underwriting and Placement Arrangements” of this Prospectus have become unconditional and have not been terminated; and
- (c) the Authority has not served a stop order which directs that no or no further shares to which this Prospectus relates be allotted.

18. In the event that a stop order in respect of the New Shares is served by the Authority or other competent authority, and

- (a) the New Shares have not been issued, we will (as required by law) deem all applications withdrawn and cancelled and our Company shall refund the application monies (without interest or any share of revenue or other benefit arising there from) to you within 14 days of the date of the stop order; or
- (b) if the New Shares have already been issued but trading has not commenced, the issue will (as required by law) be deemed void and:–
  - (i) if documents purporting to evidence title had been issued to you, our Company shall inform you to return such documents to our Company within 14 days from that date; and
  - (ii) we will refund the application monies (without interest or any share of revenue or other benefit arising there from) to you within seven days from the date of receipt of those documents (if applicable) or the date of the stop order, whichever is later.

This shall not apply where only an interim stop order has been served.

19. In the event that an interim stop order in respect of the New Shares is served by the Authority or other competent authority, no New Shares shall be issued to you until the Authority revokes the interim stop order.

20. The Authority is not able to serve a stop order in respect of the New Shares if the New Shares have been issued and listed on a securities exchange and trading in them has commenced.

21. In the event of any changes in the closure of the Application List or the time period during which the Invitation is open, we will publicly announce the same thorough a SGXNET announcement to be posted on the Internet at the SGX-ST website (<http://www.sgx.com>) and through paid advertisements in a local English newspaper, namely, The Straits Times.

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## APPENDIX IV TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

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22. We will not hold any applications in reserve.
23. We will not allot Shares on the basis of this Prospectus later than six months after the date of registration of this Prospectus.
24. Additional terms and conditions for applications by way of Application Forms are set out on pages IV-6 to IV-9 of this Prospectus.
25. Additional terms and conditions for applications by way of Electronic Applications are set out on pages IV-10 to IV-14 of this Prospectus.

### **ADDITIONAL TERMS AND CONDITIONS FOR APPLICATIONS USING APPLICATION FORMS**

Application by way of Application Forms shall be made on, and subject to, the terms and conditions of this Prospectus including but not limited to the terms and conditions appearing below as well as those set out under the section on "TERMS AND CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE" of this Prospectus, as well as the Memorandum and Articles of Association of our Company.

1. Your application must be made using the WHITE Application Forms and BEIGE official envelopes "A" and "B" for Offer Shares or the BLUE Application Forms for Placement Shares (other than Reserved Shares) or the PINK Application Forms for Reserved Shares accompanying and forming part of this Prospectus. We draw your attention to the detailed instructions contained in the respective Application Forms and this Prospectus for the completion of the Application Forms which must be carefully followed. **Our Company reserves the right to reject applications which do not conform strictly to the instructions set out in the Application Forms and this Prospectus or to the terms and conditions of this Prospectus or which are illegible, incomplete, incorrectly completed or which are accompanied by improperly drawn remittances or improper form of remittance.**
2. Your Application Forms must be completed in English. Please type or write clearly in ink using **BLOCK LETTERS**.
3. All spaces in the Application Forms except those under the heading "FOR OFFICIAL USE ONLY" must be completed and the words "NOT APPLICABLE" or "N.A." should be written in any space that is not applicable.
4. Individuals, corporations, approved nominee companies and trustees must give their names in full. You must make your application, in the case of an individual, in your full name as it appears in your identity card (if you have such an identification document) or in your passport and, in the case of a corporation, in your full name as registered with a competent authority. If you are not an individual, you must complete the Application Form under the hand of an official who must state the name and capacity in which he signs the Application Form. If you are a corporation completing the Application Form, you are required to affix your Common Seal (if any) in accordance with your Memorandum and Articles of Association or equivalent constitutive documents of the corporation. If you are a corporate applicant and your application is successful, a copy of your Memorandum and Articles of Association or equivalent constitutive documents must be lodged with our Share Registrar and Share Transfer Office. Our Company reserves the right to require you to produce documentary proof of identification for verification purposes.
5. (a) You must complete Sections A and B and sign page 1 of the Application Forms.  
(b) You are required to delete either paragraph 7(a) or 7(b) on page 1 of the Application Forms. Where paragraph 7(a) is deleted, you must also complete Section C of the Application Form with particulars of the beneficial owner(s).

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## APPENDIX IV

### TERMS, CONDITIONS AND PROCEDURES

### FOR APPLICATION AND ACCEPTANCE

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(c) If you fail to make the required declaration in paragraph 7(a) or 7(b), as the case may be, on page 1 of the Application Forms, your application is liable to be rejected.

