

TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS) : NON RELATED PARTY TRANSACTIONS
IHH HEALTHCARE BERHAD ("IHH") PROPOSED DISPOSAL OF THE ENTIRE ISSUED ORDINARY SHARE CAPITAL OF IMU HEALTH SDN. BHD. BY IHH TO INBOUND EDUCATION HOLDINGS SDN. BHD. AND PROPOSED DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF IHH (YET TO BE INCORPORATED) BY IMUH TO COLUMBIA ASIA SDN. BHD. FOR A CASH CONSIDERATION TO BE DETERMINED BASED ON A TOTAL ENTERPRISE VALUE OF RM1,345 MILLION

IHH HEALTHCARE BERHAD

Type	Announcement
Subject	TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS) NON RELATED PARTY TRANSACTIONS
Description	IHH HEALTHCARE BERHAD ("IHH") PROPOSED DISPOSAL OF THE ENTIRE ISSUED ORDINARY SHARE CAPITAL OF IMU HEALTH SDN. BHD. BY IHH TO INBOUND EDUCATION HOLDINGS SDN. BHD. AND PROPOSED DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF IHH (YET TO BE INCORPORATED) BY IMUH TO COLUMBIA ASIA SDN. BHD. FOR A CASH CONSIDERATION TO BE DETERMINED BASED ON A TOTAL ENTERPRISE VALUE OF RM1,345 MILLION

The Board of Directors of IHH ("Board") wishes to announce that IHH intends to undertake the Proposed Transactions (as defined in Section 2 of the Announcement attached).

Please refer to the attached announcement for further details of the Proposed Transactions.

This Announcement is dated 7 June 2022.

Please refer attachment below.

Please refer attachment below.

Attachments

[IHH Announcement - Proposed Transactions.pdf](#)
674.8 kB

Announcement Info	
Company Name	IHH HEALTHCARE BERHAD
Stock Name	IHH

Date Announced	07 Jun 2022
Category	General Announcement for PLC
Reference Number	GA1-07062022-00019

IHH HEALTHCARE BERHAD ("IHH" OR "COMPANY")

PROPOSED DISPOSAL OF THE ENTIRE ISSUED ORDINARY SHARE CAPITAL OF IMU HEALTH SDN. BHD. ("IMUH"), BY IHH TO INBOUND EDUCATION HOLDINGS SDN. BHD. ("IEHSB") ("PROPOSED DISPOSAL OF IMU"); AND PROPOSED DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF IHH (YET TO BE INCORPORATED) ("HOSPITAL HOLDCO"), BY IMUH TO COLUMBIA ASIA SDN. BHD. ("CASB") ("PROPOSED FACILITY DISPOSAL") (COLLECTIVELY THE "PROPOSED DISPOSALS"), FOR A CASH CONSIDERATION TO BE DETERMINED BASED ON A TOTAL ENTERPRISE VALUE OF RM1,345 MILLION

1. INTRODUCTION

The Board of Directors of IHH ("**Board**") wishes to announce that IHH intends to undertake the Proposed Transactions (as defined in Section 2 below).

2. DETAILS OF THE PROPOSED TRANSACTIONS

2.1. Proposed Transactions

IHH and IEHSB on 7 June 2022 entered into a conditional share sale agreement ("**IMU SSA**") whereby IHH will dispose 1,140,032 ordinary shares in IMUH ("**IMU Sale Shares**") representing the entire issued ordinary share capital of IMUH to IEHSB. The Proposed Disposal of IMU is subject to the terms and conditions of the IMU SSA, the salient terms of which are set out in **Appendix I** of this Announcement.

In conjunction with the Proposed Disposal of IMU, a hospital that is still under construction situated on the land bearing title particulars GRN 46835, Lot 38387, Mukim Petaling, Daerah Kuala Lumpur ("**Facility**") together with the assets and liabilities relating to the Facility ("**Facility Business**"), currently owned by IHH's indirect wholly-owned subsidiary, IMU Education Sdn. Bhd., ("**IMU Education**") will be disposed of to CASB as part of the Proposed Facility Disposal.

