

# THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions commencing on page 7 of this circular apply *mutatis mutandis* throughout this document including this cover page.

Shareholders are referred to page 4 of this circular, which sets out the action required of them with regard to the rights offer, full details of which are set out in this circular. If you are in any doubt as to the action that you should take, please consult your broker, CSDP, banker, legal advisor, accountant or other professional advisor immediately.

If you have disposed of all of your Medi-Clinic shares, this circular and the form of instruction should be forwarded to the purchaser to whom, or the broker, CSDP or agent through whom you disposed of your Medi-Clinic shares except that this circular and form of instruction should not be forwarded or transmitted by you to any person in any territory other than South Africa unless the rights offer can lawfully be made to such person or in such territory.

**The shares issued in terms of the rights offer will not be registered for purposes of the rights offer with the Securities and Exchange Commission, Washington, D.C., the Canadian Provincial Securities Commission, or the Australian Securities Commission under the Australian Corporation Law, as amended. Accordingly, the rights offer will not be made to or be open for acceptance by persons with registered addresses in the United States of America or any of its territories, dependencies, possessions or commonwealths or in the District of Columbia or in the Dominion of Canada or in the Commonwealth of Australia, its states, territories or possessions. The CSDP or broker will ensure that where such persons are holding Medi-Clinic shares in dematerialised form that the CSDP or broker adheres to the above restrictions. Please refer to paragraph 3.12 of this circular for further details in this regard.**

Letters of allocation can only be traded in dematerialised form and, accordingly, Medi-Clinic has issued all letters of allocation in dematerialised form. The electronic record for holders of certificated shares is being maintained by Computershare Investor Services 2004 (Proprietary) Limited which has made it possible for holders of certificated shares to enjoy the same rights and opportunities as holders of dematerialised shares in respect of the letters of allocation.

Only whole numbers of Medi-Clinic shares will be issued in terms of the rights offer and shareholders will be entitled to rounded numbers of shares once the ratio of entitlement has been applied.

The form of instruction enclosed with this document in the case of holders of certificated shares is negotiable and may be traded on the JSE.



**MEDI-CLINIC**  
Private hospital group

**MEDI-CLINIC CORPORATION LIMITED**

(Incorporated in the Republic of South Africa)  
(Registration number 1983/010725/06)  
(Share code: MDC ISIN: ZAE000074142)  
("Medi-Clinic" or "the Company")

## CIRCULAR TO SHAREHOLDERS OF MEDI-CLINIC

relating to:

- a renounceable rights offer of 198 675 497 Medi-Clinic shares at an issue price of 2 265 cents per share, in the ratio of 50.38197 rights offer shares for every 100 Medi-Clinic shares held at the close of business on Friday, 16 November 2007;

and enclosing:

- a form of instruction in respect of a letter of allocation (to be completed by holders of certificated shares only).

**Rights offer opens at 09:00 on**

Monday, 19 November 2007

**Rights offer closes at 12:00 on**

Friday, 7 December 2007

The directors of Medi-Clinic whose names appear on page 10 of this circular, collectively and individually accept full responsibility for the accuracy of the information given in this circular and certify that, to the best of their knowledge and belief, there are no facts the omission of which would make any statement in this circular false or misleading and that they have made all reasonable inquiries to ascertain such facts and that this circular contains all information required in law and by the Listings Requirements.

The Standard Bank of South Africa Limited, which is regulated in terms of the Listings Requirements, is acting for Medi-Clinic and no one else in relation to the preparation of this circular and will not be responsible to anyone other than Medi-Clinic in relation to the preparation of this circular.

Investment bank and transaction sponsor to Medi-Clinic



Lead independent sponsor to Medi-Clinic



Independent reporting accountants to Medi-Clinic



Legal advisor to Medi-Clinic



**Hofmeyr Herbstein & Gihwala Inc.**  
(Registration number 1997/001523/21)

**Date of issue: 19 November 2007**

This circular is available in English only. Copies may be obtained from the registered office of Medi-Clinic, the transaction sponsor and the transfer secretaries whose addresses are set out in the "Corporate information and advisors" section of this circular, from Monday, 19 November 2007 up to Friday, 7 December 2007, both days inclusive. A copy of this document, together with the form of instruction and the documents referred to in section 145A of the Act, were lodged with the Registrar and the form of instruction was registered by the Registrar on Tuesday, 30 October 2007 in terms of section 146A of the Act.

Additional copies of the circular to Medi-Clinic shareholders dated 17 August 2007 can be obtained from the registered office of Medi-Clinic, the transaction sponsor and the transfer secretaries whose addresses are set out in the "Corporate information and advisors" section of this circular as well as in electronic form from the Company's website ([www.mediclinic.co.za](http://www.mediclinic.co.za)) from Monday, 19 November 2007 up to and including Friday, 7 December 2007.

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## CORPORATE INFORMATION AND ADVISORS

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### **Company secretary and registered office**

G C Hattingh (B.Acc (Hons), CA (SA))  
Medi-Clinic Offices  
Strand Road  
Stellenbosch  
7600  
(PO Box 456, Stellenbosch, 7599)

### **Financial advisor and transaction sponsor**

The Standard Bank of South Africa Limited  
(Registration number 1962/000738/06)  
3 Simmonds Street  
Johannesburg  
2001  
(PO Box 61344, Marshalltown, 2107)

### **Lead independent sponsor**

PricewaterhouseCoopers Corporate Finance  
(Proprietary) Limited  
(Registration number 1970/003711/07)  
2 Eglin Road  
Sunninghill  
2157  
(Private Bag X36, Sunninghill, 2157)

### **Auditors**

PricewaterhouseCoopers Inc.  
(Registration number 1998/012055/21)  
19 Oewerpark  
Rokewood Avenue  
Die Boord  
Stellenbosch  
7600  
(PO Box 57, Stellenbosch, 7599)

### **Date of incorporation**

3 October 1983

### **Transfer secretaries**

Computershare Investor Services 2004  
(Proprietary) Limited  
(Registration number 2004/003647/07)  
Ground Floor, 70 Marshall Street  
Johannesburg  
2001  
(PO Box 61763, Marshalltown, 2107)

### **Legal advisor**

Hofmeyr Herbststein & Gihwala Inc.  
(Registration number 1997/001523/21)  
21st Floor, 2 Long Street  
Cape Town  
8001  
(PO Box 1221, Cape Town, 8000)

### **Independent reporting accountants**

PricewaterhouseCoopers Advisory Services  
(Proprietary) Limited  
(Registration number 1999/024417/07)  
No 1 Waterhouse Place  
Century City  
Cape Town  
7441  
(PO Box 2799, Cape Town, 8000)

### **Underwriters**

Stanlib Asset Management Limited (in its capacity  
as portfolio manager for Liberty Group Limited)  
(Registration number 1957/002788/06)  
1 Ameshoff Street  
Braamfontein  
Johannesburg  
2001  
(PO Box 203, Melrose Arch, 2076)

RMB Asset Management (Proprietary) Limited  
(for and on behalf of its clients)  
(Registration number 1987/004655/07)  
4 Merchant Place  
1 Fredman Drive  
Sandton  
2146  
(Private Bag 9959, Sandton, 2146)

### **Place of incorporation**

South Africa

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## **ACTION REQUIRED BY MEDI-CLINIC SHAREHOLDERS**

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If you are in any doubt as to what action you should take, you should consult your broker, CSDP, banker, legal advisor, accountant or other professional advisor immediately.

If you have disposed of all your Medi-Clinic shares, please forward this document, together with the enclosed form of instruction, to the purchaser of such shares or the broker, CSDP or other agent through whom you disposed of such shares.

Medi-Clinic shareholders entitled to participate in the rights offer are referred to the acquisition circular, which must be read in conjunction with this document. Additional copies of the acquisition circular can be obtained from the registered office of Medi-Clinic, the transaction sponsor and the transfer secretaries as well as in electronic form from the Company's website ([www.mediclinic.co.za](http://www.mediclinic.co.za)).

### **Action required by holders of certificated shares**

If you are a qualifying shareholder and hold certificated shares, a form of instruction for completion by such Medi-Clinic shareholders is enclosed with this circular and the relevant procedure for participation in the rights offer is set out below:

- a letter of allocation will be created in electronic form with the transfer secretaries to afford holders of certificated shares the same rights and opportunities as those who have already dematerialised their Medi-Clinic shares;
- if you are a holder of certificated shares and do not wish to subscribe for all of the rights allocated to you as reflected in the form of instruction, you may either dispose of or renounce all or part of your entitlement as follows:
  - if you wish to sell all or part of your entitlement, you must complete Form A in the enclosed form of instruction and return it to the transfer secretaries to be received by no later than 12:00 on Friday, 30 November 2007. Note that the transfer secretaries will endeavour to procure the sale of rights on the JSE on your behalf and to remit the net proceeds thereof in accordance with your instructions. In this regard, neither the transfer secretaries nor Medi-Clinic will have any obligation or be responsible for any loss or damage whatsoever in relation to or arising from the timing of such sales, the price obtained, or the failure to dispose of such entitlements; and
  - if you wish to renounce your entitlement in favour of any named renounee, you must complete Form B in the enclosed form of instruction, and the renounee must complete Form C in the enclosed form of instruction and return it to the transfer secretaries, to be received by no later than 12:00 on Friday, 7 December 2007, together with a cheque or bank draft for the appropriate amount.

If you are a qualifying shareholder holding certificated shares and wish to subscribe for all or part of your entitlement in terms of the enclosed form of instruction, you must complete the enclosed form of instruction in accordance with the instructions contained therein and lodge it, together with the amount due in Rand, with the transfer secretaries as follows:

*By hand to:*

**Medi-Clinic - Rights offer**

c/o Computershare Investor Services 2004 (Proprietary)  
Limited  
Ground Floor  
70 Marshall Street  
Johannesburg, 2001

*By post to:*

**Medi-Clinic - Rights offer**

c/o Computershare Investor Services 2004  
(Proprietary) Limited  
PO Box 61763  
Marshalltown, 2107

so as to be received by the transfer secretaries by no later than 12:00 on Friday, 7 December 2007.

If you are a qualifying shareholder holding certificated shares, after subscribing for any of the rights offer shares that you have been allocated, you will receive such shares in certificated form.

If the required documentation and payment has not been received in accordance with the instructions contained in the enclosed form of instruction (either from the qualifying shareholders or from any person in whose favour the rights have been renounced) by 12:00 on Friday, 7 December 2007, then the rights to those unsubscribed shares will be deemed to have been declined and the rights offer entitlement will lapse.

## **Action required by holders of dematerialised shares**

If you are a qualifying shareholder and have dematerialised your Medi-Clinic shares, you will not receive a printed form of instruction and you should receive notification from your CSDP or broker regarding the rights to which you are entitled in terms of the rights offer.

Your CSDP or broker will credit your account with the number of rights to which you are entitled and will contact you to ascertain:

- whether you wish to follow your rights in terms of the rights offer and, if so, in respect of how many rights offer shares; and
- if you do not follow all or any of your rights:
  - whether you wish to sell your rights and, if so, how many rights you wish to sell; or
  - whether you wish to renounce your rights and, if so, how many rights and in favour of whom you wish to renounce those rights.

CSDPs effect payment in respect of dematerialised shareholders on a delivery versus payment basis.

If you are a qualifying shareholder holding dematerialised shares and wish to follow your rights in respect of the rights offer, you are required to notify your duly appointed CSDP or broker of your acceptance of the rights offer in the manner and time stipulated in the custody agreement governing the relationship between yourself and your CSDP or broker. If you are not contacted, you should contact your CSDP or broker and provide them with your instructions. If your CSDP or broker does not obtain instructions from you, they are obliged to act in terms of the mandate granted to them by you, or if the mandate is silent in this regard, not to subscribe for Medi-Clinic shares in terms of the rights offer.

Medi-Clinic does not take responsibility and will not be held liable for any failure on the part of any CSDP or broker to notify you of the rights offer and/or to obtain instructions from you to subscribe for the rights offer shares and/or to sell the rights allocated.

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## IMPORTANT DATES AND TIMES

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2007

Declaration data released on SENS	Friday, 26 October
Declaration data published in the press	Monday, 29 October
Finalisation data released on SENS	Friday, 2 November
Finalisation data published in the press	Monday, 5 November
Last day to trade in Medi-Clinic shares in order to participate in the rights offer ( <i>cum</i> entitlement)	Friday, 9 November
Listing of and trading in the letters of allocation on the JSE commences at 09:00 on	Monday, 12 November
Medi-Clinic shares commence trading ex-rights on the JSE at 09:00 on	Monday, 12 November
Record date for the rights offer	Friday, 16 November
<b>Rights offer opens at 09:00 on</b>	Monday, 19 November
Last day for trading letters of allocation on the JSE	Friday, 30 November
Listing of rights offer shares and trading therein on the JSE commences	Monday, 3 December
<b>Rights offer closes at 12:00, on (see note 4)</b>	Friday, 7 December
Record date for the letters of allocation	Friday, 7 December
Rights offer shares issued and posted to holders of certificated shares on or about	Monday, 10 December
CSDP or broker accounts in respect of holders of dematerialised shares debited and updated with rights offer shares on	Monday, 10 December
Results of rights offer announced on SENS	Monday, 10 December
Results of rights offer published in the press	Tuesday, 11 December
Issue new rights offer shares for excess applications (if applicable)	Wednesday, 12 December
Refund cheques posted to holders of certificated shares, if applicable, in respect of excess applications	Tuesday, 18 December

### Notes:

1. Share certificates in respect of Medi-Clinic shares may not be dematerialised or rematerialised between Monday, 12 November 2007 and Friday, 16 November 2007, both days inclusive.
2. CSDPs effect payment on a delivery versus payment method in respect of qualifying shareholders holding dematerialised shares.
3. If you are a qualifying shareholder holding dematerialised shares you are required to notify your duly appointed CSDP or broker of your acceptance of the rights offer in the manner and time stipulated in the custody agreement governing the relationship between yourself and your CSDP or broker.
4. Unless otherwise indicated, all times are South African times.

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## DEFINITIONS AND INTERPRETATIONS

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Throughout this circular and the annexures hereto, unless the context indicates otherwise, the words in the column on the left below shall have the meaning stated opposite them in the column on the right below, reference to the singular shall include the plural and *vice versa*, words denoting one gender include the other and words and expressions denoting natural persons include juristic persons and associations of persons:

“the Act”	the South African Companies Act, 1973 (Act 61 of 1973), as amended;
“the acquisition”	the acquisition by Medi-Clinic Luxembourg of a 100% interest in Hirslanden, the holding company of a private hospital group in Switzerland;
“the acquisition circular”	the document, dated 17 August 2007, containing, <i>inter alia</i> , the circular to Medi-Clinic shareholders, the annexures thereto and the revised listing particulars and the annexures thereto;
“Articles”	the Articles of Association of the Company;
“the board” or “the directors”	the board of directors of Medi-Clinic;
“broker”	any person registered as a broking member (equities) in terms of the Rules of the JSE made in accordance with the provisions of the Securities Services Act;
“business day”	any day of the week, excluding Saturdays, Sundays and all official South African public holidays;
“certificated shareholders”	holders of certificated shares in Medi-Clinic;
“certificated shares”	Medi-Clinic shares which have not yet been dematerialised in terms of the requirements of Strate, title to which is represented by a share certificate or other documents of title;
“CHF”	Swiss Francs, the national currency of Switzerland;
“this circular” or “this document”	this bound document, dated 19 November 2007 and incorporating a form of instruction, where applicable;
“common monetary area”	South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
“CSDP”	Central Securities Depository Participant, being a “participant” as defined in section 1 of the Securities Services Act;
“dematerialised shareholders”	shareholders who hold dematerialised shares in Medi-Clinic;
“dematerialised shares”	Medi-Clinic shares which have been incorporated into the Strate system and which are no longer evidenced by documents of title;
“documents of title”	share certificates, certified transfer deeds, balanced receipts, or any other documents of title as the case may be;
“Exchange Control Regulations”	the Exchange Control Regulations, 1961, as amended, promulgated in terms of section 9 of the South African Currency and Exchanges Act, 1933 (Act 9 of 1933), as amended;
“form of instruction”	a form of instruction in respect of the letter of allocation;

“the general meeting”	the general meeting of Medi-Clinic shareholders held on Monday, 10 September 2007 to approve the acquisition;
“Hirslanden”	Hirslanden Finanz AG (Registration number CH-170.3.028.088-1), a joint stock corporation incorporated and domiciled in Zurich, Switzerland;
“the JSE”	JSE Limited (Registration number 2005/022939/06), a public company incorporated in South Africa and licensed as an exchange under the Securities Services Act;
“last practicable date”	17 October 2007, the last practicable date prior to the finalisation of this circular;
“letter of allocation”	a renounceable (nil paid) letter of allocation in electronic form relating to the rights offer;
“Liberty Life”	Liberty Group Limited (Registration number 1957/002788/06), a public company incorporated in South Africa and listed on the JSE;
“Listings Requirements”	the Listings Requirements of the JSE, as amended from time to time by the JSE;
“Medi-Clinic” or “the Company”	Medi-Clinic Corporation Limited (Registration number 1983/010725/06), a public company incorporated in South Africa, the entire issued share capital of which is listed on the JSE;
“the Medi-Clinic Group”	Medi-Clinic and its subsidiary companies;
“Medi-Clinic Luxembourg”	Medi-Clinic Luxembourg S.à.r.l. (Registration number B129758), a private company incorporated in Luxembourg, and a wholly owned indirect subsidiary of Medi-Clinic;
“qualifying shareholder”	a registered holder of Medi-Clinic shares on the register of shareholders of Medi-Clinic as at 17:00 on the record date for the rights offer and which does not have its registered address in any jurisdiction in which it would be unlawful to make the rights offer;
“Rand” or “R”	Rand, the lawful currency of South Africa;
“the ratio of entitlement”	the number of rights offer shares to which shareholders are entitled in terms of the rights offer, being 50.38197 shares for every 100 Medi-Clinic shares held on the record date for the rights offer, and/or such proportionate lower number of shares in respect of a holding of less than 100 Medi-Clinic shares held on the record date for the rights offer;
“the record date for the rights offer”	the last day for shareholders to be recorded in the register in order to participate in the rights offer, being close of business on Friday, 16 November 2007;
“register”	means the register of certificated shareholders maintained by Medi-Clinic and the sub-register of dematerialised shareholders maintained by the relevant CSDPs in terms of sections 91A and 105, respectively, of the Act;
“the Registrar”	the Registrar of Companies and Close Corporations in South Africa;
“Remgro”	Remgro Limited (Registration number 1968/006415/06), a public company incorporated in South Africa and listed on the JSE;
“revised listing particulars”	the revised listing particulars contained in the acquisition circular;
“rights”	the entitlement to subscribe for Medi-Clinic shares pursuant to the rights offer;