6. You (whether you are an individual and corporate applicant, whether incorporated or unincorporated and wherever incorporated or constituted) will be required to declare whether you are a citizen or permanent resident of Singapore or a corporation in which citizens or permanent residents of Singapore or any body corporate constituted under any statute of Singapore having an interest in the aggregate of more than 50.0 per cent. of the issued share capital of or interests in such corporations. If you are an approved nominee company, you are required to declare whether the beneficial owner of the New Shares is a citizen or permanent resident of Singapore or a corporation, whether incorporated or unincorporated and wherever incorporated or constituted, in which citizens or permanent residents of Singapore or any body corporate whether incorporated or unincorporated and wherever incorporated or constituted under any statute of Singapore have an interest in the aggregate of more than 50.0 per cent. of the issued share capital of or interests in such corporation.

7. Your application must be accompanied by a remittance in Singapore currency for the full amount payable, in respect of the number of New Shares applied for, in the form of a BANKER'S DRAFT or CASHIER'S ORDER drawn on a bank in Singapore, made out in favour of "**PACIFIC HEALTHCARE SHARE ISSUE ACCOUNT**" crossed "A/C PAYEE ONLY", with your name and address written clearly on the reverse side. Applications not accompanied by any payment or accompanied by ANY OTHER FORM OF PAYMENT WILL NOT BE ACCEPTED. We will reject remittances bearing "NOT TRANSFERABLE" or "NON TRANSFERABLE" crossings. No acknowledgement or receipt will be issued by our Company or the Lead Manager and the Co-Manager for applications and application monies received.

8. Unsuccessful applications are expected to have their application monies returned (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post within 24 hours of balloting at your own risk. Where your application is rejected or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 days after the close of the Application List. In the event that the Invitation is cancelled by us following the termination of the Management and Underwriting Agreement and/or the Placement Agreement, the application monies received will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post or telegraphic transfer at your own risk within 5 Market Days of the termination of the Invitation.

In the event that the Invitation is cancelled by us following the issuance of a stop order by the Authority, the application monies received will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post or telegraphic transfer at your own risk within 14 days from the date of the stop order.

9. Capitalised terms used in the Application Forms and defined in this Prospectus shall bear the meanings assigned to them in this Prospectus.

10. By completing and delivering the Application Form, you agree that:–

(a) In consideration of our Company having distributed the Application Form to you and agreeing to close the Application List at 12.00 noon on 9 November 2005 or such other time or date as our Company may, in consultation with the Lead Manager and the Co-Manager, decide and by completing and delivering the Application Form, you agree that:–

(i) your application is irrevocable;

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## APPENDIX IV

### TERMS, CONDITIONS AND PROCEDURES

### FOR APPLICATION AND ACCEPTANCE

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- (ii) your remittance will be honoured on first presentation and that any monies returnable may be held pending clearance of your payment without interest or any share of revenue or other benefit arising therefrom;
- (b) all applications, acceptances and contracts resulting therefrom under the Invitation shall be governed by and construed in accordance with the laws of Singapore and that you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;
- (c) in respect of the New Shares for which your application has been received and not rejected, acceptance of your application shall be constituted by written notification and not otherwise, notwithstanding any remittance being presented for payment by or on behalf of our Company;
- (d) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application;
- (e) in making your application, reliance is placed solely on the information contained in this Prospectus and that neither our Company, the Lead Manager, Underwriter and, Placement Agent, Co-Manager, Primary Sub-Underwriters, Primary Sub-Placement Agents nor any other person involved in the Invitation shall have any liability for any information not so contained;
- (f) you consent to the disclosure of your name, NRIC/passport number, address, nationality, permanent resident status, CDP Securities Account number, CPF Investment Account Number (if applicable) and the share application amount from your account with the relevant Participating Bank to our Share Registrar, CDP, SCCS, SGX-ST, CPF, our Company, the Lead Manager, Underwriter and Placement Agent, Co-Manager, Primary Sub-Underwriters, Primary Sub-Placement Agents or other authorised operators; and
- (g) you irrevocably agree to subscribe for the number of New Shares applied for as stated in the Application Form or any smaller number of such New Shares that may be allotted to you in respect of your application. In the event that we decide to allot a smaller number of New Shares or not to allot any New Shares to you, you agree to accept such decision as final.