To facilitate the Proposed Facility Disposal:

- (a) IMUH will incorporate Hospital HoldCo shortly after the signing of the IMU SSA;
- (b) IMU Education will transfer the Facility and the Facility Business to Hospital HoldCo ("**Proposed Restructuring**"). IMU Education and Hospital HoldCo will enter into an asset purchase agreement (in the form and content as appended to the IMU SSA) to facilitate the Proposed Restructuring ("**Facility APA**") (the salient terms of which are set out in **Appendix II** of this Announcement); and
- (c) IHH, IMUH and CASB will also enter into a conditional share sale agreement (in the form and content as appended to the IMU SSA) for the disposal of the entire issued share capital of Hospital HoldCo by IMUH to CASB ("**Facility SSA**") (the salient terms of which are set out in **Appendix III** of this Announcement).

The Proposed Disposals together with the Proposed Restructuring shall be collectively referred to as the "**Proposed Transactions**".

The Proposed Facility Disposal is conditional on the completion of the Proposed Restructuring and save where the Facility SSA has been terminated in certain circumstances, the Proposed Disposal of IMU is conditional on the Facility SSA becoming unconditional.

2.2. Consideration

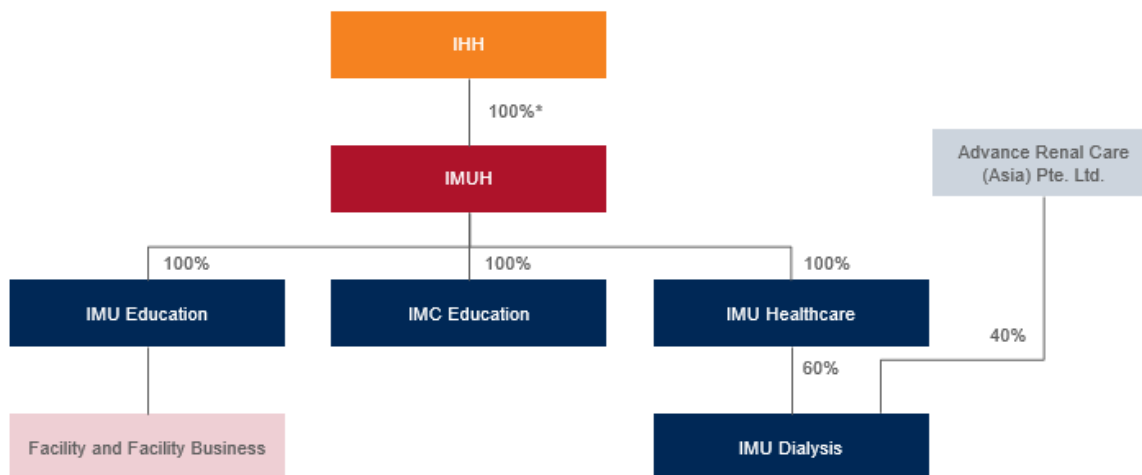
The Proposed Disposals will be undertaken for a cash consideration that is based on a total debt free and cash free price, or enterprise value (“EV”) of RM1,345 million. The total initial cash consideration for the Proposed Disposals is RM1,346 million¹ (“**Initial Consideration**”), subject to adjustments as set out in the IMU SSA and Facility SSA in order to determine the final consideration amounts payable respectively under the IMU SSA and Facility SSA (“**IMU Sale Consideration**” and “**Facility Sale Consideration**” respectively, and together, the “**Sale Consideration**”).

The consideration payable in respect of the Proposed Restructuring will be based on an initial cash consideration of RM139 million, subject to adjustments as set out in the Facility APA (“**Restructuring Consideration**”). The Restructuring Consideration will not impact the Sale Consideration in respect of the Proposed Disposals or the overall consideration to be received by IHH in respect of the Proposed Transactions, given (i) such Restructuring Consideration is payable by Hospital HoldCo to IMU Education, both of which remain wholly-owned subsidiaries of the IMU Group (as defined below) prior to completion of the Proposed Disposals; and (ii) parties have agreed that costs incurred by IHH or the IMU Group in connection with the Proposed Restructuring (including but not limited to taxes payable by either IHH or the IMU Group), save for certain circumstances as agreed under the IMU SSA, will be for the account of IEHSB.