“the rights offer”	the rights offer of 198 675 497 shares in Medi-Clinic at the rights offer share price in the ratio of 50.38197 rights offer shares for every 100 Medi-Clinic shares held on the record date for the rights offer;
“the rights offer share price”	the price per new Medi-Clinic share to be offered to Medi-Clinic shareholders in terms of the rights offer being 2 265 cents per Medi-Clinic share;
“the rights offer shares”	the 198 675 497 Medi-Clinic shares, which are the subject of the rights offer;
“RMB Asset Management”	RMB Asset Management (Proprietary) Limited (Registration number 1987/004655/07), a private company incorporated in South Africa;
“Securities Services Act”	the Securities Services Act, 2004 (Act 36 of 2004), as amended;
“SENS”	the Securities Exchange News Service of the JSE;
“the share purchase agreement”	the acquisition agreement between Medi-Clinic Luxembourg and the Vendor, dated 2 August 2007, as amended;
“shareholders” or “Medi-Clinic shareholders”	registered holders of Medi-Clinic shares;
“shares” or “Medi-Clinic shares”	ordinary shares of R0.10 each in the issued share capital of the Company;
“South Africa”	the Republic of South Africa;
“the SRP”	the Securities Regulation Panel, established under the provisions of the Act;
“Standard Bank”	The Standard Bank of South Africa Limited (Registration number 1962/000738/06), a public company incorporated in South Africa;
“Stanlib Asset Management”	Stanlib Asset Management Limited (Registration number 1969/002753/06), a public company incorporated in South Africa;
“Strate”	Strate Limited (Registration number 1998/022242/06), a public company incorporated in South Africa and a registered central securities depository in terms of the Securities Services Act and responsible for the electronic clearing and settlement of transactions;
“the transactions”	collectively, the acquisition and the rights offer;
“transfer secretaries”	Computershare Investor Services 2004 (Proprietary) Limited (Registration number 2004/003647/07), a private company incorporated in South Africa;
“the underwriters”	RMB Asset Management (for and on behalf of its clients) and Stanlib Asset Management (in its capacity as portfolio manager for Liberty Life);
“the underwriting agreement”	the agreement entered into between Medi-Clinic and the underwriters, dated 29 July 2007, in terms of which the underwriters agree, subject to certain limitations, to subscribe for the rights offer shares that are not taken up by shareholders in terms of the proposed rights offer, to a maximum amount of R1 569 409 388.80, being the maximum aggregate subscription amount payable by the underwriters in their designated proportions which are set out in paragraph 3.7 of this circular;
“VAT”	Value Added Tax; and
“Vendor”	Hirslanden Healthcare SA.



**MEDI-CLINIC CORPORATION LIMITED**  
(Incorporated in the Republic of South Africa)  
(Registration number 1983/010725/06)  
(Share code: MDC ISIN: ZAE000074142)

## **Directors**

### **Executive**

E de la H Hertzog (Chairman)  
L J Alberts (Chief Executive Officer)  
J du T Marais  
D P Meintjes  
K H S Pretorius  
J G Swiegers

### **Non-executive**

S Dakile-Hlongwane\*  
A R Martin\*  
V E Msibi  
A A Raath\*  
M A Ramphele  
W L van der Merwe\*  
M H Visser

*\* Independent*

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## **CIRCULAR TO MEDI-CLINIC SHAREHOLDERS**

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### **1. INTRODUCTION**

It was announced on SENS on 2 August 2007 and published in the press on 3 August 2007 and detailed in the acquisition circular, that Medi-Clinic planned to recapitalise the Company pursuant to the acquisition by Medi-Clinic Luxembourg of a 100% interest in Hirslanden, the holding company of a private hospital group in Switzerland, through a partially underwritten rights offer for an amount of up to R4 500 million. In terms of the rights offer, Medi-Clinic shareholders recorded in the register at the close of trade on Friday, 16 November 2007 will receive rights to subscribe for rights offer shares on the basis of 50.38197 rights for every 100 Medi-Clinic shares held, for subscription at 2 265 cents per rights offer share. Only whole numbers of shares will be issued and Medi-Clinic shareholders will be entitled to rounded numbers of shares once the ratio has been applied.

The purpose of this circular is to furnish Medi-Clinic shareholders with relevant information relating to the rights offer, the action required and the implications thereof, in accordance with the Act and the Listings Requirements.

As the rights offer will result in an issue of new Medi-Clinic shares which will increase Medi-Clinic's issued share capital by more than 30%, Medi-Clinic is required in terms of the Listings Requirements to provide that information which must be disclosed in terms of a pre-listing statement. Shareholders are reminded that, since the rights offer was conditional on the acquisition, the information required by the Listings Requirements for a pre-listing statement was separately included in the revised listing particulars attached to the category 1 circular to shareholders dated 17 August 2007, which circular will be available for inspection during normal office hours on any business day from Monday, 19 November 2007 to Friday, 7 December 2007, both days inclusive, at the registered office of the Company and the office of the lead independent sponsor.

### **2. RATIONALE FOR THE RIGHTS OFFER**

The acquisition circular provided details of the acquisition by Medi-Clinic Luxembourg of a 100% interest in Hirslanden, which details were updated in an announcement dated 26 October 2007. The purchase consideration for Hirslanden, on an enterprise value basis, is CHF3 364 million which was partly settled through

debt of CHF2 450 million, raised within Hirslanzen on a non-recourse basis to Medi-Clinic's South African operations, and an equity contribution of some CHF1 114 million from Medi-Clinic. The board has resolved to proceed with the rights offer in order to raise an amount of up to R4 500 million. Approximately R4 000 million of the proceeds will be applied towards the equity contribution and the balance used to fund expansion opportunities in Medi-Clinic's South African operations.

### **3. PARTICULARS OF THE RIGHTS OFFER**

#### **3.1 Terms of the rights offer**

Medi-Clinic hereby offers a total of 198 675 497 Medi-Clinic shares for subscription, upon the terms and conditions set out in this circular, and insofar as certificated shareholders are concerned, also as set out in the form of instruction, by way of renounceable rights, at a subscription price of 2 265 cents per Medi-Clinic share on the basis of 50.38197 rights offer shares for every 100 Medi-Clinic shares held by shareholders at the close of trade on the record date for the rights offer. If fully subscribed, the rights offer will raise R4 500 million.

Qualifying shareholders recorded in the register of Medi-Clinic at the close of business on Friday, 16 November 2007 will be entitled to participate in the rights offer.

The enclosed form of instruction contains details of the rights to which holders of certificated shares are entitled, as well as the procedure for acceptance and/or sale and/or renunciation of all or part of those rights. Holders of dematerialised shares will be advised of the rights to which they are entitled as well as the procedure for acceptance and/or sale and/or renunciation of all or part of those rights by their CSDP or broker in terms of the custody agreement entered into between the shareholder and his CSDP or broker, as the case may be.

Shareholders who wish to apply for rights offer shares in addition to those allocated to them in terms of the rights offer are referred to paragraph 3.10 of this circular which sets out the procedure to be followed in applying for additional rights offer shares as provision has been made for excess applications in terms of the rights offer.

The subscription price is payable in full, in Rands, by qualifying shareholders holding certificated shares on acceptance of the rights offer. CSDPs will make payment, on a delivery versus payment basis, in respect of qualifying shareholders holding dematerialised shares who have accepted the rights offer. Qualifying shareholders holding dematerialised shares who have accepted the rights offer must ensure that the necessary funds are deposited with the relevant CSDP or broker, as the case may be.

The rights offer shares will, upon allotment and issue, rank *pari passu* with all other existing ordinary shares in terms of both voting rights and dividends. It is anticipated that an interim dividend for the six months ended 30 September 2007 will be declared prior to the closing of the rights offer. Hence, the rights offer shares will not participate in such interim dividend.

The rights offer is underwritten as detailed in paragraph 3.7 of this circular.

#### **3.2 Opening and closing dates of the rights offer**

The rights offer will open at 09:00 on Monday, 19 November 2007 and will close at 12:00 on Friday, 7 December 2007.

#### **3.3 Entitlement**

The number of rights offer shares to which qualifying shareholders will be entitled is set out in Annexure 1 to this circular. The entitlement of each qualifying shareholder holding certificated shares is reflected in the appropriate block in the form of instruction, which is enclosed with this circular. If you are a qualifying shareholder and hold dematerialised shares you will not receive a printed form of instruction. Qualifying shareholders holding dematerialised shares will have their accounts automatically credited with their entitlements in accordance with Annexure 1.

#### **3.4 Holdings of odd lots in multiples other than 100 shares**

Shareholders holding less than 100 Medi-Clinic shares, or not a whole multiple of 100 Medi-Clinic

shares, will be entitled, in respect of such holdings, to participate in the rights offer in accordance with Annexure 1 to this circular.

### 3.5 Fractional entitlement

The whole number of rights to subscribe for rights offer shares to which shareholders will become entitled will be determined by the ratio of entitlement. Only whole numbers of shares will be issued and shareholders will be entitled to subscribe for rounded numbers of Medi-Clinic shares once the ratio of entitlement has been applied. Fractional entitlements of 0.5 or greater will be rounded up and less than 0.5 will be rounded down.

### 3.6 Minimum subscription

The rights offer is underwritten, as discussed in paragraph 3.7 of this circular, and is therefore not conditional on a minimum subscription.

### 3.7 Underwriting and undertaking to follow rights

In terms of the underwriting agreement, the underwriters have agreed to underwrite the rights offer (to the extent that it is made to shareholders other than Remgro) to a maximum amount of R1 569 409 388.80, represented by 69 289 597 rights offer shares. Details of the individual underwriting commitments of the underwriters are disclosed below:

Name of underwriter	Amount underwritten	Number of shares	% of rights offer shares
Stanlib Asset Management (in its capacity as portfolio manager for Liberty Life)	R1 000 000 000	44 150 110	22.2%
RMB Asset Management (for and on behalf of its clients)	R569 409 389	25 139 487	12.7%
<b>Total</b>	<b>R1 569 409 389</b>	<b>69 289 597</b>	<b>34.9%</b>

In terms of the underwriting agreement, an underwriting fee equal to 1.75% of the underwritten amount, being R27 464 664 (excluding VAT), is payable by the Company to the underwriters which underwriting commission is, in the opinion of the board, not greater than the current market rate charged by independent underwriters. In terms of the underwriting agreement, the underwriting commission is only payable upon fulfilment of the underwriting commitments by the underwriters. Other than the underwriting fee outlined above, no other commissions or fees were paid within the past three years in respect of the issue of Medi-Clinic shares.

In addition, Remgro, a shareholder holding approximately 43% in Medi-Clinic, has irrevocably undertaken to follow its rights in respect of the proposed rights offer, and portfolio managers, representing approximately 7% of the Medi-Clinic shares in issue, have irrevocably undertaken to recommend to their clients to follow their rights.

The cumulative effect of the above contractual arrangements is that not less than 85% of the rights offer shares should be taken up.

Further particulars of the underwriters are set out in Annexure 2 to this circular.

### 3.8 Procedures for acceptance

3.8.1 If you are a qualifying shareholder holding certificated shares and/or have had rights renounced in your favour, and wish to subscribe for all or part of your entitlement in terms of the enclosed form of instruction, you must complete the enclosed form of instruction in accordance with the instructions contained therein and lodge it with the transfer secretaries at the addresses set out in paragraph 3.11.1.2 of this circular, so as to be received by the transfer secretaries by no later than 12:00 on Friday, 7 December 2007. Once received by the transfer secretaries, the acceptance is irrevocable and may not be withdrawn.

If payment is not received on or before 12:00 on Friday, 7 December 2007, the day of the closing of the rights offer, the qualifying shareholder or renounee concerned will be deemed to have declined the offer to acquire rights offer shares pursuant to the rights offer.

**Qualifying shareholders holding certificated shares are advised to take into consideration postal delivery times when posting their forms of instruction, as no late postal deliveries will be accepted. Qualifying shareholders are advised to deliver their completed forms of instruction together with their cheques or bankers' drafts by hand or by courier, where possible.**

- 3.8.2 If you are a qualifying shareholder and have dematerialised your Medi-Clinic shares you will not receive a printed form of instruction. You should receive notification from your CSDP or broker regarding the rights to which you are entitled in terms of the rights offer.

If you are a qualifying shareholder holding dematerialised shares and wish to follow your rights in respect of the rights offer, you are required to notify your duly appointed CSDP or broker of your acceptance of the rights offer in the manner and time stipulated in the custody agreement governing the relationship between yourself and your CSDP or broker.

**Medi-Clinic does not take responsibility and will not be held liable for any failure on the part of any CSDP or broker to notify you of the rights offer and/or to obtain instructions from you to subscribe for the rights offer shares and/or to sell the rights allocated.**

### **3.9 Procedures for sale and renunciation**

- 3.9.1 If you are a qualifying shareholder holding certificated shares and do not wish to subscribe for all of the rights allocated to you as reflected in the form of instruction, you may either dispose of or renounce all or part of your entitlement as follows:

- if you wish to sell all or part of your entitlement, you must complete Form A in the enclosed form of instruction and return it to the transfer secretaries to be received by no later than 12:00 on Friday, 30 November 2007. Note that the transfer secretaries will endeavour to procure the sale of rights on the JSE on your behalf and to remit the net proceeds thereof in accordance with your instructions. In this regard, neither the transfer secretaries nor Medi-Clinic will have any obligation or be responsible for any loss or damage whatsoever in relation to or arising from the timing of such sales, the price obtained, or the failure to dispose of such entitlements; and
- if you wish to renounce your entitlement in favour of any named renounee, you must complete Form B in the enclosed form of instruction, and the renounee must complete Form C in the enclosed form of instruction and return it to the transfer secretaries, to be received by no later than 12:00 on Friday, 7 December 2007, together with a cheque or bank draft for the appropriate amount.

- 3.9.2 If you are a qualifying shareholder holding dematerialised shares and wish to sell some or all of the rights allocated to you as a holder of dematerialised shares, you should make the necessary arrangements with your CSDP or broker in the manner and time stipulated in the custody agreement governing the relationship between yourself and your CSDP or broker.

### **3.10 Excess applications**

All rights offer shares not taken up in terms of the rights offer will be available for allocation to holders of letters of allocation who wish to apply for a greater number of rights offer shares than those offered to them in terms of the rights offer. Accordingly, in addition to the rights offer shares allocated to you in terms of the rights offer, as a holder of a letter of allocation you may also apply for additional rights offer shares in excess of the rights offer shares allocated to you in terms of the rights offer on the same terms and conditions.

#### **3.10.1 *Excess applications by holders of certificated shares***

If you, as a holder of certificated shares, wish to apply for rights offer shares in addition to those allocated to you, you should complete the attached form of instruction in accordance with the instructions contained therein and remit sufficient funds to cover such applications in accordance with paragraph 3.11.1.2 below.

#### **3.10.2 *Excess applications by holders of dematerialised shares***

If you, as a holder of dematerialised shares, wish to apply for excess rights offer shares you should instruct your CSDP or broker, in terms of the custody agreement entered into between yourself and your CSDP or broker, as to the number of excess rights offer shares for which you wish to apply.

### 3.10.3 *Allocation of available rights offer shares*

The pool of rights offer shares available to meet excess applications will be dealt with as set out below:

- if all the rights offer shares are taken up in the rights offer no additional rights offer shares will be made available for allocation to applicants; or
- if the rights offer shares taken up in the rights offer and the excess applications together are less than or equal to 100% of the number of rights offer shares available, the directors of Medi-Clinic will allocate any or all excess applications in an equitable manner; or
- if the rights offer shares taken up in the rights offer and the excess applications together exceed 100% of the number of rights offer shares available, the directors of Medi-Clinic reserve the right to abate any or all excess applications in such a manner as they may, in their sole and absolute discretion, determine. The allocation of rights offer shares in respect of excess applications will be equitable and will take cognisance of the number of Medi-Clinic shares held by each applicant prior to such allocation and the number of rights offer shares for which application is made.

An announcement will be released on SENS on Monday, 10 December 2007 and published in the press on the following business day, stating the results of the rights offer and the basis of allocation of any additional rights offer shares for which application is made.

Cheques refunding monies in respect of unsuccessful applications by holders of certificated shares for additional rights offer shares will be posted to the relevant applicants, at their risk, on or about, Tuesday, 18 December 2007. No interest will be paid on monies received in respect of unsuccessful applications.

## 3.11 **Payment**

### 3.11.1 ***Payment by holders of certificated shares***

3.11.1.1 The amount due on acceptance of the rights offer is payable in Rand.

3.11.1.2 A banker's draft drawn on a registered bank or a cheque drawn on a South African bank (each of which should be crossed and marked "not transferable" and, in the case of a cheque, with the words "or bearer" deleted) in favour of "**Medi-Clinic – Rights offer**" in respect of the amount due, together with a properly completed form of instruction should be clearly marked "**Medi-Clinic – Rights offer**", and delivered to:

#### **Medi-Clinic – Rights offer**

c/o Computershare Investor Services 2004 (Proprietary) Limited  
Ground Floor, 70 Marshall Street, Johannesburg, 2001

so as to be received by no later than 12:00 on Friday, 7 December 2007, or may be posted, at the risk of the shareholder or his renounee, to:

#### **Medi-Clinic – Rights offer**

c/o Computershare Investor Services 2004 (Proprietary) Limited  
PO Box 61763, Marshalltown, 2107

so as to be received by no later than 12:00 on Friday, 7 December 2007.

3.11.1.3 All cheques or bankers' drafts received by the transfer secretaries will be deposited immediately for payment. The payment as referred to in paragraph 3.11.1.2 will constitute an irrevocable acceptance of the rights offer upon the terms and conditions set out in this circular and in the enclosed form of instruction. In the event that any cheque or banker's draft is dishonoured, Medi-Clinic, in its sole discretion, may treat the relevant acceptance as void or may tender delivery of the relevant rights offer shares to which it relates against payment in cash of the issue price for such shares.