#### **Applications For Offer Shares**

1. Your applications for Offer Shares **MUST** be made using the **WHITE** Offer Shares Application Forms and **BEIGE** official envelopes “A” and “B”. **ONLY ONE APPLICATION** should be enclosed in each envelope.
2. You must:–
  - (a) enclose the **WHITE** Offer Shares Application Form, duly completed and signed, together with the correct remittance in accordance with the terms and conditions of this Prospectus in the **BEIGE** envelope “A” provided;
  - (b) in the appropriate spaces on **BEIGE** envelope “A”:–
    - (i) write your name and address;
    - (ii) state the number of Offer Shares applied for; and
    - (iii) affix adequate Singapore postage;
  - (c) SEAL BEIGE ENVELOPE “A”;
  - (d) write, in the special box provided on the larger **BEIGE** envelope “B” addressed to UOB ASIA LIMITED, 1 RAFFLES PLACE, #13-01 OUB CENTRE, SINGAPORE 048616, the number of Offer Shares you have applied for; and

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## APPENDIX IV

### TERMS, CONDITIONS AND PROCEDURES

### FOR APPLICATION AND ACCEPTANCE

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- (e) insert **BEIGE** envelope "A" into **BEIGE** envelope "B", seal **BEIGE** envelope "B" and thereafter DESPATCH BY ORDINARY POST OR DELIVER BY HAND at your own risk to UOB ASIA LIMITED, 1 RAFFLES PLACE, #13-01, OUB CENTRE, SINGAPORE 048616, to arrive by 12.00 noon on 9 November 2005 or such other time as our Company may, in consultation with the Lead Manager and Co-Manager, decide. Local Urgent Mail or Registered Post must NOT be used. No acknowledgement of receipt will be issued for any application or remittance received.
- 3. Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances are liable to be rejected.
- 4. **ONLY ONE APPLICATION** should be enclosed in each envelope. No acknowledgement of receipt will be issued for any application or remittance received.

#### **Applications for Placement Shares (other than Reserved Shares)**

- 1. Your application for Placement Shares (other than Reserved Shares) **MUST** be made using the **BLUE** Placement Shares Application Forms. **ONLY ONE APPLICATION** should be enclosed in each envelope.
- 2. The completed and signed BLUE Placement Shares Application Form and the correct remittance in full with your name and address written clearly on the reverse side, must be enclosed and sealed in an envelope to be provided by you. The sealed envelope must be DESPATCHED BY ORDINARY POST OR DELIVERED BY HAND at your own risk to UOB ASIA LIMITED, 1 RAFFLES PLACE, #13-01 OUB CENTRE, SINGAPORE 048616, to arrive by 12.00 noon on 9 November 2005 or such other time as our Company may, in consultation with the Lead Manager and Co-Manager, decide. Local Urgent Mail or Registered Post must NOT be used. No acknowledgement of receipt will be issued for any application or remittance received.
- 3. Applications that are illegible, incomplete, incorrectly completed, accompanied by improperly drawn remittances or improper forms of remittances, or which are not honoured upon their first presentation are liable to be rejected.

#### **Applications for Reserved Shares**

- 1. Your application for Reserved Shares **MUST** be made using the **PINK** Reserved Shares Application Forms. **ONLY ONE APPLICATION** should be enclosed in each envelope.
- 2. The completed and signed PINK Reserved Shares Application Form and the correct remittance in full with your name and address written clearly on the reverse side, must be enclosed and sealed in an envelope to be provided by you. The sealed envelope must be DESPATCHED BY ORDINARY POST OR DELIVERED BY HAND at your own risk to our registered office at 290 Orchard Road, #12-01 Paragon, Singapore 238859 to arrive by 12.00 noon on 9 November 2005 or such other time as our Company may, in consultation with the Lead Manager and Co Manager, decide. Local Urgent Mail or Registered Post must NOT be used. No acknowledgement of receipt will be issued for any application or remittance received.
- 3. Applications that are illegible, incomplete, incorrectly completed, accompanied by improperly drawn remittances or improper forms of remittances, or which are not honoured upon their first presentation are liable to be rejected.

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## **APPENDIX IV** **TERMS, CONDITIONS AND PROCEDURES** **FOR APPLICATION AND ACCEPTANCE**

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### **ADDITIONAL TERMS AND CONDITIONS FOR ELECTRONIC APPLICATIONS**

The procedures for Electronic Applications are set out on the ATM screens (in the case of ATM Electronic Applications) and the IB website screens (in the case of Internet Electronic Applications) of the relevant Participating Banks. Currently, UOB Group and DBS are the only Participating Banks through which Internet Electronic Applications can be made. For illustration purposes, the procedures for Electronic Applications through ATMs and the IB website of UOB Group are set out respectively in the “Steps for Electronic Applications through ATMs of UOB Group” and the “Steps for Internet Electronic Applications through the IB website of UOB Group” (the “Steps”) appearing on pages IV-16 to IV-17 and pages IV-18 to IV-19 of this Prospectus. The Steps set out the actions that you must take at an ATM or the IB website of UOB Group to complete an Electronic Application. Please read carefully the terms and conditions of this Prospectus, the Steps and the terms and conditions for Electronic Applications set out below before making an Electronic Application. Any reference to “you” in the additional terms and conditions for Electronic Applications and the Steps shall refer to you making an application for Offer Shares through an ATM or the IB website of a relevant Participating Bank.