2.3. Group Structure

The group structure of IMUH and its subsidiaries before and after the Proposed Transactions are as follows:

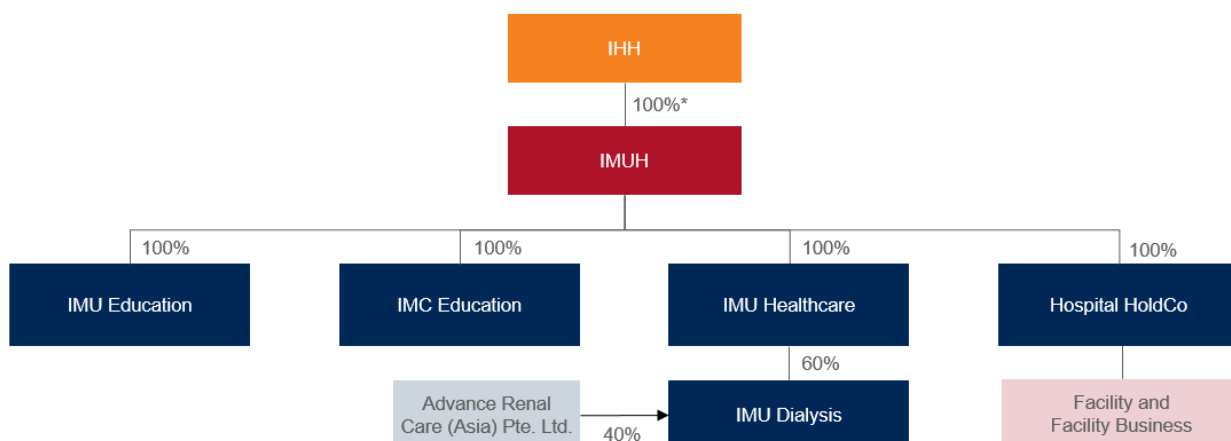
Before the Proposed Transactions



*There are 50 redeemable preference shares in IMUH held by individuals. These preference shares will not be sold to IEHSB as part of the Proposed Disposal of IMU.

¹ Based on the sum of (i) an initial consideration of RM1,244 million as set out in the IMU SSA, and (ii) an initial consideration of RM139 million as set out in the Facility SSA, less an outstanding bank loan amount of RM38 million as of 31 December 2021 (which is expected to be refinanced prior to completion of the Proposed Disposals through a new bank loan)

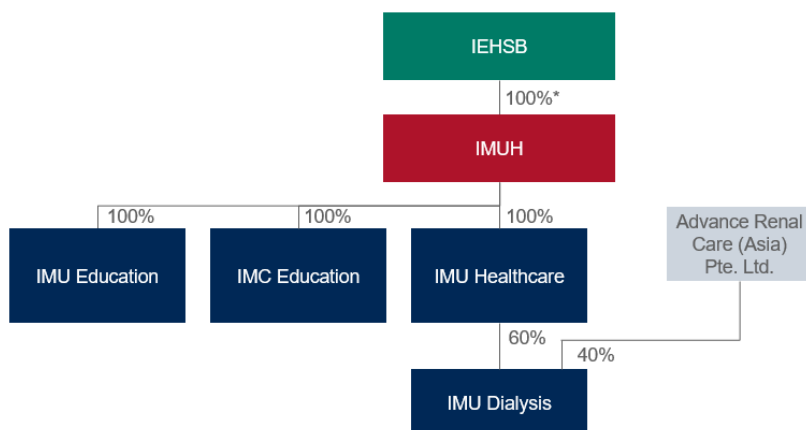
After the Proposed Restructuring



*There are 50 redeemable preference shares in IMUH held by individuals. These preference shares will not be sold to IEHSB as part of the Proposed Disposal of IMU

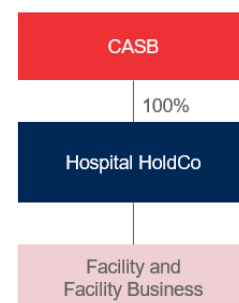
After the Proposed Disposals

After Proposed Disposal of IMU



*There are 50 redeemable preference shares in IMUH held by individuals. These preference shares will not be sold to IEHSB as part of the Proposed Disposal of IMU.