Money received in respect of an application that is rejected or otherwise treated as void by Medi-Clinic, or which is otherwise not validly received in accordance with the

terms stipulated, will be posted by registered post by way of a cheque drawn (without interest) in Rand to the applicant concerned, at the applicant's risk, on or about, Monday, 10 December 2007. If the applicant concerned is not a shareholder and gives no address in the attached form of instruction, then the relevant refund will be held by Medi-Clinic until collected by the applicant and no interest will accrue to the applicant in respect thereof.

### 3.11.2 **Payment by holders of dematerialised shares**

Payment will be effected on the shareholder's behalf in Rand by the CSDP or broker. The CSDP or broker will make payment in respect of qualifying shareholders holding dematerialised shares on a delivery versus payment basis.

### 3.12 **Exchange Control Regulations**

An outline of the applicable Exchange Control Regulations is available in Annexure 3 to this circular.

### 3.13 **JSE Listings**

The Issuer Services Division of the JSE has approved the listings of:

- the letters of allocation in respect of all of the 198 675 497 rights offer shares with effect from the commencement of trade on Monday, 12 November 2007 to the close of trade on Friday, 30 November 2007, both days inclusive; and
- 198 675 497 rights offer shares with effect from the commencement of trade on Monday, 3 December 2007.

### 3.14 **Documents of title**

New share certificates to be issued to qualifying shareholders holding certificated shares in respect of those rights offer shares to which they were entitled and for which they have subscribed, will be posted to persons entitled thereto, by registered post, at the risk of the shareholders concerned, on or about, Monday, 10 December 2007.

**Qualifying shareholders holding certificated shares and receiving the rights offer shares must note that such certificated shares are not good for delivery in respect of trades concluded on the JSE until they have been dematerialised.**

Qualifying shareholders holding Medi-Clinic shares who have applied for, and been allotted, Medi-Clinic shares under the rights offer will have their safe custody accounts updated with the rights offer shares to which they are entitled and in respect of which they have accepted the rights offer, on or about, Monday, 10 December 2007.

### 3.15 **Registration of documents**

The following documents have been lodged with and registered, in English, by the Registrar of Companies in terms of section 146A of the Act for purposes of implementing the rights offer:

- a copy of the form of instruction with respect to the letters of allocation enclosed with this document;
- a signed copy of this circular;
- a copy of the underwriting agreement and the sworn declarations in terms of section 153(2) of the Act;
- the audited financial information of Medi-Clinic for the financial year ending 31 March 2007;
- signed copies of the auditors report on the financial information of Medi-Clinic for the financial year ended 31 March 2007;
- the letters of consent from the reporting accountants, attorneys and sponsor to act in their respective capacities and to their names being stated in this circular;
- powers of attorney signed by each of the directors of Medi-Clinic;
- a copy of the application for listing of the rights offer shares to be issued pursuant to the rights offer; and
- a copy of the letter from the JSE agreeing to the listing of the rights offer shares and the letters of allocation.

### 3.16 Shareholder spread

The shareholder spread of Medi-Clinic will still comply with paragraphs 4.28(e) and (f) of the Listings Requirements after implementing the rights offer.

### 3.17 Taxation

Medi-Clinic shareholders are advised to consult their tax and financial advisers regarding any taxation implications pertaining to them regarding the acceptance of their rights in terms of the rights offer.

## 4. PRO FORMA FINANCIAL INFORMATION

4.1 The unaudited *pro forma* financial effects set out below have been prepared to assist Medi-Clinic shareholders to assess the impact of the transactions on the EPS, HEPS, NAV and TNAV per share. Due to the nature of these *pro forma* financial effects, they are presented for illustrative purposes only and may not fairly present the Company's financial position or the results of its operations after the transactions.

A simple consolidation of the historical financial information does not appropriately reflect the future prospects of the combination of the Medi-Clinic and Hirslanden businesses due to, *inter alia*, the following factors:

- the impact of various recent investments made by Hirslanden in facilities to grow capacity and/or to improve the service offered to patients is not fully reflected in Hirslanden's historical results;
- Medi-Clinic anticipates potential synergies and efficiencies due to the joint adoption of best practices;
- the effect of financial and operational leverage in the context of fixed interest rates;
- efficiencies in the permanent funding structure; and
- movements in the ZAR/CHF exchange rate.

Consequently historical performance is not an appropriate reflection of future prospects.

The unaudited *pro forma* financial effects have been prepared in terms of the Listings Requirements and the Guide on *Pro Forma* Financial Information issued by The South African Institute of Chartered Accountants. These unaudited *pro forma* financial effects are the responsibility of the board and are provided for illustrative purposes only. The material assumptions are set out in the notes following the table. The unaudited *pro forma* financial effects set out below were reported on by PricewaterhouseCoopers Advisory Services (Proprietary) Limited, whose report is included as Annexure 6 to this circular.

The unaudited *pro forma* financial effects disclosed below are different to the unaudited *pro forma* financial effects disclosed in the acquisition circular due to an adjustment in the final acquisition price in accordance with the share purchase agreement.

#### **Pro forma financial effects for the year ended 31 March 2007**

	<b>Audited before the transactions<sup>(1)</sup></b>	<b>Pro forma adjustments</b>	<b>Pro forma after the transactions</b>	<b>Percentage change</b>
EPS (cents)	162.5	(79.7) <sup>(2)</sup>	82.8	(49.0%)
Diluted EPS (cents)	147.5	(70.0) <sup>(2)</sup>	77.5	(47.5%)
HEPS (cents)	162.2	(79.6) <sup>(2)</sup>	82.6	(49.1%)
Diluted HEPS (cents)	147.2	(69.9) <sup>(2)</sup>	77.3	(47.5%)
NAV per share (cents)	575.5	596.4 <sup>(3)</sup>	1 171.9	103.6%
TNAV per share (cents)	458.9	27.8 <sup>(3)</sup>	486.7	6.1%
Ordinary shares in issue (million)	359.4	198.7	558.0	55.3%
Weighted average number of ordinary shares in issue (million)	357.6	174.2	531.8	48.7%



Notes and assumptions:

1. Extracted from the published audited consolidated results of Medi-Clinic for the year ended 31 March 2007.
2. For the purposes of calculating EPS and HEPS it was assumed that:
  - (a) the transactions were effected on 1 April 2006;
  - (b) the income statement information of Hirslanden was extracted from its audited financial statements for the year ended 31 December 2006;
  - (c) Hirslanden's income statement information was converted at R5.70:CHF1, being the average rate for the 12 months ended 31 March 2007;
  - (d) existing debt within Hirslanden was refinanced by new debt on acquisition, of which the offshore component comprises CHF2 450 million, of which interest on CHF840 million is assumed to be deductible for tax purposes;
  - (e) funding facilities were used for 45 days and thereafter the proceeds of the proposed rights offer amounting to R4 500 million were utilised to partially settle the funding;
  - (f) depreciation written off on the buildings of Hirslanden was adjusted due to revised accounting estimates of residual values on the assumption that the maintenance policy is in line with Medi-Clinic's policy; and
  - (g) taxation has been taken into account on the adjustments at the applicable tax rates.
3. For the purposes of NAV per share and TNAV per share it was assumed that:
  - (a) the transactions were effected on 31 March 2007;
  - (b) the balance sheet information of Hirslanden was extracted from its audited financial statements for the year ended 31 December 2006;
  - (c) land and buildings within Hirslanden were revalued to fair value;
  - (d) deferred taxation liability at a rate of 22% was raised on the revaluation surplus in respect of the land and buildings;
  - (e) existing debt within Hirslanden was refinanced by new debt on acquisition;
  - (f) Hirslanden's balance sheet information was converted at R5.97:CHF1, being the closing rate at 31 March 2007; and
  - (g) transaction costs of R262 million are assumed to have been paid on 31 March 2007 and have been either capitalised as part of the purchase consideration, the cost of debt or written off against reserves depending on the nature of the costs.
4. The number of shares in issue and the weighted number of shares have been adjusted with the 198 675 497 shares issued at R22.65 in terms of the rights offer.
5. Medi-Clinic's inventories are valued on a first-in-first-out basis, whilst Hirslanden valued inventories on a weighted average cost basis. It was impractical to determine the effect of applying Medi-Clinic's policy to Hirslanden's inventories. However, since management is of the opinion that the effect should not be material, no adjustments have been made to Hirslanden's figures included in the *pro forma* financial information.

**4.2** Presented below is the *pro forma* financial effect on HEPS assuming the optimal permanent funding structure, post the refinancing of all the bridging facilities within Hirslanden and Medi-Clinic, was in place from 1 April 2006:

	<b>Audited before the transactions</b>	<b><i>Pro forma</i> adjustments</b>	<b><i>Pro forma</i> after the transactions</b>	<b>Percentage change</b>
HEPS (cents)	162.2	(71.1)	91.1	(43.9%)

### **4.3 Goodwill**

The difference between the purchase consideration of R20 741 million and the net value of the assets, after revaluation of the land and buildings, of R17 552 million has provisionally been attributed to goodwill and not amortised. Post completion of the acquisition, Medi-Clinic will analyse the difference further into identifiable assets and goodwill as required by IFRS 3: Business Combinations.

## **5. HISTORICAL FINANCIAL INFORMATION**

The historical financial information of Medi-Clinic for the three years ended 31 March 2005, 31 March 2006 and 31 March 2007 was included in Annexure 1 of the acquisition circular.

## 6. DIRECTORS' INTERESTS IN MEDI-CLINIC

### 6.1 Prior to the rights offer

The direct beneficial and indirect beneficial holdings, as well as the direct non-beneficial and indirect non-beneficial holdings, of the directors of Medi-Clinic in the issued share capital (excluding treasury shares) of Medi-Clinic as at the last practicable date are as follows:

	Shares beneficially held directly	Percentage held of shares in issue	Shares beneficially held indirectly	Percentage held of shares in issue	Shares non-beneficially held directly	Percentage held of shares in issue	Shares non-beneficially held indirectly	Percentage held of shares in issue
E de la H Hertzog *	-	-	1 953 066	0.495%	6 702	0.002%	-	-
L J Alberts*	309 904	0.079%	24 416	0.006%	-	-	-	-
S Dakile-Hlongwane***	-	-	-	-	-	-	-	-
J du T Marais*	34 402	0.009%	3 685	0.001%	-	-	-	-
A R Martin***	-	-	1 915	0.000%	-	-	-	-
D P Meintjes*	62 186	0.016%	500	0.000%	-	-	-	-
V E Msibi** (see note 1)	-	-	-	-	-	-	-	-
K H S Pretorius*	74 306	0.019%	-	-	-	-	-	-
AA Raath***	-	-	-	-	-	-	-	-
M A Ramphele** (see note 2)	-	-	-	-	-	-	-	-
J G Swiegers*	54 543	0.014%	172 005	0.044%	-	-	13 405	0.003%
W L van der Merwe***	957	0.000%	-	-	-	-	-	-
M H Visser**	-	-	-	-	-	-	-	-

\* denotes executive directors

\*\* denotes non-executive directors

\*\*\* denotes independent non-executive directors

Note 1: Dr V E Msibi holds an effective interest of 24.8% in the issued ordinary shares of Mpilo Investment Holdings 2 (Proprietary) Ltd through his shareholding in Phodiso Holdings Limited.

Note 2: Dr M A Ramphele holds an effective interest of 23.71% in the issued ordinary shares of Mpilo Investment Holdings 1 (Proprietary) Ltd through her indirect interest in Circle Capital Ventures (Proprietary) Limited through the Ramphele Family Trust.

### 6.2 Subsequent to the rights offer

The direct beneficial and indirect beneficial holdings, as well as the direct non-beneficial and indirect non-beneficial holdings, of the directors of Medi-Clinic subsequent to the rights offer are set out in the table below, based on the assumption that the directors take up their full entitlement in terms of the rights offer:

	Shares beneficially held directly	Percentage held of shares in issue	Shares beneficially held indirectly	Percentage held of shares in issue	Shares non-beneficially held directly	Percentage held of shares in issue	Shares non-beneficially held indirectly	Percentage held of shares in issue
E de la H Hertzog *	-	-	2 937 059	0.495%	10 079	0.002%	-	-
L J Alberts*	466 040	0.079%	36 717	0.006%	-	-	-	-
S Dakile-Hlongwane***	-	-	-	-	-	-	-	-
J du T Marais*	51 734	0.009%	3 685	0.001%	-	-	-	-
A R Martin***	-	-	5 542	0.000%	-	-	-	-
D P Meintjes*	93 517	0.016%	752	0.000%	-	-	-	-
V E Msibi**	-	-	-	-	-	-	-	-
K H S Pretorius*	111 743	0.019%	-	-	-	-	-	-
AA Raath***	-	-	-	-	-	-	-	-
M A Ramphele**	-	-	-	-	-	-	-	-
J G Swiegers*	82 023	0.014%	258 665	0.044%	-	-	20 159	0.003%
W L van der Merwe***	1 439	0.000%	-	-	-	-	-	-
M H Visser**	-	-	-	-	-	-	-	-

\* denotes executive directors

\*\* denotes non-executive directors

\*\*\* denotes independent non-executive directors

6.2.1 Mr K H S Pretorius exercised the following share options on 6 August 2007:

- 30 000 share options at a strike price of R4.90 per option; and
- 10 000 share options at a strike price of R9.80 per option.

Mr K H S Pretorius also purchased 20 000 shares on the open market on 7 August 2007.

Mr L J Alberts purchased 8 000 shares on 21 August 2007 and 17 000 shares on 22 August 2007 on the open market.

Dr E de la H Hertzog purchased 138 000 shares on 28 August 2007 and 62 000 shares on 29 August 2007 on the open market.

Save as disclosed above, there has been no change in the shareholding of the Company's directors between the end of the last financial year and the last practicable date.

6.2.2 There will be no change in the directors' shareholdings in Medi-Clinic as a result of the transactions, other than in terms of the rights offer.

6.2.3 Details of the individual share options held by Medi-Clinic directors on the last practicable date are set out below:

Name	Date granted	Exercise price per option	Options awarded	Options exercised	Closing balance
K H S Pretorius	1 October 2000	R4.90	150 000	120 000	30 000
	1 September 2003	R9.80	50 000	10 000	40 000
			200 000	130 000	70 000

6.2.4 No director of Medi-Clinic has or has had a direct or indirect material beneficial interest in any transactions effected by Medi-Clinic during the current or immediately preceding financial year, or in any earlier year which remains in any respect outstanding or unperformed.

6.2.5 None of the current executive directors have a fixed term contract.

## 7. SHARE TRADING HISTORY

A table setting out the history of the performance of Medi-Clinic shares on the JSE has been included as Annexure 4 to this circular.

## 8. OTHER INFORMATION RELATING TO MEDI-CLINIC

Key information relating to Medi-Clinic contained in the acquisition circular has been duplicated in Annexure 7 to this document for ease of reference. For a full understanding of the acquisition circular, it should be read in its complete form.

## 9. ESTIMATED EXPENSES OF THE RIGHTS OFFER

It is estimated that Medi-Clinic's expenses relating to the rights offer only will amount to approximately R28 million. These expenses will be paid from the proceeds of the rights offer. The expenses (excluding value added tax) relating to the rights offer have been detailed below.

Nature of expense	Paid/Payable to	R
JSE documentation inspection fee	JSE	15 750
JSE listing fee	JSE	316 540
Printing, publication and distribution	IMAGINE-BTLS	54 000
Legal advisor	Hofmeyr Herbststein & Gihwala Inc.	250 000
Reporting accountants	PricewaterhouseCoopers Advisory Services	40 000
Underwriting commission	Stanlib Asset Management (in its capacity as portfolio manager for Liberty Life)	17 500 000
	RMB Asset Management (for and on behalf of its clients)	9 964 664
<b>Total</b>		<b>28 140 954</b>

## 10. DIRECTORS' RESPONSIBILITY STATEMENT

The current directors of Medi-Clinic, whose names appear on page 10 of this circular, collectively and individually accept full responsibility for the accuracy of the information given in this circular, and certify that, to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this circular false or misleading, and that they have made all reasonable inquiries to ascertain such facts, and that this circular contains all information required by law and the Listings Requirements.

## 11. CONSENTS

Each of the advisors whose names appear on the front cover of this document have consented and have not, prior to the last practicable date, withdrawn their written consents to the inclusion of their names and, where applicable, reports in the form and context in which they appear in this document.

## 12. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents or copies thereof will be available for inspection by shareholders from the date of posting of this circular to the closing date of the rights offer, during normal business hours on business days at the registered office of Medi-Clinic and the office of the lead independent sponsor:

- 12.1 the memorandum and articles of association of Medi-Clinic;
- 12.2 a signed copy of the underwriting agreement;
- 12.3 the irrevocable undertaking obtained from Remgro;
- 12.4 the *pro forma* income statement and balance sheet of Medi-Clinic as contained in Annexure 4 of the acquisition circular and extracts thereof reproduced in Annexure 5 to this document;
- 12.5 a signed copy of the independent reporting accountants' report on the *pro forma* financial information (*pro forma* financial effects and *pro forma* income statement and balance sheet) of Medi-Clinic as set out in Annexure 6 to this circular;
- 12.6 copies of the material contracts referred to in paragraph 24 of the acquisition circular;
- 12.7 a copy of the Exchange Control approval for the rights offer;
- 12.8 the letters of consent referred to in paragraph 31 of the acquisition circular and paragraph 11 of this circular;
- 12.9 a signed copy of the acquisition circular; and
- 12.10 a signed copy of this circular, as authorised in writing by the board.

Signed at Stellenbosch on Friday, 16 November 2007 on behalf of the board of directors of Medi-Clinic Corporation Limited

**J G SWIEGERS**  
Financial Director

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**TABLE OF ENTITLEMENT**


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The number of rights offer shares to which qualifying shareholders will be entitled is set out below, based on the assumption that Medi-Clinic shareholders will be entitled to 50.38197 rights offer shares for every 100 Medi-Clinic shares held. Shareholders' entitlements will be rounded up or down, as appropriate with fractions of 0.5 and above being rounded up, and only whole numbers of rights offer shares will be issued, in accordance with the Listings Requirements.