You must have an existing bank account with and be an ATM cardholder of one of the Participating Banks before you can make an Electronic Application at the ATMs. An ATM card issued by one Participating Bank cannot be used to apply for Offer Shares at an ATM belonging to other Participating Banks. For an Internet Electronic Application, you must have an existing bank account with and an IB User Identification (“User ID”) and a Personal Identification Number/Password given by a relevant Participating Bank. The Steps set out the actions that you must take at ATMs or the IB website of UOB Group to complete an Electronic Application. The actions that you must take at ATMs or the IB websites of other Participating Banks are set out on the ATM screens or the IB website screens of the relevant Participating Banks. Upon the completion of your ATM Electronic Application transaction, you will receive an ATM transaction slip (“Transaction Record”), confirming the details of your Electronic Application. Upon completion of your Internet Electronic Application through the IB website of UOB Group, there will be an on-screen confirmation (“Confirmation Screen”) of the application which you can print out for your record. The Transaction Record or your printed record of the Confirmation Screen is for your retention and should not be submitted with any Application Form.

**You must ensure that you enter your own Securities Account number when using the ATM card issued to you in your own name. If you fail to use your ATM card or if you do not key in your Securities Account number, your application will be rejected. If you operate a joint bank account with any of the Participating Banks, you must ensure that you enter your own Securities Account number when using the ATM card issued to you in your own name. Using your own Securities Account number with an ATM card which is not issued to you in your own name will render your Electronic Application liable to be rejected.**

You must ensure, when making an Internet Electronic Application, that your mailing address for the account selected for the application is in Singapore and the application is being made in Singapore and you will be asked to declare accordingly. Otherwise, your application is liable to be rejected.

You shall make an Electronic Application on the terms and subject to the terms and conditions of this Prospectus including but not limited to the terms and conditions appearing below and those set out under the section on “TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE” of this Prospectus as well as the Memorandum and Articles of Association of our Company.

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## APPENDIX IV

### TERMS, CONDITIONS AND PROCEDURES

### FOR APPLICATION AND ACCEPTANCE

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1. In connection with your Electronic Application for Offer Shares, you are required to confirm statements to the following effect in the course of activating your Electronic Application:–
  - (a) **that you have received a copy of this Prospectus (in the case of an ATM Electronic Application only) and have read, understood and agreed to all the terms and conditions of application for Offer Shares and this Prospectus prior to effecting the Electronic Application and agree to be bound by the same;**
  - (b) **that you consent to the disclosure of your name, NRIC/passport number, address, nationality, permanent resident status, share application amount, CPF investment account number (if applicable), CDP Securities Account number, and application details (the “Relevant Particulars”) by the relevant Participating Bank to the Share Registrar, SGX-ST, CDP, SCCS, CPF, our Company and the Lead Manager and Co-Manager or other authorised operators (the “Relevant Parties”); and**
  - (c) **that this is your only application for Offer Shares and it is made in your own name and at your own risk.**

Your application will not be successfully completed and cannot be recorded as a completed transaction in the ATM or on the IB website unless you press the “Enter” or “OK” or “Confirm” or “Yes” or any other relevant key on the ATM or click “Confirm” or “Submit” or “Continue” or “Yes” or any other relevant button on the IB website screen. By doing so, you shall be treated as signifying your confirmation of each of the above three statements. In respect of statement 1(b) above, such confirmation, shall signify and shall be treated as your written permission, given in accordance with the relevant laws of Singapore including Section 47(2) of the Banking Act (Chapter 19) of Singapore to the disclosure by the relevant Participating Bank of the Relevant Particulars to the Relevant Parties.

2. **BY MAKING AN ELECTRONIC APPLICATION, YOU CONFIRM THAT YOU ARE NOT APPLYING FOR OFFER SHARES AS NOMINEE OF ANY OTHER PERSON AND THAT ANY ELECTRONIC APPLICATION THAT YOU MAKE IS THE ONLY APPLICATION MADE BY YOU AS BENEFICIAL OWNER.**

**YOU SHOULD MAKE ONLY ONE ELECTRONIC APPLICATION FOR OFFER SHARES AND SHOULD NOT MAKE ANY OTHER APPLICATION FOR OFFER OR PLACEMENT SHARES (OTHER THAN RESERVED SHARES), WHETHER AT THE ATMS OR THE IB WEBSITES (IF ANY) OF ANY PARTICIPATING BANK OR ON THE APPLICATION FORMS. IF YOU HAVE MADE AN APPLICATION FOR OFFER SHARES OR PLACEMENT SHARES (OTHER THAN RESERVED SHARES) ON AN APPLICATION FORM, YOU SHALL NOT MAKE AN ELECTRONIC APPLICATION FOR OFFER SHARES AND VICE VERSA.**