After Proposed Facility Disposal



2.4. Background information on entities within the IMU Group (as defined below)

2.4.1. IMUH

IMUH was incorporated in Malaysia as a private limited company on 27 June 2006 and is deemed registered under the Companies Act 2016 ("**Act**"). IMUH is a holding company and owns the entire issued share capital of IMU Education, IMC Education Sdn. Bhd. ("**IMC Education**") and IMU Healthcare Sdn. Bhd. ("**IMU Healthcare**"). IMU Healthcare owns a 60% interest in IMU Dialysis Sdn. Bhd. ("**IMU Dialysis**").

IMUH, IMU Education, IMC Education, IMU Healthcare and IMU Dialysis shall collectively be referred to as the "**IMU Group**".

As at 30 April 2022, being the latest practicable date of this Announcement ("**LPD**"), the issued share capital of IMUH is RM 230,177,865² comprising 1,140,032 ordinary shares and 50 redeemable preference shares. The directors of IMUH are:

- (a) Tan Sri Dato' Dr. Abu Bakar bin Suleiman;
- (b) Sim Heng Joo Joe (Shen Hengyi Joe);
- (c) Loh Min-Jiann; and
- (d) Jean-Francois Fernand H. Naa.

None of the directors of IMUH hold any shares in IMUH as at the LPD.

Based on the latest audited financial statements of IMUH for the financial year ended ("**FYE**") 31 December 2021, IMUH registered a consolidated profit after tax and minority interest ("**PATMI**") of RM 54,522,000 while the consolidated net assets ("**NA**") of IMUH as at 31 December 2021 was RM 376,938,000.

2.4.2. IMU Education

IMU Education was incorporated in Malaysia as a private limited company on 11 April 1992 and is deemed registered under the Act. IMU Education operates a university offering pre-university, undergraduate and post-graduate programmes and currently houses clinics which offer medical, dental, chiropractic and Chinese medicine services. IMU Education owns 1 main campus in Bukit Jalil, operates 4 clinical campuses and 6 clinics and is currently carrying out construction of the Facility in Bukit Jalil.

IMU Education is the registered proprietor of the freehold land held under Title No. GRN 46835, Lot 38387, Mukim Petaling, Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur measuring approximately 20,010 square metres ("**Facility Land**"), on which the Facility is located.

Further information on the Facility Land is set out in **Appendix IV** of this Announcement.

² Inclusive of share premium and capital redemption reserve

As at the LPD, the issued share capital of IMU Education is RM 20,000,000 comprising 20,000,000 ordinary shares. The directors of IMU Education are:

- (a) Tan Sri Dato' Dr. Abu Bakar bin Suleiman;
- (b) Jean-Francois Fernand H. Naa; and
- (c) Azman Lim @ Victor Lim Kok Eow.

None of the directors of IMU Education hold any shares in IMU Education as at the LPD.

Based on the latest audited financial statements of IMU Education for the FYE 31 December 2021, IMU Education registered a profit after tax ("**PAT**") of RM 57,218,000 while the NA of IMU Education as at 31 December 2021 was RM 127,629,000.

2.4.3. IMC Education

IMC Education was incorporated in Malaysia as a private limited company on 14 May 1997 and is deemed registered under the Act. IMC Education operates a college which offers nursing diplomas from 2 campuses in Selangor and Melaka.

As at the LPD, the issued share capital of IMC Education is RM 2,000,000 comprising 2,000,000 ordinary shares. The directors of IMC Education are:

- (a) Tan Sri Dato' Dr. Abu Bakar bin Suleiman;
- (b) Abdul Aziz bin Baba;
- (c) Jean-Francois Fernand H. Naa; and
- (d) Azman Lim @ Victor Lim Kok Eow.