<b>Number of Medi-Clinic shares held</b>	<b>Number of rights offer shares to which a Medi-Clinic shareholder is entitled</b>	<b>Number of Medi-Clinic shares held</b>	<b>Number of rights offer shares to which a Medi-Clinic shareholder is entitled</b>	<b>Number of Medi-Clinic shares held</b>	<b>Number of rights offer shares to which a Medi-Clinic shareholder is entitled</b>
1	1	35	18	69	35
2	1	36	18	70	35
3	2	37	19	71	36
4	2	38	19	72	36
5	3	39	20	73	37
6	3	40	20	74	37
7	4	41	21	75	38
8	4	42	21	76	38
9	5	43	22	77	39
10	5	44	22	78	39
11	6	45	23	79	40
12	6	46	23	80	40
13	7	47	24	81	41
14	7	48	24	82	41
15	8	49	25	83	42
16	8	50	25	84	42
17	9	51	26	85	43
18	9	52	26	86	43
19	10	53	27	87	44
20	10	54	27	88	44
21	11	55	28	89	45
22	11	56	28	90	45
23	12	57	29	91	46
24	12	58	29	92	46
25	13	59	30	93	47
26	13	60	30	94	47
27	14	61	31	95	48
28	14	62	31	96	48
29	15	63	32	97	49
30	15	64	32	98	49
31	16	65	33	99	50
32	16	66	33	100	50
33	17	67	34		
34	17	68	34		

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## INFORMATION ON THE UNDERWRITERS

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The rights offer has been partially underwritten by Stanlib Asset Management (in its capacity as portfolio manager for Liberty Life) and RMB Asset Management (for and on behalf of its clients). Details pertaining to the underwriters as required by the Listings Requirements are set out below:

### LIBERTY GROUP LIMITED

1. **Occupation**  
Financial Services
2. **Directors**  
  
*Executive*  
J B Hemphill  
R G Tomlinson  
  
*Non-executive*  
D E Cooper (Chairman)  
H I Appelbaum  
A W B Band  
D A Hawton  
S J Macozoma  
J H Maree  
L Patel  
A Romanis  
T D A Ross  
M J Shaw  
S P Sibisi  
B S Tshabalala
3. **Company Secretary**  
Dumisani Mtshali
4. **Date and place of incorporation**  
1957 South Africa
5. **Registration number**  
1957/002788/06
6. **Registered office**  
1 Ameshoff Street, Braamfontein, Johannesburg, 2001
7. **Auditors**  
PricewaterhouseCoopers Inc.
8. **Bankers**  
Standard Bank
9. **Authorised share capital**  
400 000 000 ordinary shares of 10 cent each
10. **Issued share capital**  
288 956 191 ordinary shares of 10 cent each
11. **Beneficial interest of directors of Medi-Clinic**  
None

## **RMB ASSET MANAGEMENT**

- 1. Occupation**  
Investment Management
- 2. Directors**  
  
***Executive***  
L B van der Merwe  
  
***Non-executive***  
B J Van Der Ross  
L L Dippenaar  
P K Harris  
E P January  
R J Hutchison  
A T Nzimande  
E B Nieuwoudt  
M W Pfaff  
F J C Truter  
Alternate Director: N A S Kruger (Appointed June 2007)
- 3. Company Secretary**  
Ms Glenda Drake
- 4. Date and place of incorporation**  
25 September 1987 South Africa
- 5. Registration number**  
1987/004655/07
- 6. Registered office**  
4 Merchant Place, 1 Fredman Drive, Sandton, 2196
- 7. Auditors**  
PricewaterhouseCoopers Inc.
- 8. Bankers**  
First National Bank
- 9. Authorised share capital**  
1 000 ordinary shares of R1.00 each
- 10. Issued share capital**  
1 000 ordinary shares of R1.00 each
- 11. Beneficial interest of directors of Medi-Clinic**  
None

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## EXCHANGE CONTROL REGULATIONS

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The following summary is intended only as a guide and is, therefore, not comprehensive. If shareholders are in any doubt as to the appropriate course of action they are advised to consult their professional advisor.

Pursuant to the Exchange Control Regulations of South Africa and upon specific approval of the South African Reserve Bank, non-residents, excluding former residents, of the Common Monetary Area will be allowed to:

- take up rights allocated to them in terms of the rights offer;
- purchase letters of allocation on the JSE; and
- subscribe for the rights offer shares arising in respect of the letters of allocation purchased on the JSE provided payment is received either through normal banking channels from abroad or from a non-resident account.

All applications by non-residents for the above purposes must be made through an authorised dealer in foreign exchange. Electronic statements issued in terms of Strate and any share certificates issued pursuant to such applications will be endorsed "**non-resident**".

Where a right in terms of the rights offer becomes due to a former resident of the Common Monetary Area, which right is based on shares blocked in terms of the Exchange Control Regulations of South Africa, then only emigrant blocked funds may be used to:

- take up the rights allocated to them in terms of the offer;
- purchase letters of allocation on the JSE; and
- subscribe for the rights offer shares arising in respect of the letters of allocation purchased on the JSE.

All applications by emigrants using blocked funds for the above purposes must be made through the authorised dealer in South Africa controlling their blocked assets. Share certificates issued to such emigrants will be endorsed "**non-resident**" and placed under the control of the authorised dealer in foreign exchange through whom the payment was made. The proceeds due to emigrants from the sale of the letters of allocation, if applicable, will be returned to the authorised dealer in foreign exchange for credit to such emigrants' blocked accounts. Electronic statements issued in terms of Strate and any rights offer share certificates issued pursuant to blocked Rand transactions will be endorsed "**non-resident**" and placed under the control of the authorised dealer through whom the payment was made. The proceeds arising from the sale of letters of allocation or arising from the sale of blocked shares will be credited to the blocked accounts of the emigrants concerned.

Any qualifying shareholder resident outside the Common Monetary Area who receives this circular and form of instruction should obtain advice as to whether any governmental and/or other legal consent is required and/or any other formality must be observed to enable a subscription to be made in terms of such form of instruction.

New share certificates issued pursuant to the rights offer to an emigrant will be endorsed "**non-resident**" and forwarded to the address of the relevant authorised dealer controlling such emigrant's blocked assets for control in terms of the Exchange Control Regulations of South Africa. Where the emigrant's shares are in dematerialised form with a CSDP or broker, the electronic statement issued in terms of Strate will be despatched by the CSDP or broker to the address of the emigrant in the records of the CSDP or broker.

The rights offer does not constitute an offer in any jurisdiction in which it is illegal to make such an offer and this circular and form of instruction should not be forwarded or transmitted by you to any person in any territory other than where it is lawful to make such an offer.

The offer shares have not been and will not be registered under the Securities Act of the United States of America. Accordingly, the rights offer shares may not be offered, sold, resold, delivered or transferred, directly or indirectly, in or into the United States or to, or for the account or benefit of, United States persons, except pursuant to exemptions from the Securities Act. This circular and the accompanying documents are not being, and must not be, mailed or otherwise distributed or sent in, into or from the United States. This circular does not constitute an offer of any securities for sale in the United States or to United States persons.



The rights offer contained in this offering circular does not constitute an offer in the District of Columbia, the United States, the Dominion of Canada, the Commonwealth of Australia, Japan or in any other jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. Non qualifying shareholders should consult their professional advisers to determine whether any governmental or other consents are required or other formalities need to be observed to allow them to take up the rights offer, or trade their entitlement.

Shareholders holding Medi-Clinic shares on behalf of persons who are non-qualifying shareholders are responsible for ensuring that taking up the rights offer, or trading in their entitlements under that offer, does not breach regulations in the relevant overseas jurisdictions.

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**TRADING HISTORY OF MEDI-CLINIC SHARES ON THE JSE**


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The trading history of Medi-Clinic shares on the JSE is set out below.

			High (cents)	Low (cents)	Volume
<b>Quarterly</b>					
2004	June	30	1 286	1 180	8 946 337
	September	30	1 301	1 150	13 765 173
	December	30	1 520	1 285	10 811 107
2005	March	31	1 585	1 400	10 160 638
	June	30	1 700	1 420	19 400 705
	September	30	2 000	1 600	22 383 226
2006	December	31	2 230	1 770	50 997 162
	March	31	2 125	1 785	20 185 636
	June	30	2 150	1 740	18 144 378
<b>Monthly</b>					
2006	June	30	1 975	1 740	6 040 260
	July	31	1 940	1 810	2 918 101
	August	31	2 200	1 880	15 336 028
	September	30	2 190	2 000	8 896 001
	October	31	2 165	1 950	7 226 112
	November	30	2 500	2 125	8 278 954
	December	31	2 600	2 300	5 043 193
	2007	January	31	2 620	2 400
February		28	2 860	2 551	5 247 412
March		31	2 700	2 500	3 580 635
April		30	2 620	2 500	5 937 400
May		31	2 695	2 500	6 492 097
June		30	2 640	2 400	6 476 075
July		31	2 630	2 200	14 944 454
August		31	2 500	2 000	17 927 723
September		30	2 547	2 138	12 510 228
<b>Daily</b>					
	October	1	2 226	2 210	267 704
		2	2 250	2 200	700 672
		3	2 290	2 220	294 626
		4	2 248	2 200	1 393 235
		5	2 210	2 120	321 417
		8	2 200	2 189	925 011
		9	2 195	2 175	107 555
		10	2 180	2 173	286 605
		11	2 250	2 165	401 183
		12	2 200	2 199	847 963
		15	2 220	2 199	190 258
		16	2 200	2 170	620 519
		17	2 210	2 150	210 968

Source: I-net

## UNAUDITED *PRO FORMA* BALANCE SHEET AND INCOME STATEMENT OF THE MEDI-CLINIC GROUP

The unaudited *pro forma* balance sheet at 31 March 2007 and income statement of the Medi-Clinic group for the year then ended are set out below. The unaudited *pro forma* balance sheet and income statement have been prepared for illustrative purposes only to provide information on how the transactions might have impacted on the financial position and results of the Group. Because of their nature, the unaudited *pro forma* balance sheet and income statement may not be a fair reflection of the Group's financial position after the transaction, nor of its future earnings.

The unaudited *pro forma* balance sheet and income statement as set out below should be read in conjunction with the report of the independent reporting accountants which is included as Annexure 6 to this circular.

The directors of Medi-Clinic are responsible for the preparation of the unaudited *pro forma* balance sheet and income statement.

The unaudited *pro forma* balance sheet and income statement have been prepared on the basis that the transactions will be accounted for using acquisition accounting principles, with the goodwill arising being capitalised. Other than the revaluation of land and buildings, no account has been taken of any fair value adjustments, which may arise on the acquisition.

Medi-Clinic's inventories are valued on a first-in-first-out basis, whilst Hirslanden valued inventories on an average cost basis. It was impractical to determine the effect of applying Medi-Clinic's policy to Hirslanden's inventories. However, since management is of the opinion that the effect should not be material, no adjustments have been made to Hirslanden's figures included in the *pro forma* financial information.

### UNAUDITED *PRO FORMA* BALANCE SHEET OF THE MEDI-CLINIC GROUP

The unaudited *pro forma* balance sheet of the Medi-Clinic Group as at 31 March 2007 has been prepared on the assumption that the transactions were effected on 31 March 2007.

	Medi-Clinic <sup>(1)</sup> 31 March 2007 R'm	Hirslanden <sup>(2)</sup> 31 December 2006 R'm	<i>Pro forma</i> adjustments R'm		<i>Pro forma</i> after the transactions R'm
<b>ASSETS</b>					
Non-current assets	3 709	5 533	18 563		27 805
Property, plant and equipment	3 124	5 235	15 374	(3)	23 733
Intangible assets	419	216	3 189	(4)	3 824
Investments - unlisted	46	82	-		128
Deferred taxation	120	-	-		120
Current assets	1 780	1 533	-		3 313
Inventories	190	170	-		360
Receivables and prepayments	874	1 235	-		2 109
Cash and cash equivalents	716	128	-		844
<b>Total assets</b>	<b>5 489</b>	<b>7 066</b>	<b>18 563</b>		<b>31 118</b>

## EQUITY

Capital and reserves					
Share capital and premium	328	657	3 843	(5)	4 828
Treasury shares	(297)	-	-		(297)
Reserves	2 037	-	(28)	(6)	2 009
	<hr/>	<hr/>	<hr/>		<hr/>
Shareholders' funds	2 068	657	3 815		6 540
Minority interest	752	30	-		782
	<hr/>	<hr/>	<hr/>		<hr/>
<b>Total equity</b>	<b>2 820</b>	<b>687</b>	<b>3 815</b>		<b>7 322</b>

## LIABILITIES

Non-current liabilities	1 130	5 240	15 075		21 445
Borrowings	996	4 704	11 693	(6)/(7)	17 393
Deferred income tax liabilities	5	406	3 382	(3)	3 793
Retirement benefit obligations	129	130	-		259
	<hr/>	<hr/>	<hr/>		<hr/>
Current liabilities	1,539	1 139	(327)		2 351
Trade and other payables	903	698	-		1 601
Borrowings	628	327	(327)	(7)	628
Current income tax liabilities	8	114	-		122
	<hr/>	<hr/>	<hr/>		<hr/>
<b>Total liabilities</b>	<b>2 669</b>	<b>6 379</b>	<b>14 748</b>		<b>23 796</b>
	<hr/>	<hr/>	<hr/>		<hr/>
<b>Total equity and liabilities</b>	<b>5 489</b>	<b>7 066</b>	<b>18 563</b>		<b>31 118</b>

Net asset value per share	575.5				1 171.9
Tangible net asset value per share	458.9				486.7
Ordinary shares in issue (millions)	359.4				558.0

### Notes:

- The Medi-Clinic financial information has been extracted without adjustment from Medi-Clinic's published audited results for the year ended 31 March 2007.
- The Hirslanden financial information has been extracted from Hirslanden's audited results for the year ended 31 December 2006. The Hirslanden balance sheet was converted at R5.97: CHF1, being the ruling rate at 31 March 2007.
- Hirslanden's land and buildings were revalued by external valuers for purposes of the transaction to a fair value of R19 896 million. A deferred tax liability was provided for at 22%, being Hirslanden's effective tax rate.
- The difference between the purchase consideration of R20 741 million and the net value of the assets, after revaluation of the land and buildings, of R17 552 million has provisionally been attributed to goodwill and not amortised. Post completion of the acquisition, Medi-Clinic will analyse the difference further into identifiable assets and goodwill as required by IFRS 3: Business Combinations.
- Adjustments to the share capital and share premium account consist of the following:
  - Elimination of Hirslanden's equity (R657 million)
  - 198 675 497 shares issued at R22.65 in terms of the rights issue R4 500 million
- Transaction costs of R262 million are assumed to have been paid on 31 March 2007 and has been allocated as follows:
  - Capitalised as part of the purchase consideration R181 million
  - Costs associated with the issue of shares R28 million
  - Costs associated with the raising of debt R53 million
- Existing debt within Hirslanden of R4 704 million was repaid and the business refinanced with loans raised to the amount of R16 450 million.

## UNAUDITED *PRO FORMA* INCOME STATEMENT OF THE MEDI-CLINIC GROUP

The unaudited *pro forma* income statement of the Medi-Clinic Group for the year ended 31 March 2007 has been prepared on the assumption that the proposed transactions were effected on 1 April 2006.

	<b>Medi-Clinic<sup>(1)</sup></b> <b>31 March</b> <b>2007</b> <b>R'm</b>	<b>Hirslanden<sup>(2)</sup></b> <b>31 December</b> <b>2006</b> <b>R'm</b>	<b><i>Pro forma</i></b> <b>adjustments</b>  <b>R'm</b>	<b><i>Pro forma</i></b> <b>after the</b> <b>transactions</b>  <b>R'm</b>
<b>Revenue</b>	5 364	5 171	-	10 535
Cost of sales	(2 928)	(2 790)	-	(5 718)
Administration and other operating expenses	(1 430)	(1 543)	166	(2 807) <sup>(3)</sup>
<b>Operating profit</b>	<u>1 006</u>	<u>838</u>	<u>166</u>	<u>2 010</u>
Income from associates	1	2	-	3
Finance income	44	7	-	51
Finance cost	(88)	(253)	(844)	(1 185) <sup>(4)</sup>
<b>Profit before taxation</b>	<u>963</u>	<u>594</u>	<u>(678)</u>	<u>879</u>
Taxation	(270)	(122)	72	(320) <sup>(5)</sup>
<b>Profit for the year</b>	<u><u>693</u></u>	<u><u>472</u></u>	<u><u>(606)</u></u>	<u><u>559</u></u>
<b>Attributable to:</b>				
Equity holders of the Company	582	465	(606)	441
Minority interests	111	7	-	118
	<u>693</u>	<u>472</u>	<u>(606)</u>	<u>559</u>
<b>Headline earnings reconciliation</b>				
Profit attributable to shareholders	582	465	(606)	441
Profit on sale of property, plant and equipment	(1)	-	-	(1)
Headline earnings	<u>581</u>	<u>465</u>	<u>(606)</u>	<u>440</u>
Earnings per ordinary share - cents				
Undiluted	162.5			82.8
Diluted	147.5			77.5
Headline earnings per ordinary share- cents				
Undiluted	162.2			82.6
Diluted	147.2			77.3
Weighted average number of shares (millions)	357.6			531.8
Diluted number of shares (millions)	394.1			568.3

### Notes:

- The Medi-Clinic financial information has been extracted without adjustment from Medi-Clinic's published audited results for the year ended 31 March 2007.
- The Hirslanden financial information has been extracted from Hirslanden's audited results for the year ended 31 December 2006. The Hirslanden income statement was converted at R5.70: CHF1, being the average rate for the 12 months to 31 March 2007.
- Depreciation written off on the buildings of Hirslanden was adjusted due to revised accounting estimates of residual values on the assumption that the maintenance policy is in line with Medi-Clinic's policy.
- Finance costs in respect of existing debt within Hirslanden was reversed and replaced with the finance costs relating to the new loans raised. Finance cost in respect of the bridge funding facilities that were utilised for 45 days and settled through the proceeds of the proposed rights offer has also been included in finance costs.
- Taxation has been taken into account on the adjustments at the applicable tax rates.

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**INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE UNAUDITED  
PRO FORMA FINANCIAL INFORMATION OF THE MEDI-CLINIC GROUP**

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"18 October 2007  
The Directors  
Medi-Clinic Corporation Limited  
PO Box 456  
Stellenbosch  
7599

Dear Directors

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE PRO FORMA FINANCIAL  
INFORMATION OF MEDI-CLINIC CORPORATION LIMITED ("MEDI-CLINIC")**

We have performed our limited assurance engagement in respect of the *pro forma* financial information set out in paragraph 4 and Annexure 5 of the circular to Medi-Clinic shareholders to be issued on or about 19 November 2007 ("the Circular") in connection with the proposed rights offer of R4.5 billion to Medi-Clinic shareholders ("the rights offer"). The *pro forma* financial information has been prepared in accordance with the requirements of the JSE Limited ("JSE") Listings Requirements, for illustrative purposes only, to provide information about how the proposed rights offer might have affected the reported historical financial information presented, had the corporate action been undertaken at the commencement of the period or at the date of the *pro forma* balance sheet being reported on.