3. You must have sufficient funds in your bank account with your Participating Bank at the time you make your Electronic Application, failing which your Electronic Application will not be completed. **Any Electronic Application which does not conform strictly to the instructions set out in this Prospectus on the screens of the ATM or IB website of the relevant Participating Bank through which your Electronic Application is being made shall be rejected.**

You may make an ATM Electronic Application at the ATM of any Participating Bank or an Internet Electronic Application at the IB website of a relevant Participating Bank for the Offer Shares using only cash by authorising such Participating Bank to deduct the full amount payable from your account with such Participating Bank.

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## APPENDIX IV

### TERMS, CONDITIONS AND PROCEDURES

### FOR APPLICATION AND ACCEPTANCE

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4. You irrevocably agree and undertake to subscribe for and to accept the number of Offer Shares applied for as stated on the Transaction Record or the Confirmation Screen or any lesser number of Offer Shares that may be allotted to you in respect of your Electronic Application.

In the event that our Company decides to allot any lesser number of such Offer Shares or not to allot any Offer Shares to you, you agree to accept such decision as final. If your Electronic Application is successful, your confirmation (by your action of pressing the “Enter” or “OK” or “Confirm” or “Yes” or “OK” or any other relevant key on the ATM or clicking “Confirm” or “Submit” or “Continue” or “Yes” or any other relevant button on the IB website screen) of the number of Offer Shares applied for shall signify and shall be treated as your acceptance of the number of Offer Shares that may be allotted to you and your agreement to be bound by our Memorandum and Articles of Association of our Company.

5. **We will not keep any applications in reserve.** Where your Electronic Application is unsuccessful, the full amount of the application monies will be refunded in Singapore currency (without interest or any share of revenue or other benefit arising there from) to you by being automatically credited to your account with your Participating Bank within 24 hours of balloting of the applications provided that the remittance in respect of such application which has been presented for payment or other processes have been honoured and the application monies have been received in the designated Share issue account. **Trading on a “WHEN ISSUED” basis, if applicable, is expected to commence after such refund has been made.**

Where your Electronic Application is rejected or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded in Singapore currency (without interest or any share of revenue or other benefit arising there from) to you by being automatically credited to your account with your Participating Bank within 14 days after the close of the Application List provided that the remittance in respect of such application which has been presented for payment or other processes have been honoured and the application monies have been received in the designated Share issue account.

**Responsibility for timely refund of application monies arising from unsuccessful or partially successful Electronic Applications lies solely with the respective Participating Banks. Therefore, you are strongly advised to consult your Participating Bank as to the status of your Electronic Application and/or the refund of any monies to you from unsuccessful or partially successful Electronic Application, to determine the exact number of Offer Shares allotted to you before trading the Offer Shares on the SGX-ST. You may also call CDP phone at 6535 7511 to check the provisional results of your application by using your T-pin (issued by CDP upon your application for the service) and keying in the stock code (that will be made available together with the results of the allotment via an announcement through the SGX-ST and by advertisement in a local English newspaper, namely, The Straits Times). To sign for the service, you may contact CDP customer service officers. Neither the SGX-ST, the CDP, the SCCS, the Participating Banks, our Company or the Lead Manager or the Co-Manager assume any responsibility for any loss that may be incurred as a result of you having to cover any net sell positions or from buy-in procedures activated by the SGX-ST.**

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## APPENDIX IV

### TERMS, CONDITIONS AND PROCEDURES

### FOR APPLICATION AND ACCEPTANCE

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6. If your Electronic Application is unsuccessful, no notification will be sent by the Participating Banks.

If you make Electronic Applications through the ATMs or IB websites of the following Participating Banks, you may check the results of your Electronic Applications as follows:—

Bank	Telephone	Other Channels	Operating Hours	Service expected from
UOB Group	1800 222 2121	ATM (Other Transactions — "IPO Enquiry") <sup>(1)</sup> <a href="http://www.uobgroup.com">http://www.uobgroup.com</a> <sup>(1)(2)</sup>	ATM/Phone Banking 24 hours a day  Internet Banking 24 hours a day	Evening of the balloting day  Evening of the balloting day
DBS	1800 339 6666 (for POSB Account holders)  1800 111 1111 (for DBS Account holders)	Internet Banking <a href="http://www.dbs.com">http://www.dbs.com</a> <sup>(2)</sup>	24 hours a day	Evening of balloting day
OCBC	1800 363 3333	ATM	ATM/Phone Banking 24 hours a day	Evening of the balloting day

**Notes:—**

- (1) If you make your Electronic Application through the ATMs or IB web-site of UOB Group, you may check the results of your application through UOB Personal Internet Banking, UOB Group ATMs or UOB PhoneBanking Services.
- (2) If you make your Internet Electronic Application through the IB web-site of UOB Group or DBS, you may also check the result of your application through the same channels listed in the table above in relation to ATM Electronic Application made at ATMs of UOB Group or DBS.