None of the directors of IMC Education hold any shares in IMC Education as at the LPD.

Based on the latest audited financial statements of IMC Education for the FYE 31 December 2021, IMC Education registered a loss after tax of RM 1,220,000 while the NA of IMC Education as at 31 December 2021 was RM 1,646,000.

2.4.4. IMU Healthcare

IMU Healthcare was incorporated in Malaysia as a private limited company on 24 July 2007 and is deemed registered under the Act. IMU Healthcare is a holding company and owns a 60% interest in IMU Dialysis.

As at the LPD, the issued share capital of IMU Healthcare is RM 2 comprising 2 ordinary shares. The directors of IMU Healthcare are:

- (a) Tan Sri Dato' Dr. Abu Bakar bin Suleiman; and
- (b) Abdul Aziz bin Baba.

None of the directors of IMU Healthcare hold any shares in IMU Healthcare as at the LPD.

Based on the latest audited financial statements of IMU Healthcare for the FYE 31 December 2021, IMU Healthcare registered a loss after tax of RM 44,000 while the net liabilities of IMU Healthcare as at 31 December 2021 was RM 310,000.

2.4.5. IMU Dialysis

IMU Dialysis was incorporated in Malaysia as a private limited company on 18 March 2014 and is deemed registered under the Act. IMU Dialysis is operated via a joint venture with Advance Renal Care (Asia) Pte. Ltd. IMU Dialysis operates a 12-seat dialysis centre.

As at the LPD, the issued share capital of IMU Dialysis is RM 1,000,000 comprising 1,000,000 ordinary shares. The directors of IMU Dialysis are:

- (a) Abdul Aziz bin Baba;
- (b) Dr. Syama Prasad A/L K C A Menon;
- (c) Lim Chin Boon;
- (d) Dr. Koh Kwee Choy; and
- (e) Chiu Lai Heng.

None of the directors of IMU Dialysis hold any shares in IMU Dialysis as at the LPD.

Based on the latest audited financial statements of IMU Dialysis for the FYE 31 December 2021, IMU Dialysis registered a PAT of RM 159,000 while the NA of IMU Dialysis as at 31 December 2021 was RM 1,178,000.

2.4.6. Hospital HoldCo

Hospital HoldCo will be incorporated upon or shortly after the date of this Announcement.

2.5. Original cost of investment

IHH's original cost of investment in IMU Group is RM 308,668,311 which was incurred in 2010 and 2011.

2.6. Details of Purchasers

2.6.1. IEHSB

IEHSB was incorporated in Malaysia as a private limited company on 3 March 2022 under the Act. IEHSB operates as a holding company.

As at the LPD, the directors of IEHSB are:

- (a) Quek Kon Sean;
- (b) Lim Chew Yan;

- (c) Ken Nolan Murphy; and
- (d) Nicholas James Kay.

None of the directors of IEHSB hold any shares in IEHSB as at the LPD.

As at 7 June 2022:

- (a) IEHSB is a wholly-owned subsidiary of Inbound Education Partners Sdn. Bhd. (“**IEPSB**”); and
- (b) Hong Leong Healthcare Group Sdn Bhd (“**HLHGSB**”), The Rise Fund Inbound SF Pte Ltd (“**TRFI**”) and the Employees Provident Fund Board (“**EPF**”) own approximately 45%³, 45%⁴ and 9.99% of the issued share capital of IEPSB, respectively.

2.6.2. CASB

CASB was incorporated in Malaysia as a private limited company on 23 May 1996 and is deemed to be registered under the Act. CASB’s principal activities include operating healthcare facilities, providing healthcare related services, and investment holding.

As at the LPD, the directors of CASB are:

- (a) Dr. Chan Boon Kheng;
- (b) Dr. Geeta Devi a/p Vadivelu; and
- (c) Kam Wai Peng.