**DIRECTORS' RESPONSIBILITY**

The directors of Medi-Clinic are responsible for the compilation, contents and presentation of the *pro forma* financial information contained in the Circular and for the financial information from which it has been prepared. Their responsibility includes determining that: the *pro forma* financial information has been properly compiled on the basis stated; the basis is consistent with the accounting policies of Medi-Clinic and the *pro forma* adjustments are appropriate for the purposes of the *pro forma* financial information disclosed in terms of the JSE Listings Requirements.

**REPORTING ACCOUNTANTS' RESPONSIBILITY**

Our responsibility is to express our limited assurance conclusion on the *pro forma* financial information included in the Circular. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements applicable to *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and the *Guide on Pro forma Financial Information* issued by The South African Institute of Chartered Accountants.

This standard requires us to obtain sufficient appropriate evidence on which to base our conclusion.

We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the *pro forma* financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

**SOURCES OF INFORMATION AND WORK PERFORMED**

Our procedures consisted primarily of comparing the unadjusted financial information with the source documents, considering the *pro forma* adjustments in light of the accounting policies of Medi-Clinic, considering the evidence supporting the *pro forma* adjustments and discussing the adjusted *pro forma* financial information with the directors of Medi-Clinic in respect of the corporate actions that are the subject of the Circular.

In arriving at our conclusion, we have relied upon financial information prepared by the directors of Medi-Clinic and other information from various public, financial and industry sources.

While our work has involved an analysis of the historical published audited financial information and other information provided to us, our assurance engagement does not constitute an audit or review of any of the underlying financial information conducted in accordance with *International Standards on Auditing* or *International Standards on Review Engagements* and accordingly, we do not express an audit or review opinion.

In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. We believe our evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

**CONCLUSION**

Based on our examination of the evidence obtained, nothing has come to our attention, which causes us to believe that:

- the *pro forma* financial information has not been properly compiled on the basis stated;
- such basis is inconsistent with the accounting policies of Medi-Clinic; and
- the adjustments are not appropriate for the purposes of the *pro forma* financial information as disclosed in terms of Sections 8.17 and 8.30 of the JSE Listings Requirements.

Yours faithfully

**J F BASSON**

Director: Transaction Services”

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**SALIENT INFORMATION CONTAINED IN THE ACQUISITION CIRCULAR**


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The following information contained in the acquisition circular is duplicated hereunder for ease of reference. For a full understanding of the acquisition circular, it should be read in its complete form.

**“DEFINITIONS AND INTERPRETATIONS**

“Articles”	Articles of Association of the Company;
“BC Partners”	BC Partners Limited (Registration number 02020410), a company duly registered and incorporated under the company laws of the UK and a private equity fund advisory organisation;
“the board” or “the directors”	the board of directors of Medi-Clinic;
“broker”	any person registered as a broking member (equities) in terms of the Rules of the JSE made in accordance with the provisions of the Securities Services Act;
“business day”	any day of the week, excluding Saturdays, Sundays and all official South African public holidays;
“CAGR”	compound annual growth rate;
“certificated shareholders”	holders of certificated shares in Medi-Clinic;
“certificated shares”	Medi-Clinic shares which have not yet been dematerialised, title to which is represented by a share certificate or other documents of title;
“CHF”	Swiss Francs, the national currency of Switzerland;
“the Code”	the Securities Regulation Code on Takeovers and Mergers and the Rules of the SRP issued in terms of the Companies Act;
“Companies Act”	the South African Companies Act, 1973 (Act 61 of 1973), as amended;
“this circular” or “this document”	this bound document, dated 17 August 2007, including the proposed acquisition circular and revised listing particulars and incorporating the notice of general meeting and a form of proxy;
“conditions precedent to the proposed acquisition”	the conditions precedent to the share purchase agreement;
“CSDP”	Central Securities Depository Participant, being a “participant” as defined in section 1 of the Securities Services Act;
“dematerialised shareholders”	shareholders who hold dematerialised shares in Medi-Clinic;
“dematerialised shares”	Medi-Clinic shares which have been incorporated into the Strate system and which are no longer evidenced by documents of title;
“dependency ratio”	ratio between the number of people aged over 64 and under 20 and those aged between 20 and 64;



“documents of title”	share certificates, certified transfer deeds, balanced receipts, or any other documents of title as the case may be;
“Dresdner Kleinwort Limited”	a company duly registered and incorporated in England and Wales (Registration number 00551334);
“EBITDA”	earnings before interest, tax, depreciation and amortisation;
“effective date”	the closing date of the proposed acquisition, which is anticipated to be on or before 31 October 2007;
“Emirates Healthcare”	Emirates Healthcare Holdings Limited;
“EPS”	earnings per share;
“Exchange Control Regulations”	the Exchange Control Regulations, 1961, as amended, promulgated in terms of section 9 of the South African Currency and Exchanges Act, 1933 (Act 9 of 1933), as amended;
“the general meeting”	the general meeting of shareholders to be held at the registered office of the Company, Medi-Clinic Offices, Strand Road, Stellenbosch, 7600 at 15:00 on Monday, 10 September 2007;
“GDP”	Gross Domestic Product;
“HEPS”	headline earnings per share;
“Hirslanden”	Hirslanden Finanz AG (Registration number CH-170.3.028.088-1), a joint stock corporation incorporated and domiciled in Zurich, Switzerland;
“IFRS”	International Financial Reporting Standards;
“JSE”	the JSE Limited (Registration number 2005/022939/06), a public company incorporated in South Africa and licensed as an exchange under the Securities Services Act;
“last practicable date”	8 August 2007, the last practicable date prior to the finalisation of this circular;
“Liberty Life”	Liberty Group Limited (Registration number 1957/002788/06), a public company incorporated in South Africa and listed on the JSE;
“Listings Requirements”	Listings Requirements of the JSE, as amended from time to time by the JSE;
“Medi-Clinic” or “the Company”	Medi-Clinic Corporation Limited (Registration number 1983/010725/06), a public company incorporated in South Africa, the entire issued share capital of which is listed on the JSE;
“the Medi-Clinic Group”	Medi-Clinic and its subsidiary companies;
“Medi-Clinic Luxembourg”	Medi-Clinic Luxembourg S.à.r.l. (Registration number B129758), a private company incorporated in Luxembourg, and a wholly-owned indirect subsidiary of Medi-Clinic;
“Medi-Clinic Switzerland”	a Swiss company yet to be incorporated by Medi-Clinic Luxembourg with registered seat in Switzerland, and a wholly-owned indirect subsidiary of Medi-Clinic;
“NAV”	net asset value;

“OECD”	Organisation for Economic Co-operation and Development;
“PPE”	property, plant and equipment;
“the proposed acquisition”	the proposed acquisition by Medi-Clinic Luxembourg of a 100% interest in Hirslanden, the holding company of a private hospital group in Switzerland;
“the proposed rights offer”	a rights offer of up to 198 675 497 shares at the rights offer share price;
“the proposed transactions”	collectively, the proposed acquisition and the proposed rights offer;
“Rand” or “R”	Rand, the lawful currency of South Africa;
“the Registrar”	the Registrar of Companies in South Africa;
“register”	means the register of certificated shareholders maintained by Medi-Clinic and the sub-register of dematerialised shareholders maintained by the relevant CSDPs in terms of sections 91A and 105, respectively, of the Companies Act;
“Remgro”	Remgro Limited (Registration number 1968/006415/06), a public company incorporated in South Africa and listed on the JSE;
“the resolutions”	the resolutions reflected in the notice of general meeting included in this circular;
“revised listing particulars”	the revised listing particulars contained in this document, dated 17 August 2007, and set out in this document from page 113;
“rights”	the entitlement to subscribe for Medi-Clinic shares pursuant to the proposed rights offer;
“the rights offer share price”	the price per new Medi-Clinic share to be offered to Medi-Clinic shareholders in terms of the proposed rights offer of not less than 2 265 cents per Medi-Clinic share;
“the rights offer shares”	up to 198 675 497 Medi-Clinic shares, which could be the subject of the proposed rights offer;
“RMB Asset Management”	RMB Asset Management (Proprietary) Limited (Registration number 1987/004655/07), a private company incorporated in South Africa;
“Securities Services Act”	the Securities Services Act, 2004 (Act 36 of 2004), as amended;
“SENS”	the Securities Exchange News Service of the JSE;
“the share purchase agreement”	the acquisition agreement between Medi-Clinic Luxembourg and the Vendor dated 2 August 2007, as amended;
“shareholders” or “Medi-Clinic shareholders”	registered holders of Medi-Clinic shares;
“shares” or “Medi-Clinic shares”	ordinary shares of R0.10 each in the issued share capital of the Company;
“South Africa”	the Republic of South Africa;
“the SRP”	the Securities Regulation Panel, established under the provisions of the Companies Act;

“Standard Bank”	The Standard Bank of South Africa Limited (Registration number 1962/000738/06), a public company incorporated in South Africa;
“Stanlib Asset Management”	Stanlib Asset Management Limited (Registration number 1969/002753/06), a public company incorporated in South Africa;
“Strate”	Strate Limited (Registration number 1998/022242/06), a public company incorporated in South Africa and a registered central securities depository in terms of the Securities Services Act, and responsible for the electronic clearing and settlement of transactions;
“TNAV”	tangible NAV;
“transfer secretaries”	Computershare Investor Services 2004 (Proprietary) Limited (Registration number 2004/003647/07), a private company incorporated in South Africa;
“the underwriters”	RMB Asset Management (for and on behalf of its clients) and Stanlib Asset Management (in its capacity as portfolio manager for Liberty Life);
“the underwriting agreement”	the agreement entered into between Medi-Clinic and the underwriters, in terms of which the underwriters agree, subject to certain limitations, to subscribe for the rights offer shares that are not taken up by shareholders in terms of the proposed rights offer, to a maximum of R1 569 million;
“UAE”	United Arab Emirates;
“UK”	the United Kingdom;
“VAT”	Value Added Tax; and
“Vendor”	Hirslanden Healthcare SA.”

## **“2. RATIONALE FOR THE PROPOSED ACQUISITION**

Medi-Clinic is one of the three major players in the South African private hospital industry, one of the most developed and mature private hospital industries in the world. The Company has made a strategic decision to diversify geographically within its core business of acute, specialist orientated hospital care and to transform itself into a truly international hospital company. In this regard, a number of opportunities have been considered, including investments in green field operations in emerging markets as well as the acquisition of established operations in developed markets.

Medi-Clinic recently acquired a controlling interest in Emirates Healthcare, the largest private hospital group in the emirate of Dubai, which constituted the first step in unfolding this international growth strategy.

A further significant opportunity to expand internationally was identified in Hirslanden.

Medi-Clinic believes that Hirslanden presents the following attractive qualities:

- Hirslanden is a high-quality business with the following range of attributes:
  - the number one provider of acute hospital care in a highly attractive country;
  - highly competent senior management team with a proven track record, who have been well known to Medi-Clinic over a long period of time;
  - operationally efficient with stable cash flows;
  - excellent reputation with high quality facilities enabling it to attract top medical specialists; and
  - Centres of Excellence enhancing the brand and reputation;
- the proposed acquisition should be beneficial for Medi-Clinic’s South African operations as significant opportunities exist through cross-pollination of know-how and best practices;
- the opportunity for synergies and cost savings to the combined Medi-Clinic Group;
- an attractive earnings growth profile supported by significant investment in existing and new facilities; and
- Hirslanden provides a solid platform for future Swiss and European expansion.

Hirslanden’s focus on treatments at the high end of the acuity spectrum – “Centres of Excellence strategy” – is very much in line with the Medi-Clinic strategy in the South African market. The proposed acquisition transforms the Company into a truly international provider of hospital services, enhancing Medi-Clinic’s *Commitment to Quality Care*.

## **3. PRINCIPAL TERMS AND CONDITIONS OF THE PROPOSED ACQUISITION**

### **3.1 Purchase consideration**

The proposed purchase price for the whole of the issued share capital of Hirslanden will be approximately (and will in any event not exceed) CHF2 846 million (plus interest accruing from 1 July 2007), which represents an enterprise value of CHF3 600 million.

### **3.2 Funding arrangements**

Up to CHF2 800 million of new debt has been arranged by Barclays Capital, the investment banking division of Barclays Bank PLC, for Medi-Clinic Switzerland, on a non-recourse basis to Medi-Clinic’s South African operations, which debt will be used to repay Hirslanden’s existing debt and to pay part of the purchase price. The new debt is fully underwritten. At the last practicable date, Barclays Bank PLC was the sole underwriter. The base interest rates in respect of these facilities have been fixed. The remainder of the purchase price which, together with expenses and interest due on the purchase price in the period up until closing, is expected to amount to some CHF1 075 million, will be contributed by Medi-Clinic as equity into Medi-Clinic Luxembourg, the acquiring company, and has been hedged through a three-month forward instrument at R6.08:CHF1.

Medi-Clinic’s equity contribution will initially be funded using finance provided by Standard Bank and Stanlib Asset Management (in its capacity as portfolio manager for Liberty Life).

Further details regarding the terms of the financing associated with the proposed acquisition are set out in Annexure 4 to the revised listing particulars attached to this circular.

### **3.3 Warranties**

Limited warranties, representations and related undertakings, as are normal for a transaction of this nature, have been obtained from the Vendor and from Hirslanden's senior management.

### **3.4 Effective date**

The effective date for the proposed acquisition will be the closing date thereof, which is anticipated to be on or before 31 October 2007.

### **3.5 Conditions precedent**

The proposed acquisition is subject to the fulfilment of, inter alia, the following conditions precedent, by not later than 31 October 2007, provided that Medi-Clinic may extend this date to 30 November 2007:

- Medi-Clinic shareholders, in general meeting, approving the ordinary resolution necessary to effect the proposed acquisition; and
- obtaining the appropriate authorisations and/or determinations of various Swiss regulatory and other authorities."

## **“5. BACKGROUND INFORMATION ON HIRSLANDEN**

### **5.1 Business overview**

The Hirslanden group is the leading private hospital group in Switzerland, enjoying a national market share close to 30% in the private hospital sector and a market share of over 40% in the cantons in which its hospitals are located. Hirslanden currently comprises 13 private acute care facilities located in nine cantons with 1 275 beds and over 3 600 full-time equivalent staff. It is renowned for providing the highest level of quality care and standard of facilities. For the year ended 31 December 2006, Hirslanden reported gross revenue of CHF907 million and EBITDA of CHF206 million.

Hirslanden serves primarily complementary insured patients, offering the highest quality treatment including a choice of doctor and high quality "hotel" services. Patients are referred to the hospital or specialist by the family physician or can approach the hospital directly for a consultation with a specialist. All hospitals have extensive outpatient facilities and some have accident and emergency ("A&E") facilities. Hirslanden hospitals offer over 100 medical Centres of Excellence, including 78 state of the art operating theatres, 13 cardiac catheter laboratories, six intensive care units, radiology institutes in seven hospitals, physiotherapy centres in all hospitals, two sports therapy centres, two craniofacial centres and six renal dialysis stations and laboratories. The Hirslanden group provides admitting rights to over 1 400 physicians and managed 66 732 inpatient admissions during the year ended 31 December 2006. Hirslanden's focus on treatments at the high end of the acuity spectrum is very much in line with the Medi-Clinic strategy in the South African market.

Hirslanden also performs procedures on basic insured patients in some cantons. This occurs if the cantons include the private hospital operators in the provision of hospital acute care for basic insured patients. Two considerations lead to the inclusion of a private hospital on a cantonal list:

- the canton relies on the private service provider to contribute to the overall provision of hospital acute care for compulsory insured patients (e.g. canton of Zug and Andreas Klinik); or
- a canton makes an agreement with a private hospital in situations where the cantonal hospitals do not have the capacity in a specialised service (e.g. canton of Grisons and Klinik Hirslanden for heart surgery).

Generally, cantonal work adds scale to Hirslanden's operations absorbing fixed costs and ensuring broader recognition of the strong Hirslanden brand. Hirslanden's strategy is focused on maintaining its quality and service differentiation, relative to other hospitals (public and private), with mainly private work and further developing Centres of Excellence.

### **5.2 Brand**

The Hirslanden brand is highly recognised throughout Switzerland, as a leader in private healthcare, offering the highest standards in nursing care and recuperative comfort. Hirslanden's Centres of Excellence strategy has reinforced market associations of high quality care with the Hirslanden brand.

Hirslanden is well regarded by practitioners and specialists practicing at its hospitals and enjoys positive referrals from family physicians.

### 5.3 Market share

Hirslanden is the largest private acute care hospital group in Switzerland, enjoying a national market share of approximately 30% in the private hospital sector. It is the sole supplier of private acute hospital care in the two cantons of Schaffhausen and Zug and has a leading national market share of approximately 25% in heart surgery and approximately 20% national market share in cardiac catheter laboratories. Some 4 500 babies are born in Hirslanden hospitals each year, which represents approximately 6% of all births in Switzerland.

The table below indicates the spread of Hirslanden hospitals and beds by number and market share across the regions in which Hirslanden has a presence:

Canton	Private hospitals	Private hospital beds	Hirslanden clinics	Hirslanden beds	Hirslanden market share by clinics	Hirslanden market share by beds
Aargau	3	208	1	117	33%	56%
Appenzell	2	102	1	62	50%	61%
Basel-Landschaft	4	80	1	43	25%	54%
Berne	7	887	3	300	43%	34%
Lucerne	2	172	1	154	50%	90%
Schaffhausen	1	28	1	28	100%	100%
Vaud	9	698	2	160	22%	23%
Zug	1	56	1	56	100%	100%
Zurich	9	893	2	355	22%	40%
<b>Total/Average</b>	<b>38</b>	<b>3 124</b>	<b>13</b>	<b>1 275</b>	<b>34%</b>	<b>40%</b>

Hirslanden is especially strong in the wealthiest and most populous cantons, such as Zurich, Zug, Lucerne, Aargau and Berne. In the private hospital sector, Hirslanden's facilities command a market share of over 40% in the cantons in which they are located. The two flagship hospitals – Klinik Hirslanden and Klinik Im Park – are located in the highly attractive Zurich market, which has a high percentage of complementary insured patients. These two hospitals enjoy a market share estimated to be over 40%.