7. Electronic Applications shall close at **12.00 noon on 9 November 2005** or such other time as our Company may, in consultation with the Lead Manager and Co-Manager, decide. Subject to paragraph 9 below, your Internet Electronic Application is deemed to be received only upon its completion, that is, when there is an on-screen confirmation of the application.

8. You are deemed to have irrevocably requested and authorised our Company to:—

- (a) register the Offer Shares allotted to you in the name of CDP for deposit into your Securities Account;
- (b) send the relevant Share certificate(s) to CDP;
- (c) return or refund (without interest or any share of revenue earned or other benefit arising there from) the application monies, should your Electronic Application be rejected, by automatically crediting your bank account with your Participating Bank with the relevant amount within 24 hours of balloting of applications; and
- (d) return or refund (without interest or any share of revenue earned or other benefit arising there from) the balance of the application monies, should your Electronic Application be accepted in part only, by automatically crediting your bank account with your Participating Bank with the relevant amount within 14 days after the close of the Application List.

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## APPENDIX IV

### TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

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9. You irrevocably agree and acknowledge that your Electronic Application is subject to risks of electrical, electronic, technical and computer-related faults and breakdowns, fires, acts of God and other events beyond the control of the Participating Banks, our Company, the Lead Manager, the Co-Manager and if, in any such event, our Company, the Lead Manager, the Co-Manager and/or the relevant Participating Bank do not receive your Electronic Application, or data relating to your Electronic Application or tape or any other devices containing such data is lost, corrupted, destroyed or not otherwise accessible, whether wholly or partially for whatever reason, you shall be deemed not to have made an Electronic Application and you shall have no claim whatsoever against our Company, the Lead Manager, the Co-Manager and/or the relevant Participating Bank for Offer Shares applied for or for any compensation, loss or damage.
10. We do not recognise the existence of a trust. Any Electronic Application by a trustee must be made in your own name and without qualification. Our Company will reject any application by any person acting as nominee, except those made by approved nominee companies only.
11. All your particulars in the records of your Participating Bank at the time you make your Electronic Application shall be deemed to be true and correct and your Participating Bank and the Relevant Parties shall be entitled to rely on the accuracy thereof. If there has been any change in your particulars after the time of the making your Electronic Application, you shall promptly notify your Participating Bank.
12. **You should ensure that your personal particulars as recorded by both CDP and the relevant Participating Bank are correct and identical, otherwise, your Electronic Application is liable to be rejected.** You should promptly inform CDP of any change in address, failing which the notification letter on successful allotment and other correspondences from the CDP will be sent to your address last registered with CDP.
13. By making and completing an Electronic Application, you are deemed to have agreed that:–
  - (a) in consideration of our Company making available the Electronic Application facility, through the Participating Banks acting as our agents, at the ATMs and the IB websites (if any):–
    - (i) your Electronic Application is irrevocable; and
    - (ii) your Electronic Application, our acceptance and the contract resulting there from under the Invitation shall be governed by and construed in accordance with the laws of Singapore and you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;
  - (b) neither our Company, the Lead Manager, the Co-Manager, the Participating Banks, nor the CDP shall be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to your Electronic Application to us or CDP due to breakdowns or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 9 above or to any cause beyond their respective controls;
  - (c) in respect of Offer Shares for which your Electronic Application has been successfully completed and not rejected, acceptance of your Electronic Application shall be constituted by written notification by or on behalf of our Company and not otherwise, notwithstanding any payment received by or on behalf of our Company;
  - (d) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application; and
  - (e) in making your application, reliance is placed solely on the information contained in the Prospectus and that neither our Company, the Lead Manager, Underwriter and the Placement Agent, the Co-Manager, the Primary Sub-Underwriters, the Primary Sub-Placement Agents nor any other person involved in the Invitation shall have any liability for any information not so contained.