None of the directors of CASB hold any shares in CASB as at the LPD.

As at the LPD:

- (a) CASB is a wholly-owned subsidiary of Columbia Asia Healthcare Sdn Bhd (“**CAH**”). CAH was incorporated in Malaysia as a private limited company on 23 March 1994 and is deemed to be registered under the Act. CAH operates as a holding company; and
- (b) the indirect shareholders of CAH are HLHGSB and global alternative asset firm TPG, holding approximately 49.95%⁵ each.

2.6.3. HLHGSB

HLHGSB was incorporated in Malaysia on 20 August 2019 as a private limited company under the Act. HLHGSB operates as a holding company.

2.6.4. TRFI

TRFI was incorporated in Singapore on 18 February 2022 as a private company limited by shares. TRFI operates as a holding company.

³ Rounding adjustment has been made to the shareholdings of HLHGSB in IEPSB

⁴ Rounding adjustment has been made to the shareholdings of TRFI in IEPSB

⁵ Rounding adjustment has been made to the shareholdings of HLHGSB and TPG in CAH

2.6.5. EPF

EPF is a statutory body established pursuant to the Employees Provident Fund Act 1991.

2.7. Liabilities to be assumed

Save for the liabilities arising from the IMU SSA, the Facility SSA and the Facility APA, IHH will not assume any liabilities, including contingent liabilities and guarantees, arising from the Proposed Transactions.

3. BASIS OF AND JUSTIFICATION FOR THE SALE CONSIDERATION

The Sale Consideration was arrived at on a “willing buyer willing seller” basis, based on an EV of RM1,345 million for the Proposed Disposals, and after taking into consideration, among others, (i) in the case of the IMU Sale Consideration, the IMU Group’s adjusted EBITDA⁶ for the financial year ended 31 December 2021 of RM 81,386,000 and the IMU Group’s PATMI for the FYE 31 December 2021 of RM 54,522,000, and (ii) in the case of the Facility Sale Consideration, the development and equipment capital expenditures incurred with respect to the Facility and the market value of the Facility Land.

4. RATIONALE AND BENEFITS OF THE PROPOSED TRANSACTIONS

The Proposed Disposals are in line with IHH’s stated strategy of divesting its non-core assets and recycling IHH’s capital by deploying the proceeds to grow its core healthcare delivery services business.

The Proposed Restructuring will be undertaken to facilitate the Proposed Disposals.

5. UTILISATION OF PROCEEDS

The cash proceeds received from the Proposed Disposals will be utilised towards general corporate purposes (including debt repayment, capital expenditure as well as mergers and acquisitions, investments and working capital) over the next 12 months after completion of the Proposed Disposals.

6. RISKS RELATING TO THE PROPOSED TRANSACTIONS

The Proposed Transactions are not expected to materially change the risk profile of the business of the IHH Group (as defined below). However, there may be additional risks associated with the Proposed Transactions as set out below, which are by no means exhaustive:

6.1. Non-completion of the Proposed Transactions

The completion of the Proposed Transactions are subject to the conditions precedent set out in **Section 8** of this Announcement including, among others, the approval and/or conditions imposed by the regulatory authorities. If the IHH Group, IEHSB or CASB fail to obtain the approvals, the Proposed Transactions may not complete as contemplated.

⁶ Adjusted EBITDA is defined as reported earnings before interest, tax, depreciation and amortization, and after adjusting for lease rental expenses which would have been recognized prior to adoption of the Malaysian Financial Reporting Standards 16 accounting standard (in order to reflect the actual cash cost of such leases to the IMU Group)

Nevertheless, IHH Group will take all necessary and reasonable steps to ensure the fulfillment of the conditions precedent which are within its control within the stipulated timeframe for the Proposed Transactions as well as mitigate the occurrence of any of the termination events that are within its control to enable the completion of the Proposed Transactions. In the event any of these conditions precedent is neither fulfilled nor waived, the IMU SSA, the Facility SSA and the Facility APA may not complete as contemplated.