### 5.4 Competitive position

Hirslanden competes with both private and public hospitals offering services to complementary and compulsory insured patients. However, Hirslanden's focus remains on the higher margin complementary privately insured patients.

Hirslanden's peers include University hospitals, large cantonal hospitals and selected private hospitals offering tertiary care. Approximately 80% of patients admitted to Hirslanden hospitals come either from the city or canton where the hospital is based and 19% originate from outside the canton of which many are from neighbouring cantons. Currently only 1.4% of inpatients originate from outside Switzerland. This split has remained relatively constant over time. Hirslanden has been able to increase the number of complementary patients for the last three years largely due to acquisitions, and has been able to maintain the high ratio of private and semi-private days to total days.

In the segment of compulsory insured patients, Hirslanden competes with public hospitals on a canton by canton basis. Competition with public hospitals is regional in relation to patients without complementary insurance. Public hospitals hold a majority of market share in relation to compulsory insured patients (65%) and complementary insured patients (57%). Hirslanden also provides services to compulsory insured patients. Hirslanden enjoys a competitive advantage over cantonal hospitals as a result of its operational efficiencies, along with more attractive service offerings. Hirslanden is well placed to gain market share from public hospitals as part of its Centres of Excellence strategy and cost efficiency.

### 5.5 Well-invested asset base

Hirslanden currently comprises 13 hospitals and 1 275 beds, covering most of the key cities in Switzerland. The hospitals include state-of-the-art equipment and infrastructure and 78 operating theatres following a significant investment in refurbishment and expansion capital expenditure from 1999 to 2005. Hirslanden employs over 3 600 full-time equivalent staff and owns all properties, providing a portfolio of prime real estate in key cities.

Hirslanden enjoys a strong track record in attracting and retaining leading physicians. The vast majority of the doctors who practice at its facilities are not employed by Hirslanden, but are instead granted admitting rights. Doctors sometimes work in other private hospitals but almost never in public hospitals (most cantons do not allow it). More than 1 400 physicians have admitting rights into a Hirslanden facility, giving patients the widest choice of highly skilled professionals.

Approximately two thirds of physicians work exclusively at Hirslanden. Hirslanden's strategy is focussed on highly specialised and complex elective surgery, including cardiology, neurosurgery and orthopaedics, supported by the highest levels of nursing care. This has enabled Hirslanden to attract leading doctors and to build nationally recognised Centres of Excellence. These centres allow specialised practitioners to work in interdisciplinary teams which are meant to lead to excellent competence in their designated medical fields and reduce reliance on individual doctors.

## 5.6 Management

Hirslanden consists of a strong executive management team who have all previously managed individual hospitals in the group and have successfully overseen the expansion of the group to its current configuration and successfully implemented the Centres of Excellence strategy. Hirslanden managers are regularly invited to deliver public speeches and are cited in the media more often than any other private hospital group, as the model for hospital management in Switzerland. Medi-Clinic believes that, in contrast with green field operations, which require significant human resource allocation, it will effectively be entering into a partnership with the management team of Hirslanden in respect of the proposed acquisition.

The table below sets out details of the senior management team of Hirslanden:

Name	Age	Position	Experience
Robert Bider	60	Chief Executive Officer	Dr Bider has 25 years' experience in the healthcare industry. He joined Hirslanden in 1985, becoming Chief Executive Officer in 1990. He was Managing Director of Klinik Hirslanden for five years. Dr Bider holds a PhD in Sciences and a Masters degree from the Federal Institute of Technology, Zurich.
Joseph Rohrer	53	Chief Operating Officer	Mr Rohrer joined Hirslanden in 1989 and is a hospital management specialist, having spent seven years as Managing Director of Klinik Aarau and four years as Managing Director of Klinik Hirslanden, where he was also responsible for strategy in the Zurich area. In 2000, Mr Rohrer became Chief Operating Officer with responsibility for Hirslanden's clinics in the western region. Mr Rohrer plays a particularly important role in the conception and building of new medical centres and negotiating the recruitment of new doctors for the clinics and he has been very successful in this regard.
Reto Heierli	43	Chief Financial Officer	Mr Heierli has held a variety of roles since joining Hirslanden in 1988, including Managing Director of Klinik Im Park, Chief Financial Officer of Klinik Hirslanden and Chief Operating Officer of the eastern region. In 2002, he became Chief Financial Officer of Hirslanden. Mr Heierli is a qualified Swiss accountant.

## 5.7 Conclusion

Medi-Clinic believes that there exists scope for improved operating and financial performance at Hirslanden through:

- a continued move towards high-end complex procedures;
- a continued focus on recruiting additional specialists and specialist teams;
- improved facility utilisation;
- incremental capacity additions; and
- acquisition opportunities.

In addition, Medi-Clinic would strive to achieve a culture of cross-pollination between its existing operations in South Africa with that of Hirslanden in terms of international best practice. The management team is experienced, efficient and very professional and would fit and work well as part of the Medi-Clinic culture of quality care."

## “19. SHARE CAPITAL OF MEDI-CLINIC

### 19.1 Authorised and issued share capital prior to the proposed rights offer

The authorised and issued share capital of Medi-Clinic prior to the proposed rights offer is set out below:

	R'm
<i>Authorised</i>	
450 000 000 ordinary shares of 10 cents each	45
<i>Issued</i>	
394 338 449 ordinary shares of 10 cents each	39
<i>Share premium</i>	289
<i>Treasury shares</i>	(294)
<b>Total issued share capital</b>	<b>34</b>

### 19.2 Authorised and issued share capital after the proposed rights offer

The authorised and issued share capital of Medi-Clinic after the creation of the new shares as proposed in this circular and the implementation of the proposed rights offer would be as set out below, should no more than the underwritten amount of R1 569 409 388.80 and the amount in respect of which an irrevocable undertaking has been obtained from Remgro of R1 953 million be raised by way of the proposed rights offer.

	R'm
<i>Authorised</i>	
1 000 000 000 ordinary shares of 10 cents each	100
<i>Issued</i>	
549 845 928 ordinary shares of 10 cents each	55
<i>Share premium</i>	3 796
<i>Treasury shares</i>	(294)
<b>Total issued share capital</b>	<b>3 557</b>

The authorised and issued share capital of Medi-Clinic after the creation of the new shares as proposed in this circular and the implementation of the proposed rights offer would be as set out below, on the assumption that the proposed rights offer amounts to R4 500 million.

	R'm
<i>Authorised</i>	
1 000 000 000 ordinary shares of 10 cents each	100
<i>Issued</i>	
593 013 946 ordinary shares of 10 cents each	59
<i>Share premium</i>	4 769
<i>Treasury shares</i>	(294)
<b>Total issued share capital</b>	<b>4 534</b>

## 20. MAJOR SHAREHOLDERS OF MEDI-CLINIC

### 20.1 Major shareholders prior to the proposed rights offer

Other than the shareholders listed below, the directors of Medi-Clinic are not aware of any other shareholder that directly or indirectly, has a beneficial interest of 5% or more of Medi-Clinic's issued share capital as at the last practicable date:



<b>Shareholder</b>	<b>Percentage holding</b>
Industrial Partnership Investments Limited (Remgro)	43.40%
Mpilo Investment Holdings 2 (Proprietary) Limited (Phodiso Holdings Limited)	6.87%
<b>Total</b>	<b>50.27%</b>

## **20.2 After the proposed rights offer on the basis that no qualifying shareholders take up their rights**

On the basis that no qualifying shareholders, other than Remgro, take up their rights in terms of the proposed rights offer and that rights offer shares amounting to a maximum of R1 569 million are issued to the underwriters or their nominees and on the assumption that the proposed rights offer is made at an amount of R4 500 million, the names of the persons who will be reflected in Medi-Clinic's register of shareholders as holding a beneficial interest in 5% or more of the issued share capital of Medi-Clinic, is set out below:

<b>Shareholder</b>	<b>Percentage holding</b>
Industrial Partnership Investments Limited (Remgro)	46.80%
Stanlib Asset Management	9.45%
<b>Total</b>	<b>56.25%</b>

## **20.3 Controlling shareholder**

Remgro, through a wholly-owned subsidiary, has been a controlling shareholder, as defined in the Code, of Medi-Clinic since the inception of the Company. There have been no changes in the controlling shareholder of the Medi-Clinic Group during the last five years."

## **"26. LITIGATION STATEMENT RELATING TO MEDI-CLINIC**

The Medi-Clinic Group is not involved in any legal or arbitration proceedings, nor is the board aware of any proceedings which are pending or threatened, which may have or have had, in the 12-month period preceding the date of issue of this circular, a material effect on the financial position of the Medi-Clinic Group.

## **27. OPINIONS, RECOMMENDATIONS AND UNDERTAKINGS**

**27.1** The board is of the opinion that the proposed acquisition is in line with Medi-Clinic's strategy to transform itself into a truly international private hospital group. The board is of the opinion that Medi-Clinic will be able to extract synergies from the expanded group through the enhancement of facilities, refinancing of debt, etc. Taking the above into account, the board is of the unanimous opinion that the terms and conditions of the proposed acquisition will be to the long-term benefit of Medi-Clinic shareholders. Accordingly, the board recommends that shareholders vote in favour of the resolutions to be proposed at the general meeting.

Those members of the board holding Medi-Clinic shares intend to vote in favour of the resolutions to be proposed at the general meeting.

**27.2** The following shareholders holding approximately 58% of the votable shares in Medi-Clinic have provided irrevocable undertakings to Medi-Clinic to vote in favour of the special and ordinary resolutions required to approve the proposed acquisition and implement the proposed rights offer.

<b>Shareholder</b>	<b>Percentage holding</b>
Industrial Partnership Investments Limited (Remgro)	43.40%
Mpilo Investment Holdings 2 (Proprietary) Limited (Phodiso Holdings Limited)	6.87%
Mpilo Investment Holdings 1 (Proprietary) Limited (Circle Capital Ventures (Proprietary) Limited)	4.13%

In addition, portfolio managers, representing approximately 13% of the votable shares in Medi-Clinic, have provided irrevocable undertakings to either recommend to their clients to vote in favour of the ordinary and special resolutions required to approve the proposed acquisition and implement the proposed rights offer, or to vote in favour of such resolutions unless otherwise instructed by their clients.”

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## **EXTRACTS FROM THE REVISED LISTING PARTICULARS INCORPORATED IN THE ACQUISITION CIRCULAR**

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### **“2. BACKGROUND INFORMATION ON MEDI-CLINIC**

#### **2.1 Incorporation**

Medi-Clinic was incorporated in South Africa in 1983 as a limited liability public company. The Company was listed on the JSE in 1986.

#### **2.2 Background**

Medi-Clinic was founded in 1983 when the current Chairman, Dr Edwin Hertzog, was commissioned by the then Rembrandt Group to undertake a feasibility study on private hospitals. Dr Hertzog’s research was so conclusive that the Rembrandt Group decided to support the development of Panorama Medi-Clinic, which today remains Medi-Clinic’s flagship hospital in the Western Cape. At the same time, Medi-Clinic purchased Leeuwendal and Medipark, two small private hospitals in Cape Town. This was soon followed by the acquisition of the then largest private hospital in the country, the Sandton Clinic. In 1986, Medi-Clinic, with seven hospitals including 1 500 beds, listed on the JSE.

A period of steady growth led to a significant breakthrough in 1995 when the takeover of the Medicor Group added another 1 100 beds to Medi-Clinic. Thereafter the Hydromed and Hospiplan Groups were acquired. In December 2002 Medi-Clinic expanded its network of hospitals further by the acquisition of the Curamed Group of private hospitals in Pretoria, in association with a black empowerment group. Since then, Phodiso Clinics (Proprietary) Limited has taken over the interest of the black empowerment group.

Medi-Clinic implemented a R1.1 billion Black Ownership Initiative in December 2005 resulting in the immediate introduction of 15% black shareholding in Medi-Clinic. The Black Ownership Initiative introduced Phodiso Holdings Limited and Circle Capital Ventures (Proprietary) Limited (collectively “the Strategic Black Partners”) as the strategic partners and shareholders in Medi-Clinic. The Strategic Black Partners jointly hold approximately 11% (with Phodiso Holdings Limited holding approximately 6.9% and Circle Capital Ventures (Proprietary) Limited holding approximately 4.1%) of the issued shares. All employees up to and including first line management level (“Participating Employees”) were also introduced as shareholders of the Company through the issue of Medi-Clinic shares to The Mpilo Trust, an employee share trust formed specifically for that purpose. The Participating Employees hold approximately 4% of Medi-Clinic’s issued shares.

In 2007, Medi-Clinic acquired an equity interest of 50% plus one share in Emirates Healthcare for an amount of US\$53.1 million (R384.2 million). Emirates Healthcare owns and operates one of the two biggest private hospitals in Dubai in the UAE, the 120-bed Welcare Hospital, along with one ambulatory surgery centre and two clinics which are in close proximity. It has also commenced with the construction of the first hospital in Dubai Health Care City (“DHCC”), the City Hospital with 210 beds, which is scheduled for commissioning during the first quarter of 2008. In addition, Emirates Healthcare has the right to develop a further hospital in DHCC and plans to develop a further three related clinics of which two will open during this year. This will make Emirates Healthcare the largest private healthcare provider in Dubai.

#### **2.3 Nature of business**

Medi-Clinic is an established leader in the private hospital industry in South Africa, holding a market share of approximately 26%. It has 6 965 beds and approximately 13 300 full-time employees servicing 50 hospitals in Southern Africa and one hospital, one ambulatory surgery centre and two clinics in Dubai. Medi-Clinic also provides consulting rooms for doctors in private practice and a one-stop service for patients.

## 2.4 Material changes

There have been no material changes in the business of Medi-Clinic during the past five years. Remgro, through a wholly owned subsidiary, has been a controlling shareholder, as defined in the Code, of Medi-Clinic since the inception of the Company. There have been no changes in the controlling shareholder and trading objects of the Group during the last five years.

## 2.5 Prospects for the enlarged Medi-Clinic group

Throughout the world increased healthcare costs are driven by increased utilisation resulting from factors such as the ageing population, new technology, patient expectations and the increased burden of disease. South Africa is no exception and its ageing medical scheme population has mirrored these healthcare developments. These global trends are set to continue both locally and abroad as standards of living increase, quality of life expectations increase, life expectancy grows and older individuals make up an increasing proportion of the population. This bodes well for cost effective, trusted private healthcare providers as patients increasingly place emphasis on the quality of care provided.

Medi-Clinic operates in a blend of developing and mature markets, each with its own unique prospects.

Prospects in South Africa include:

- revitalisation of existing facilities;
- establishment of new facilities to meet the demand for private healthcare arising from economic growth and the continued expansion of South Africa's major metropolitan areas as well as bigger rural towns;
- increased utilisation of facilities stemming from an ageing population; and
- increasing medical scheme membership.

Prospects in the UAE include:

- growth in a previously underdeveloped healthcare industry within a booming local economy;
- assisting local government to develop the industry as a whole;
- expansion of existing facilities;
- introduction of new technologies and treatments; and
- providing a stable platform for entering healthcare markets in the rest of the Gulf Coalition Countries and the Middle East.

Prospects in Switzerland include:

- a stable macro-economic environment, with low interest rates and benign inflation; and
- growth in the Swiss private hospital market, driven by a combination of factors, such as:
  - ageing Swiss population;
  - economic growth;
  - increasing levels of disposable income;
  - technological advances;
  - patient expectations;
  - opportunity for skills and knowledge transfer between Switzerland and South Africa leading to operational efficiencies; and
  - providing a stable platform for further growth and expansion into neighbouring countries.

Medi-Clinic believes that experience gained through its hospital developments and domestic acquisitions over the past 24 years as well as the recent acquisition of Emirates Healthcare, places the Group in a unique position to capitalise on opportunities that present themselves. Medi-Clinic will continue to deliver on its core purpose of enhancing the quality of life of patients by providing comprehensive, cost-effective, high quality hospital services. Hirslanden has a strong management team and the company has a track record of solid growth. It is not expected that Hirslanden will place undue operational demands on the Group.

Medi-Clinic's core focus remains firmly based on South Africa and it will continue its efforts to improve the affordability of healthcare in South Africa, as exemplified by the commissioning of international consultants to assist the Group in developing an alternative healthcare delivery model suitable for South African circumstances. Medi-Clinic expects to continue its track record of consistent growth in operating profit based on meeting the needs of the market."

## “6. INFORMATION RELATING TO THE DIRECTORS OF MEDI-CLINIC

### 6.1 Current directors of Medi-Clinic

The details relating to the directors are set out in Annexure 5 to these revised listing particulars.

### 6.2 Appointment, qualification, remuneration and borrowing powers of directors

6.2.1 The relevant provisions of the articles of association of Medi-Clinic concerning the appointment, qualification, remuneration and borrowing powers of the Company and its subsidiaries, exercisable by the directors, are set out in Annexure 6 to these revised listing particulars.

The borrowing powers of the directors of the Group have not been exceeded during the three years preceding the date of these revised listing particulars. There is no exchange control or other restrictions on the borrowing powers of the Company or any of its subsidiaries other than those controls that pertain to all South African residents.

Emoluments and benefits paid to each executive and non-executive director individually for the period ended 31 March 2007 have been set out in the table below:

Director	Salaries R'000	Retirement fund R'000	Other benefits <sup>(4)</sup> R'000	Bonus R'000	Share options R'000	Directors fees R'000	Total R'000
Executive							
E de la H Hertzog* <sup>(1)</sup>	2 069	200	146	2 645			5 060
L J Alberts*	2 242	202	17	1 963			4 424
J du T Marais*	1 536	138	17	1 045			2 736
D P Meintjes* <sup>(2)</sup>	-	140	239	635			1 014
K H S Pretorius* <sup>(3)</sup>	574	54	29	461			1 118
J G Swiegers*	1 405	145	232	1 086	716		3 584
Non-executive							
S Dakile-Hlongwane***						99	99
W P Esterhuyse~***						56	56
A R Martin***						194	194
V E Msibi**						130	130
AA Raath***						176	176
M A Ramphele**						117	117
W L van der Merwe***						158	158
M H Visser**						223	223
	<b>7 826</b>	<b>879</b>	<b>680</b>	<b>7 835</b>	<b>716</b>	<b>1 153</b>	<b>19 089</b>

Notes:

- \* denotes executive directors.
- \*\* denotes non-executive directors.
- \*\*\* denotes independent non-executive directors.
- ~ denotes that director has resigned.