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## APPENDIX IV

### TERMS, CONDITIONS AND PROCEDURES

### FOR APPLICATION AND ACCEPTANCE

---

#### **INSTRUCTIONS FOR ELECTRONIC APPLICATIONS THROUGH ATMS AND THE IB WEBSITE OF THE UOB GROUP**

The instructions for Electronic Applications will appear on the ATM screens and the IB website screens of the respective Participating Banks. For illustration purposes, the steps for making an Electronic Application through UOB Group's ATMs or through the IB website of UOB Group are shown below. Instructions for Electronic Applications appearing on the ATM screens and the IB website screens (if any) of the relevant Participating Banks (other than UOB Group) may differ from that represented below.

Owing to space constraints on UOB Group's ATM screen, the following terms will appear in abbreviated form:—

“&”	: and
“A/C” and “A/CS”	: ACCOUNT and ACCOUNTS, respectively
“ADDR”	: ADDRESS
“AMT”	: AMOUNT
“APPLN”	: APPLICATION
“CDP”	: THE CENTRAL DEPOSITORY (PTE) LIMITED
“CPF”	: CENTRAL PROVIDENT FUND
“CPFINVT A/C”	: CPF INVESTMENT ACCOUNT
“ESA”	: ELECTRONIC SHARE APPLICATION
“IC/PSSPT”	: NRIC or PASSPORT NUMBER
“NO” or “NO.”	: NUMBER
“PERSONAL NO.”	: PERSONAL IDENTIFICATION NUMBER
“REGISTRARS”	: SHARE REGISTRARS
“SCCS”	: SECURITIES CLEARING & COMPUTER SERVICES (PTE) LTD
“YR”	: YOUR

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**APPENDIX IV**  
**TERMS, CONDITIONS AND PROCEDURES**  
**FOR APPLICATION AND ACCEPTANCE**

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**Steps for Electronic Applications through the ATMs of UOB Group**

Step 1 : Insert your personal Unicard, Uniplus card or UOB VISA/MASTER card and key in your personal identification number

2 : Select "CASH CARD/OTHER TRANSACTIONS"

3 : Select "SECURITIES APPLICATION"

4 : Select "ESA-FIXED"

5 : Select the share counter which you wish to apply for

6 : Read and understand the following statements which will appear on the screen:–

**THIS OFFER OF SECURITIES (OR UNITS OF SECURITIES) WILL BE MADE IN, OR ACCOMPANIED BY, A COPY OF THE PROSPECTUS/DOCUMENT OR SUPPLEMENTARY DOCUMENTS. ANYONE WISHING TO ACQUIRE THESE SECURITIES (OR UNITS OF SECURITIES) WILL NEED TO MAKE AN APPLICATION IN THE MANNER SET OUT IN THE PROSPECTUS/DOCUMENT OR SUPPLEMENTARY DOCUMENT**

(Customer to press "ENTER" to continue)

**PLEASE CALL 1800-22-22-121 IF YOU WOULD LIKE TO FIND OUT WHERE YOU CAN OBTAIN A COPY OF THE PROSPECTUS/DOCUMENT OR SUPPLEMENTARY DOCUMENT**

**WHERE APPLICABLE, A COPY OF THE PROSPECTUS/DOCUMENT OR SUPPLEMENTARY DOCUMENT HAS BEEN LODGED WITH AND REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE WHO ASSUMES NO RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS/DOCUMENT OR SUPPLEMENTARY DOCUMENT**

(Customer to press "ENTER" key to confirm that you have read and understood the above statements)

7 : Read and understand the following terms which will appear on the screen:–

**YOU HAVE READ, UNDERSTOOD & AGREED TO ALL TERMS OF THE PROSPECTUS/DOCUMENTS/SUPPLEMENTARY DOCUMENT & THIS ELECTRONIC APPLICATION**

**YOU CONSENT TO DISCLOSE YOUR NAME, IC/PSSPT, NATIONALITY, ADDR, APPLN AMT, CPFINVT A/C NO & CDP A/C NO FROM YR A/CS TO CDP, CPF, SCCS, REGISTRARS, SGX-ST & ISSUER/VENDOR(S)**

**THIS IS YR ONLY FIXED PRICE APPLN & IS IN YOUR NAME & AT YOUR RISK**  
(Customer to press "Enter" to continue)

8 : Screen will display:–

**NRIC/Passport No. XXXXXXXXXXXX**

**IF YOUR NRIC NO/PASSPORT NO. IS INCORRECT, PLEASE CANCEL THE TRANSACTION AND NOTIFY THE BRANCH PERSONALLY**

(Customer to press "Cancel" or "Confirm")

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## APPENDIX IV

### TERMS, CONDITIONS AND PROCEDURES

### FOR APPLICATION AND ACCEPTANCE

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9 : Select mode of payment i.e. "CASH ONLY". You will be prompted to select Cash A/c type to debit (i.e., "CURRENT ACCOUNT/I-ACCOUNT", "CAMPUS" OR SAVINGS ACCOUNT/TX ACCOUNT"). Should you have a few accounts linked to your ATM card, a list of linked account number will be displayed for you to select

10 : After you have selected the account, your CDP Securities Account number will be displayed to you to confirm or change (This screen with CDP Securities Account Number will be shown if your CDP Securities Account number is already stored in our ATM system). For customers using UOB ATM's for the first time to apply for Shares, your CDP Securities Account Number will not be stored in our ATM system, hence the screen below will be displayed for the input of your CDP Securities Account Number.