- (1) Dr E de la H Hertzog also earned a further R1.3 million (2006: R1.2 million) from M & I Group Services Limited relating to other duties.
- (2) Mr D P Meintjes also earned R1.5 million from a subsidiary of Emirates Healthcare Holdings Limited BVI relating to other duties.
- (3) Mr K H S Pretorius was appointed as a director on 8 November 2006. His director's remuneration is from this date.
- (4) Other benefits include medical aid and vehicle benefits.

6.2.2 Mr A R Martin received directors' remuneration from ER24 Holdings (Pty) Ltd, an indirect subsidiary through Medipark Clinic (Pty) Ltd, in the amount of R125 928 for the 2007 financial year.

Save as disclosed above, none of the directors of Medi-Clinic received any payments from Medi-Clinic's subsidiaries and fellow subsidiaries, associates, joint ventures or entities that provide management or advisory services to Medi-Clinic.

There will be no variation in the remuneration of any of the directors of Medi-Clinic as a consequence of the proposed transactions.

No fees have been paid or accrued to a third party in lieu of directors' fees."

#### **"6.4 Additional information pertaining to the directors**

All of the directors have completed directors' declarations in terms of Schedule 21 of the Listings Requirements relating to the appointment of new directors. Copies of the declarations are available for inspection as detailed in paragraph 33 of the proposed acquisition circular.

No payments have been made to any director, either directly or indirectly, by the Company or any other person in the three years preceding the date of these revised listing particulars to induce him to become, or to qualify him as a director or otherwise for services rendered by him or by the associate's company or the associate entity in connection with the promotion or formation of the Company.

No loans have been made by the Company to any of its directors nor has any security been furnished by the Company on behalf of any of its directors or managers.

None of the directors of Medi-Clinic have:

- been declared bankrupt, insolvent or have entered into any individual voluntary compromise arrangements;
- entered into any receiverships, compulsory liquidations, creditors voluntary liquidations, administrations, company voluntary arrangements or any compromise or arrangement with creditors generally or any class of creditors of any company where such directors are or were directors with an executive function during the preceding 12 months;
- entered into any compulsory liquidations, administrations or partnership voluntary arrangements of any partnerships where such directors are or were partners during the preceding 12 months;
- entered into any receiverships of any assets of such person or of a partnership of which the person is or was a partner at the time of or during the preceding 12 months;
- been publicly criticised by a statutory or regulatory authority, including recognised professional bodies or been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company; and/or
- been involved in any offence of dishonesty, fraud or embezzlement."

#### **"21. CORPORATE GOVERNANCE OF MEDI-CLINIC**

Medi-Clinic has, since its incorporation in 1983, always upheld strict principles of corporate governance and the highest standard of integrity and ethics, as embodied in the King II Report on Corporate Governance ("the King Report").

The board of directors accepts full responsibility for corporate governance and is committed to ensuring a high standard of discipline, independence, ethics, responsibility, equity, social responsibility, accountability, co-operation and transparency. The board believes that the group has materially complied with the principles of the King Report and has met the Listings Requirements.

Refer to Annexure 7 to these revised listing particulars for further information on Medi-Clinic's Corporate Governance."

**EXTRACTS FROM ANNEXURE 5 TO THE REVISED LISTING PARTICULARS INCORPORATED IN THE ACQUISITION CIRCULAR**

**“DETAILS ON THE DIRECTORS OF MEDI-CLINIC AND ITS MAJOR SUBSIDIARIES**

**Details on the directors of Medi-Clinic:**

<b>Executive directors of Medi-Clinic</b>	
<b>Edwin de la Harpe Hertzog</b>	Chairman
<b>Age</b>	57
<b>Address</b>	Medi-Clinic Offices, Strand Road, Stellenbosch, 7600
<b>Occupation</b>	Chairman, Medi-Clinic
<b>Nationality</b>	South African
<b>Qualification</b>	M.B.Ch.B., M.Med., F.F.A. (SA)
<b>Experience</b>	Appointed in 1983 as managing director, in 1990 as executive vice-chairman and in 1992 as chairman of the company
<b>Directorships in last five years</b>	Medi-Clinic, Distell Group Limited, Remgro, Total (SA) Limited and Trans Hex Group Limited
<b>Louis Jeremia Alberts</b>	Chief Executive Officer
<b>Age</b>	60
<b>Address</b>	Medi-Clinic Offices, Strand Road, Stellenbosch, 7600
<b>Occupation</b>	Managing Director, Medi-Clinic
<b>Nationality</b>	South African
<b>Qualification</b>	B.Comm, CA (SA)
<b>Experience</b>	Appointed in 1988 as director of the company and in 1990 as managing director.
<b>Directorships in last five years</b>	Medi-Clinic, HASA (1999-2006), Apex Healthcare Services (Pty) Ltd (in liquidation), Medimo (Pty) Ltd (in liquidation)
<b>Jan du Toit Marais</b>	
<b>Age</b>	56
<b>Address</b>	Medi-Clinic Offices, Strand Road, Stellenbosch, 7600
<b>Occupation</b>	Technical Director, Medi-Clinic
<b>Nationality</b>	South African
<b>Qualification</b>	H.N.T.D. (Mec)
<b>Experience</b>	Appointed in 1985 as director of the company.
<b>Directorships in last five years</b>	Medi-Clinic
<b>Daniel Petrus Meintjes</b>	
<b>Age</b>	50
<b>Address</b>	Medi-Clinic Offices, Strand Road, Stellenbosch, 7600
<b>Occupation</b>	Executive Director: United Arab Emirates, Medi-Clinic
<b>Nationality</b>	South African
<b>Qualification</b>	B.PI (Hons)
<b>Experience</b>	Joined the group in 1985 and appointed in 1996 as Human Resources Director. Seconded to Dubai in 2006 to oversee company's expansion into the United Arab Emirates.
<b>Directorships in last five years</b>	Medi-Clinic

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<b>Koert Hendrik Stefanus Pretorius</b>	
<b>Age</b>	44
<b>Address</b>	Medi-Clinic Offices, Strand Road, Stellenbosch, 7600
<b>Occupation</b>	Group Operations Director, Medi-Clinic
<b>Nationality</b>	South African
<b>Qualification</b>	B.Compt, MBL
<b>Experience</b>	Joined the group in 1998 and appointed in November 2006 as director of the company.
<b>Directorships in last five years</b>	Medi-Clinic

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<b>Johannes Gerhardus Swiegers</b>	
<b>Age</b>	52
<b>Address</b>	Medi-Clinic Offices, Strand Road, Stellenbosch, 7600
<b>Occupation</b>	Financial Director, Medi-Clinic
<b>Nationality</b>	South African
<b>Qualification</b>	B.Acc (Hons), B.Comm (Hons)(Taxation), CA (SA)
<b>Experience</b>	Appointed in 1994 as non-executive director of the company and in 1999 as Financial Director.
<b>Directorships in last five years</b>	Medi-Clinic, HASA (2002-2004), Channel Six Broadcasting (deregistered in 2004), COMMSCO Holdings Limited (deregistered in 2006), Apex Healthcare Services (Pty) Ltd (in liquidation)

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**Independent non-executive directors of Medi-Clinic**

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<b>Salukazi Dakile-Hlongwane</b>	
<b>Age</b>	56
<b>Address</b>	Nozala Investments (Pty) Ltd, Nozala Offices, Wedgefield Office Park - Phase III, 17 Muswell Road South, Bryanston, 2021
<b>Occupation</b>	Deputy Chairperson and Chief Executive Director, Nozala Investments
<b>Nationality</b>	South African
<b>Qualification</b>	BA, MA
<b>Experience</b>	Deputy Chairperson and Chief Executive Director of Nozala Investments. Appointed in 2000 as director of the company.
<b>Directorships in last five years</b>	Medi-Clinic, Nozala Investments (Pty) Ltd, Tsebo Outsourcing Group (Pty) Ltd (2003), MIH Holdings Limited (Pty) Ltd (2006), Worldwide Capital (Pty) Ltd (2006), Gidani (Pty) Ltd (2005), Woodlands Dairy (Pty) Ltd (2006)

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<b>Alwyn Reginald Martin</b>	
<b>Age</b>	68
<b>Address</b>	c/o Medi-Clinic Offices, Strand Road, Stellenbosch, 7600
<b>Occupation</b>	Businessman
<b>Nationality</b>	South African
<b>Qualification</b>	B.Comm, CA (SA)
<b>Experience</b>	Appointed in 2002 as director of the company.
<b>Directorships in last five years</b>	Medi-Clinic, Trans Hex Group Limited, Santam Limited and Credit Guarantee Insurance of Africa

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<b>Albert Anton Raath</b>	
<b>Age</b>	51
<b>Address</b>	Innofin, Block A, Tuscan Park, Cnr Old Oak Road & Twist Street, Durbanville, 7550
<b>Occupation</b>	Chief Executive Officer, Innofin
<b>Nationality</b>	South African
<b>Qualification</b>	B.Comm, CA (SA)
<b>Experience</b>	Chief Executive Officer of Innofin, a subsidiary of Sanlam. Appointed in 1996 as director of the company.
<b>Directorships in last five years</b>	Medi-Clinic, Innofin (Pty) Ltd (a subsidiary of Sanlam Limited), Sanlam Private Investments (Pty) Ltd (2000-2005), Sanlam Investment Management (Namibia) (Pty) Ltd (2000-2005), Sanlam Investment Management (Pty) Ltd (2001-2005)

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<b>Wynand Louw van der Merwe</b>	
<b>Age</b>	55
<b>Address</b>	Tygerberg Medical Faculty, Room 1012, 1st Floor, Clinical Building, Tygerberg, 7500
<b>Occupation</b>	Dean of the Faculty Health Sciences, Stellenbosch University
<b>Nationality</b>	South African
<b>Qualification</b>	M.B.Ch.B., M.Med., F.F.A. (SA), MD
<b>Experience</b>	Dean of the Faculty Health Sciences of Stellenbosch University. Appointed in 2001 as director of the company.
<b>Directorships in last five years</b>	Medi-Clinic

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**Non-executive directors of Medi-Clinic**

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<b>Vincent Elijah Msibi</b>	
<b>Age</b>	51
<b>Address</b>	Phodiso Holdings Limited, 421 Pretorius Street, Curator Building, 1st Floor, Pretoria, 0002
<b>Occupation</b>	Chairman, Phodiso Holdings Limited
<b>Nationality</b>	South African
<b>Qualification</b>	M.B.Ch.B.
<b>Experience</b>	Group Executive Chairman of Phodiso Holdings Limited. Appointed in November 2005 as director of the company.
<b>Directorships in last five years</b>	Medi-Clinic, Phodiso Holdings Limited, New Diamond Corporation (2001-2005), Metro Cash & Carry (2004-2006)

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<b>Mamphela Aletta Ramphele</b>	
<b>Age</b>	59
<b>Address</b>	Circle Capital Ventures (Proprietary) Limited, 28th Floor, No 1 Thibault Square, Cape Town, 8001
<b>Occupation</b>	Chairperson, Circle Capital Ventures (Proprietary) Limited
<b>Nationality</b>	South African
<b>Qualification</b>	M.B.Ch.B., Diploma in Tropical Health and Hygiene, B.Comm, Diploma in Public Health, Ph.D.
<b>Experience</b>	Chairperson of Circle Capital Ventures (Proprietary) Limited. Appointed in March 2005 as director of the company.
<b>Directorships in last five years</b>	Medi-Clinic, Circle Capital Ventures (Proprietary) Limited, Anglo American, MTN Group Limited, The Standard Bank of South Africa Limited (2005-2007)



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<b>Matthys Hendrik Visser</b>	
<b>Age</b>	53
<b>Address</b>	Remgro Limited, Carpe Diem Office Park, Quantum Street, Techno Park, Stellenbosch, 7600
<b>Occupation</b>	Chief Executive Officer, Remgro
<b>Nationality</b>	South African
<b>Qualification</b>	B. Comm (Hons), CA (SA)
<b>Experience</b>	Chief Executive Officer of Remgro. Appointed in November 2005 as director of the company.
<b>Directorships in last five years</b>	Medi-Clinic, Remgro, Distell Group Limited, Nampak Limited, Rainbow Chicken Limited, M & I Group Services (Pty) Ltd (2001-2002), Malbak Limited (1997-2002), Hunt Leuchars & Hepburn Holdings Ltd (1997-2002), Robertsons Holdings (Pty) Ltd (2000-2002), MY Holdings PLC (1999-2002), LENCO (Pty) Ltd (2001-2004), Universa (Pty) Ltd (1999-2003), M & I Management Services (Pty) Ltd (1998-2007)

**Details on the directors (not already listed above) of Medi-Clinic Limited, a material subsidiary of the Company**

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<b>Willem Hendrik Aucamp</b>	
<b>Age</b>	39
<b>Address</b>	International Business Gateway, Cnr 6 <sup>th</sup> Street and New Road, Midrand
<b>Occupation</b>	Operational Director: Northern Region
<b>Nationality</b>	South African
<b>Qualification</b>	B. Comm (Personnel Management)
<b>Experience</b>	Joined Medi-Clinic in 1995 as Human Resources Manager. Appointed in 2003 as Operational Director: Northern Region.
<b>Directorships in last five years</b>	N/A

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<b>Willem Frederik Burger</b>	
<b>Age</b>	49
<b>Address</b>	4th Floor, Sanlam Building, 163 Nelson Mandela Drive, Bloemfontein
<b>Occupation</b>	Operational Director: Central Region
<b>Nationality</b>	South African
<b>Qualification</b>	B. Comm (Hons)
<b>Experience</b>	Joined Medi-Clinic in 1985 as Human Resources Manager. Appointed in 2003 as Operational Director: Central Region.
<b>Directorships in last five years</b>	N/A

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<b>Roland Theodore Buys</b>	
<b>Age</b>	55
<b>Address</b>	Tijgerpark 1, 1 <sup>st</sup> Floor, Willie van Schoor Avenue, Bellville
<b>Occupation</b>	Funder Relations & Contracting Director
<b>Nationality</b>	South African
<b>Qualification</b>	B. Comm (Hons)
<b>Experience</b>	Management experience in chemical and healthcare industries from 1977. Joined Medi-Clinic in 1998 as Funder Relations & Contracting Director.
<b>Directorships in last five years</b>	N/A

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<b>Douglas James Heaslet Defty</b>	
<b>Age</b>	45
<b>Address</b>	Tijgerpark 1, 2nd Floor, Willie van Schoor Avenue, Bellville
<b>Occupation</b>	Pharmacy Services Director
<b>Nationality</b>	South African
<b>Qualification</b>	B. Pharm
<b>Experience</b>	Various pharmacy managerial positions held from 1985 prior to joining Medi-Clinic in 1995 as Pharmacy Operational Manager. Appointed in 1997 as Pharmacy Services Director.
<b>Directorships in last five years</b>	United Hospital Supply Corporation (resigned in November 2005)

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<b>Stephan Lonsdale Drinkrow</b>	
<b>Age</b>	52
<b>Address</b>	Vineyard Centre, corner Adam Tas & Devon Valley Rd, Devon Valley, Stellenbosch
<b>Occupation</b>	Engineering Services Director
<b>Nationality</b>	South African
<b>Qualification</b>	Higher National Diploma: Mechanical Engineering
<b>Experience</b>	Appointed as technician at Rupert International from 1979 prior to joining Medi-Clinic in 1985 as Engineer. Appointed in 1996 as Engineering Services Director.
<b>Directorships in last five years</b>	N/A

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<b>Clara Findlay</b>	
<b>Age</b>	40
<b>Address</b>	Medi-Clinic Offices, Strand Road, Stellenbosch, 7600
<b>Occupation</b>	Legal Services Director
<b>Nationality</b>	South African
<b>Qualification</b>	BA, LLB
<b>Experience</b>	Admitted as an attorney in 1993 specialising in medico legal matters. Joined Medi-Clinic in 1997 as Legal Advisor. Appointed in 2000 as Legal Services Director.
<b>Directorships in last five years</b>	N/A

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<b>Gerrit Johann Geertsema</b>	
<b>Age</b>	48
<b>Address</b>	132 Celliers Street, Sunnyside, Pretoria
<b>Occupation</b>	Operational Director: Tshwane Region
<b>Nationality</b>	South African
<b>Qualification</b>	B. Comm (Hons), B. Pharm
<b>Experience</b>	Various managerial positions held in pharmaceutical and private hospital business. Joined Medi-Clinic in 2005 as Operational Director: Tshwane Region,
<b>Directorships in last five years</b>	Berg & Meer (Pty) Ltd (resigned)

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<b>Gert Cornelis Hattingh</b>	
<b>Age</b>	42
<b>Address</b>	Medi-Clinic Offices, Strand Road, Stellenbosch, 7600
<b>Occupation</b>	Related Business Director
<b>Nationality</b>	South African

<b>Qualification</b>	B Acc (Hons), CA (SA)
<b>Experience</b>	Joined Medi-Clinic in 1991 as Group Accountant. Appointed in 1996 as Operational Director. Support Services Director from 1998 and Related Business Director from 2003.
<b>Directorships in last five years</b>	N/A

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**Estelle Louise Jordaan**


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<b>Age</b>	50
<b>Address</b>	Medi-Clinic Offices, Strand Road, Stellenbosch, 7600
<b>Occupation</b>	Nursing Director
<b>Nationality</b>	South African
<b>Qualification</b>	Diploma: General & Psychiatric Nursing, Diploma: Midwifery, Diploma: Critical Care Nursing, BA (Cur), MBA
<b>Experience</b>	Employed in nursing management positions from 1987. Joined Medi-Clinic in 2004 as Nursing Director.
<b>Directorships in last five years</b>	N/A

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**Nkaki Sydwell Matlala**


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<b>Age</b>	54
<b>Address</b>	132 Celliers Street, Sunnyside, Pretoria
<b>Occupation</b>	Clinical Relations Director
<b>Nationality</b>	South African
<b>Qualification</b>	B.Sc, M.Sc, M.D., Fellow of the College of Surgeons, M.Med
<b>Experience</b>	Practiced as a general practitioner from 1983 and as a specialist surgeon from 1995. Joined Medi-Clinic in 2005 as Clinical Relations Director
<b>Directorships in last five years</b>	Phodiso Holdings (Pty) Ltd (resigned in 2002), Phodiso Home & Hospital Services (Pty) Ltd (resigned in 2002), Umnotho We Sizwe Resources (Pty) Ltd (resigned in 1996), Umnotho Intergrated Energies (Pty) Ltd (resigned in 2006), Ububele Holdings (Pty) Ltd (resigned in 2004), Ububele Alpha Chemicals (Pty) Ltd (resigned in 2005), Ralethongoane Enterprise Investments (Pty) Ltd (resigned in 2006), Ralethongoane Global Commodities Trading (Pty) Ltd (resigned in 2006)

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**Deon Willem Moulder**


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<b>Age</b>	62
<b>Address</b>	Tijgerpark 1, 3 <sup>rd</sup> Floor, Willie van Schoor Avenue, Bellville
<b>Occupation</b>	Medical Affairs Director
<b>Nationality</b>	South African
<b>Qualification</b>	M.B.Ch.B.
<b>Experience</b>	Joined Medi-Clinic in 1990 as Hospital Manager. Appointed in 1995 as Medical Affairs Director.
<b>Directorships in last five years</b>	N/A

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**Theodorus Carel Pauw**


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<b>Age</b>	57
<b>Address</b>	Medi-Clinic Offices, Strand Road, Stellenbosch, 7600
<b>Occupation</b>	Information Systems Director
<b>Nationality</b>	South African
<b>Qualification</b>	Senior Certificate
<b>Experience</b>	Started his career in 1970 at the Rembrandt Group prior to joining Medi-Clinic in 1986 as Information Technology Manager. Appointed in 2001 as Information Systems Director.
<b>Directorships in last five years</b>	N/A

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<b>Biren Valodia</b>	
<b>Age</b>	40
<b>Address</b>	Medi-Clinic Offices, Strand Road, Stellenbosch, 7600
<b>Occupation</b>	Marketing & Corporate Liaison Director
<b>Nationality</b>	South African
<b>Qualification</b>	B. Pharm, M.B.A., B. B&A (Hons)
<b>Experience</b>	Various managerial positions held in the healthcare industry from 1999. Joined Medi-Clinic in 2006 as Marketing & Corporate Liaison Director.
<b>Directorships in last five years</b>	Medscheme (Pty) Ltd (resigned in 2005), Interpharm Data Systems (Pty) Ltd (resigned in 2005), Pharmacy Benefit Management (Pty) Ltd (resigned in 2005), AIDS for AIDS (Pty) Ltd (resigned in 2005)

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<b>Carel Aron van der Merwe</b>	
<b>Age</b>	44
<b>Address</b>	Medi-Clinic Offices, Strand Road, Stellenbosch, 7600
<b>Occupation</b>	Clinical Information & Emergency Services Director
<b>Nationality</b>	South African
<b>Qualification</b>	M.B.Ch.B., DA (SA), FCA (SA)
<b>Experience</b>	Practised as an anaesthetist from 1994 and held various managerial positions in the healthcare industry from 1996. Joined Medi-Clinic in 1999 as Clinical Affairs Manager. Appointed in 2001 as Clinical Information & Emergency Services Director.
<b>Directorships in last five years</b>	N/A

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<b>Gerrit Leonardus van Onselen</b>	
<b>Age</b>	54
<b>Address</b>	Medi-Clinic Offices, Strand Road, Stellenbosch, 7600
<b>Occupation</b>	Property Management & Procurement Services Director
<b>Nationality</b>	South African
<b>Qualification</b>	Senior Certificate
<b>Experience</b>	Various financial positions held at Rembrandt prior to joining Medi-Clinic in 1985 as Accountant. Appointed in 1995 as Property Management Director. Currently Property Management & Procurement Services Director.
<b>Directorships in last five years</b>	N/A

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<b>Edmund Marais van Wyk</b>	
<b>Age</b>	45
<b>Address</b>	Vineyard Centre, Cnr Adam Tas & Devon Valley Rd, Devon Valley, Stellenbosch
<b>Occupation</b>	Operational Director: Western Cape Region
<b>Nationality</b>	South African
<b>Qualification</b>	B. Comm (Hons)
<b>Experience</b>	Various senior financial positions held from 1989 prior to joining Medi-Clinic in 1995 as Regional Financial Manager. Appointed as Operational Director: Western Cape Region in 2006.
<b>Directorships in last five years</b>	N/A

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<b>Jacobus Ryk Veldsman</b>	
<b>Age</b>	57
<b>Address</b>	Vineyard Centre, Cnr Adam Tas & Devon Valley Rd, Devon Valley, Stellenbosch
<b>Occupation</b>	Technical Projects Director
<b>Nationality</b>	South African
<b>Qualification</b>	PR Tech (Eng)
<b>Experience</b>	Various senior technical positions held from 1977. Joined Medi-Clinic in 1985 as Group Civil Engineer. Appointed in 1996 as Technical Projects Director.
<b>Directorships in last five years</b>	N/A

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<b>Barend Jacobus Verster</b>	
<b>Age</b>	55
<b>Address</b>	Medi-Clinic Offices, Strand Road, Stellenbosch, 7600
<b>Occupation</b>	Human Resources & Training and Development Director
<b>Nationality</b>	South African
<b>Qualification</b>	B & A (Hons)
<b>Experience</b>	Human Resources Manager at Rembrandt from 1985 prior to joining Medi-Clinic in 1989 as Training Manager. Appointed in 1995 as Training and Development Director. Currently Human Resources & Training and Development Director.
<b>Directorships in last five years</b>	N/A

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<b>Andre Danie Viljoen</b>	
<b>Age</b>	45
<b>Address</b>	Tijgerpark 1, 3rd Floor, Willie van Schoor Avenue, Bellville
<b>Occupation</b>	Operational Director: Peninsula Region
<b>Nationality</b>	South African
<b>Qualification</b>	B. Comm, Diploma: Datametrics
<b>Experience</b>	Senior management positions held in healthcare industry from 1993. Joined Medi-Clinic in 1998 as Operational Director: Peninsula Region.
<b>Directorships in last five years</b>	N/A

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## **EXTRACTS FROM ANNEXURE 7 TO THE REVISED LISTING PARTICULARS INCORPORATED IN THE ACQUISITION CIRCULAR**

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### **“CORPORATE GOVERNANCE OF MEDI-CLINIC**

Medi-Clinic has, since its incorporation in 1983, always upheld strict principles of corporate governance and the highest standard of integrity and ethics, as embodied in the King II Report on Corporate Governance (“the King Report”).

The board of directors accepts full responsibility for corporate governance and is committed to ensuring a high standard of discipline, independence, ethics, responsibility, equity, social responsibility, accountability, cooperation and transparency. The board believes that the group has materially complied with the principles of the King Report and has met the JSE Listings Requirements.

### **BOARD OF DIRECTORS**

#### **Composition**

The composition of the board reflects the required balance between executive and non-executive directors to ensure that the group maintains an appropriate balance between entrepreneurial growth and compliance with corporate governance requirements. Board members possess a variety of skills and experience and are involved in all material business decisions, enabling them to contribute to the strategic and general guidance of management and the business. The roles and responsibilities of the chairman and the managing director are separated.

The chairman of the board, Dr Edwin Hertzog, is also an executive director and should be regarded as a semi-executive chairman. He was involved in a chief executive capacity from the incorporation of the company until his appointment as chairman in 1992. The board considers it in the company and the group’s best interest to have him as chairman. He also serves on the boards of Remgro and three other major Remgro associated companies, of which two are listed on the JSE. In addition, he is also the chairman of the Stellenbosch University Council.

Every year, at the first board meeting after the annual general meeting, both the chairman and the managing director are formally elected for a further term of one year by way of a closed ballot.

The managing director, Mr Louis Alberts, is responsible for the day-to-day management of the company and the implementation of the strategies and policies adopted by the board.

In terms of the Articles of Association of the company, one third of the directors must retire on a rotation basis, but may make themselves available for re-election for a further term. The appointment of directors is a function of the entire board, based on recommendations made by the Human Resources Committee.

Non-executive directors do not receive any benefits or share options from the company apart from directors’ fees, which fees are submitted for approval by our shareholders at the company’s annual general meeting. No directors have service contracts with longer than a one month notice period.

#### **Board Charter and Responsibilities**

The board has accepted a formal code of conduct (“the board charter”) in which the responsibilities of the board, individual directors and the company secretary are set out. Key responsibilities in terms of the board charter include the following:

- creation of sustainable shareholder value;
- directing, assessing and authorising the group’s strategies;
- ensuring that the group’s strategic and operational objectives are achieved;
- the enforcement of adequate risk management practices;
- handling of all aspects that are of material or strategic nature or that may impact the group’s reputation;
- monitoring compliance with all laws and regulations and our code of business conduct;
- ensuring an appropriate business culture, management style and retention of management expertise and competence;

- identifying and managing potential conflicts of interest;
- ensuring that relevant and accurate information is timeously communicated to stakeholders;
- ensuring that remuneration of directors and senior personnel occurs in terms of the company's remuneration policy;
- empowering management to execute along delegated authorities;
- ensuring that the board's composition possesses the necessary skills and experience;
- the appointment of new directors;
- compliance with the group's core values; and
- ensuring the group's financial performance and maintenance of its going concern status.

The board has full and effective control of the company and all material resolutions have to be approved by the board. The board meets at least every two months and measures exist to accommodate any resolutions that may have to be approved between meetings. Members of the board and sub-committees receive an agenda containing comprehensive and accurate information well ahead of time. This enables them to meet their commitments and to determine whether or not prescribed functions have been executed according to set standards, within the margins of cautious and predetermined risk levels and according to international best practices.

Every director has free access to senior management and the company secretary.

### **Board Evaluation and Induction of New Directors**

The board conducts an objective and confidential evaluation in respect of the board's performance and the effectiveness of its procedures bi-annually. Newly appointed directors are formally informed of their fiduciary duties by the chairman and the company secretary. An extensive induction programme that includes information sessions with management, as well as visits to the company's hospitals, ensures that new directors obtain a good understanding of the company's core business.

Directors are continuously informed of any new relevant legislation, as well as any changes in the business risks that may have an impact on the group.

Directors are entitled, after consultation with the chairman, to obtain independent professional advice about any aspect of the business at the expense of the company.

### **Company Secretary's Role and Responsibilities**

The board has unlimited access to the company secretary, who advises the board and the sub-committees on relevant matters, including compliance with the group's rules and procedures, the JSE Listings Requirements, relevant legislation, statutory regulations and the King Report. The company secretary is responsible to ensure the proper administration of the proceedings and matters of the board, the company and the shareholders of the company in accordance with applicable legislation and procedures.

### **Executive Management**

The executive directors meet regularly to consider, inter alia, investment opportunities, operational matters and other aspects of strategic importance to the company. They are continuously in contact with department heads and hospital managers to ensure effective communication and decision-making.

### **Sub-Committees of the Board**

Specific responsibilities are delegated to the board's sub-committees, with defined tasks in terms of approved mandates. Reports on the committees' activities are also submitted to the board. The main subcommittees are:

- **Human Resources Committee**

The Human Resources Committee meets periodically to discuss matters such as remuneration policy, executive management and staff remuneration, directors' remuneration and incentive schemes. The committee ensures that adequate succession planning measures are in place.

The committee has an independent non-executive director as chairman. The Managing Director and Human Resources Director also attend meetings.

Independent consultancy studies are used by the committee to ensure remuneration remains competitive and market related.

The group's remuneration strategies are aimed at ensuring that:

- the appropriate skills are attracted and retained;
- employees' earn market-related salaries;
- remuneration is fair and just;
- no discrimination exists;
- good performance is acknowledged and encouraged;
- no conflict exists between individual wealth and long-term sustainability;
- remuneration is cost effective and affordable.

#### • **Audit and Risk Committee**

The Audit and Risk Committee meets with the internal and external auditors and the executive management at least three times per year to discuss matters pertaining to risk management and internal control. These include internal and external auditing, accounting policy and financial reporting within the mandate provided by the board. The Audit and Risk Committee is responsible for the ongoing identification and evaluation of the group's exposure to significant strategic, opportunity, asset, legal, regulatory, statutory, operational, financial, currency, technological and business risks and to evaluate the adequacy and appropriateness of the internal control systems used to control and manage such risks to levels within the risk tolerance levels set for the group.

The committee is also responsible for appointing the external and internal auditors. Non-audit services by the external auditors are limited to tax advice, the remuneration of which is disclosed in the financial statements. The services of the internal and external auditors are adequately integrated.

The committee is chaired by Mr Thys Visser, a non-executive director. Although Mr Visser is not an independent director, as recommended in terms of the King Report, the board and committee deemed it in the best interest of the group to have him as chairman of the committee considering his knowledge and experience. Due to the promulgation of the Corporate Laws Amendment Act, No 24 of 2006, the appointment of an independent chairman will be considered. The chairman of the board also attends the meetings. The internal and external auditors have unlimited access to the chairman of the Audit and Risk Committee.

#### **Dealings in Securities**

Procedures have been put in place to ensure that directors and senior management of the company do not trade in the company's shares during price sensitive or closed periods. In terms of the group's policy closed periods commences two months prior to the expected publication date of the year-end or interim financial results of the company up to the publication date, alternatively from the last day of the financial year or the first six month period of the financial year up to the publication date of the financial results of the company, whichever is the longest.

#### **Conflict of Interests**

All board members are required to disclose their shareholding in the company, other directorships and any potential conflict of interests, which is monitored annually by the company secretary. Where a potential conflict of interests exists, directors are expected to recuse themselves from relevant discussions and decisions.

In terms of the company's conditions of employment personnel are obliged to disclose any potential conflict of interests.

### **INTERNAL CONTROL AND RISK MANAGEMENT**

#### **Internal Control**

The directors are responsible for the company and its subsidiaries' system of internal control, which is designed to provide reasonable, but not absolute, assurance against misrepresentation and loss. Internal control is broadly defined as a process, instituted by a company's board of directors, management and other personnel, to ensure the effectiveness of operations, sound financial controls and compliance with applicable laws and regulations.

The system contains self-monitoring mechanisms and actions are also taken to correct deficiencies where they are identified.

The internal audit function of the group has been outsourced. The effectiveness of operational procedures is audited internally by the Medi-Clinic Quality Assurance Team (MQAT) under direction of the Director: Training and Skills Development. The audits performed by MQAT monitor the self assessment process of risk management and



compliance with COHSASA's internationally accredited structure standards. The company secretary is responsible for guidance in respect of the compliance with applicable laws and regulations. The assurance that the system of internal control is effective and that it is timeously adjusted to changing conditions is enhanced by the performance of these duties as well as the duties of the central Risk Management Committee.

The Audit and Risk Committee has reviewed the internal control systems of the company and its subsidiaries for the financial year up to 31 March 2007. Based on inquiries and the reports of the internal and external auditors and MQAT, the directors are satisfied that the internal control measures for the period under review were effective.

## **Risk Management**

Effective risk management is integral to the group's objective of continuously adding value to the business whilst ensuring its sustainability.

The objectives of the risk management process, which is benchmarked against COSO (Committee of Sponsoring Organisations of the Treadway Commission) and complies with the recommendations of the King Report, are to optimise the group's residual risk profile and exploiting all viable opportunities within the risk appetite set by the board, whilst minimising exposure to potential losses.

The group's risk management process comprises the following:

- **Group Risk Assessment**  
Formalisation of the group's risk register based on risk assessment taking cognisance of all identified risks assessed in terms of probability of occurrence and potential impact.
- **Activity Risk Analysis**  
Detailed analyses of all risks inherent to the group's core activities. Monitors risk management activities and reports progress against targeted deadlines by responsible manager.
- **Induction of Risk Management Practices**  
The group has implemented an automated and integrated control self assessment process which monitors compliance with key procedures by discipline by site. This system caters for exception reporting of non-compliance, incident reporting and dissemination of policies and procedures. It furthermore renders full transparency of risk management activities per group, region, hospital and discipline.
- **Integrated Assurance**  
Due care is taken to ensure that the following assurance functions are optimally integrated:
  - MQAT is tasked with continuous training, adherence to quality protocols and operational risk review;
  - internal audit;
  - external audit; and
  - COHSASA accreditation.
- **Risk Funding**  
The funding of risks with material potential impact is hedged with risk funding strategies aimed at maximising the group's ability to retain risk.

The board, which is ultimately responsible for risk management, pays continuous attention to fundamental risks and addresses these in annual business plans. The board, via the Audit and Risk Committee, also regularly receives and considers risk management reports from the central Risk Management Committee. Based on the aforementioned, the board is of the opinion that the residual risk profile of the group is within the risk tolerances appropriate for Medi-Clinic.

It is furthermore responsible for the prevailing ethics and values systems along with the appointment of executive management tasked with the implementation and maintenance of effective policies, procedures and practices. The central Risk Management Committee comprising of management, representing all disciplines considered core to the business, is responsible for drawing up policies and procedures on risk management as well as the financing of residual risks, including self insurance. The board believes that the group's risk funding strategy and existing cover are appropriate and adequate.

## **Most Significant Risks**

The following risks are central to the group's risk register activities and assurance processes:

- the availability of trained personnel;
- medical practitioner selection and support;
- medico-legal accountability and patient safety;
- quality medical care;
- technology;
- operational efficiency and effectiveness;
- fee structuring; and
- legislative requirements.

## **EXTERNAL AUDIT**

The Audit and Risk Committee is responsible for appointing the external auditors. The external auditors are responsible for providing an independent opinion on the financial statements. The external audit function offers reasonable, but not absolute assurance on the fair presentation of the financial disclosures.

The non-audit services provided by the external auditors are limited to tax advice. The remuneration payable in respect of these services is disclosed in the financial statements. The Audit and Risk Committee meet at least three times per year with the external auditors, internal auditors and executive management to ensure that their efforts pertaining to risk management and internal control are properly co-ordinated.

## **ETHICS**

Conducting business in an honest, fair and legal manner is a fundamental guiding principle in Medi-Clinic, which is actively endorsed by the board and management, ensuring that the highest ethical standard is maintained in all our dealings with stakeholders. To this end the group has established an independent Ethics Line in 2002, which enables all staff and outside stakeholders to report any possible incidences of fraud, corruption or any other unethical behaviour on an anonymous basis. All gifts or invitations by suppliers are also monitored and are subject to a strict approval procedure.

Our sound long-term relationships with our supporting doctors are built on ethical and fair business practices which also ensure their free association and clinical independence, and will always be one of the cornerstones of the strategic approach of the group.

## **INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION**

The board is committed to keeping shareholders informed of developments in the group's business. Communication with our shareholders is based on the principles of balanced reporting, clarity and transparency. Both positive and negative aspects of financial and non-financial information are provided."