11 : Read and understand the following terms which will appear on the screen:–

- **PLEASE DO NOT APPLY FOR YOUR JOINT A/C HOLDER OTHER THIRD PARTIES**
- **PLEASE USE YOUR OWN ATM CARD**
- **DO NOT KEY IN THE CDP A/C NO. OF YOUR JOINT A/C HOLDER OR OTHER THIRD PARTIES**
- **KEY IN YOUR CDP A/C NO. (12 DIGITS) 1681-XXXX-XXXX**
- **PRESS ENTER KEY**

12 : Key in your CDP Securities Account number (12 digits) and press the "ENTER" key

13 : Select your nationality status

14 : Key in the number of Shares you wish to apply for and press the "ENTER" key

15 : Check the details of your Electronic Application on the screen and press "Enter" key to confirm your Electronic Application

16 : Select "NO" if you do not wish to make any further transactions and remove the Transaction Record. You should keep the Transaction Record for your own reference only

Owing to space constraints on UOB Group's IB web-site screens, the following terms will appear in abbreviated form:–

"CDP" : The Central Depository (Pte) Limited

"CPF" : The Central Provident Fund

"NRIC" or "I/C" : National Registration Identity Card

"PR" : Permanent Resident

"SGD" or "\$" : Singapore Dollars

"SCCS" : Securities Clearing & Computer Services (Pte) Ltd

"SGX-ST" : Singapore Exchange Securities Trading Limited

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## APPENDIX IV

### TERMS, CONDITIONS AND PROCEDURES

### FOR APPLICATION AND ACCEPTANCE

---

#### **Steps for Internet Electronic Applications through the IB website of UOB Group**

- Step 1 : Connect to UOB website at <http://www.uobgroup.com>
- 2 : Locate the Login icon at the top title bar of the Home Page
- 3 : Click on Login > to UOB > Personal Internet Banking
- 4 : Enter your Username and Password and click "Submit"
- 5 : Select Investment Services (IPO Application should be the default transaction that appears, if not click IPO Application)
- 6 : Read the IMPORTANT notice and complete the declarations found on the bottom of the page by answering Yes/No to the questions
- 7 : Click "Continue"
- 8 : Select your country of residence (you must be residing in Singapore to apply), and click "Continue"
- 9 : Select the IPO counter from the drop list (if there are concurrent IPOs, and click "Continue")
- 10 : Check the share counter and select the mode of payment and account to debit, and click on "Continue"
- 11 : Read the important instructions and click on "Confirm" to confirm that:–
  - (a) **You have read, understood and agreed to all the terms and conditions of this application and the Prospectus/Documents or Supplementary Document.**
  - (b) **You consent to the disclosure of your name, I/C or passport number, address, nationality, CDP Securities Account number, CPF Investment Account number (if applicable), and application details to the share registrars, SGX, SCCS, CDP, CPF Board, and the issuer/vendors.**
  - (c) **This application is made in your own name for your own account and at your own risk.**
  - (d) **For FIXED/MAX price share application, this is your only application. For TENDER price share application, this is your only application at the selected tender price.**
  - (e) **For FOREIGN CURRENCY securities, subject to the terms of the issue, please note the following: The application monies will be debited from your bank account in S\$, based on the Bank's prevailing board rates at the time of application. The different prevailing board rates at the time of application and at the time of refund of application moneys may result in either a foreign exchange profit or loss, or application monies may be debited and refunds credited in S\$ at the same exchange rate.**
  - (f) **For 1st-come-1st-Serve securities, the number of securities applied for may be reduced, subject to the availability at the point of application.**

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**APPENDIX IV**  
**TERMS, CONDITIONS AND PROCEDURES**  
**FOR APPLICATION AND ACCEPTANCE**

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12 : Check your personal details, details of the share counter you wish to apply for and account to debit

Enter

(a) Nationality

(b) your CDP securities account number; and

(c) the number of shares applied for.

Click "Submit"

13 : Check details of your application, your NRIC/Passport number, CDP securities account number and the number of shares applied for, share counter, payment mode and account to debit

14 : Click "Confirm", "Edit" or "Cancel"

15 : Print the Confirmation Screen (optional) for your reference and retention only

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