6.2. Introduction of Equity Guidelines

The Ministry of Health ("**MOH**") may implement guidelines which would require a licensee of a private healthcare facility to seek the prior approval of the MOH prior to any change of shareholding which would involve foreign participation ("**Equity Guidelines**").

If the Equity Guidelines are issued prior to completion of the Proposed Disposal of IMU, the completion of the IMU SSA may be delayed.

If the Equity Guidelines are issued prior to completion of the Proposed Facility Disposal and the effect of the Equity Guidelines restricts the ownership of the Facility by CASB (through Hospital HoldCo), CASB may exercise its option to terminate the Facility SSA, in which case, IHH will acquire the Facility and the Facility Business from IMU Education (through Hospital HoldCo). If the Equity Guidelines similarly prevent IHH from acquiring the Facility and the Facility Business from IMU Education, IHH and IEHSB have the option to terminate the Proposed Disposals in its entirety by mutual agreement prior to the Longstop Date (as defined under the IMU SSA).

6.3. Transfer of Facility Land prior to Completion

The Facility Land will be transferred to Hospital HoldCo on completion of the Facility APA which is prior to completion of the IMU SSA and Facility SSA.

If the Facility Land has been transferred to Hospital HoldCo but the Proposed Facility Disposal does not complete, the Facility Land will be held under a separate entity from the Facility Business (which would still be held by IMU Education).

6.4. Contractual Risk

IHH has given warranties and/ or undertakings, as set out in the IMU SSA and Facility SSA, in favour of IEHSB and CASB respectively in respect of the Proposed Disposals. In this respect, IHH may be subject to claims in accordance with the terms and conditions of the IMU SSA and Facility SSA for the breach of any warranties and/ or undertakings given. In this regard, the Board and the management of IHH will endeavour to ensure compliance with the Company's obligations under the IMU SSA and Facility SSA in order to minimise the risk of any breach of the warranties and/ or undertakings given. The risk of warranties claims under the IMU SSA is also mitigated as IEHSB has obtained insurance to insure against the risk of breach of most warranties under the IMU SSA, and IHH will only be liable for certain Excluded Claims (as defined under the IMU SSA).

6.5. Loss of Income

Upon completion of the Proposed Transactions, the IMU Group will cease to be subsidiaries of IHH and IHH will cease to consolidate the results of the IMU Group. For the FYE 31 December 2021, the IMU Group contributed revenues of RM 252,715,000 (representing approximately 1% of the total audited consolidated revenue of IHH and its subsidiaries ("**IHH Group**")) and PATMI of RM 54,522,000 (representing approximately 3% of the total audited consolidated PATMI of the IHH Group) respectively.

7. EFFECTS OF THE PROPOSED TRANSACTIONS

7.1. Issued Share Capital

The Proposed Transactions will not have any effect on the issued share capital of IHH as it will not involve any issuance of any new ordinary shares by IHH ("IHH Share(s)").

7.2. Substantial shareholders' shareholdings

The Proposed Transactions will not have any effect on the substantial shareholders' shareholdings in the Company as it will not involve any issuance of new IHH Share(s).

7.3. NA per IHH Share and gearing

For illustrative purposes, based on the latest audited consolidated statements of the financial position of the IHH Group as at 31 December 2021 and assuming that the Proposed Transactions had been effected on that date, the pro forma effects of the Proposed Transactions on the NA per IHH Share and gearing of the IHH Group are set out below:

	Audited as at 31 December 2021	After the Proposed Transactions ⁽⁴⁾
	(RM'000)	(RM'000)
Share capital	19,614,918	19,614,918
Other reserves	(2,846,392)	(2,846,392)
Retained earnings	5,656,406	6,535,221
Shareholders' funds/NA attributable to owners of the Company	22,424,932	23,303,747
Perpetual securities	2,158,358	2,158,358
Non-controlling interests	2,693,541	2,693,541
Total equity	27,276,831	28,155,646
No. of IHH Shares in issue ('000)	8,796,717	8,796,717
Net debt ⁽¹⁾	5,856,001	4,579,062
NA per IHH Share (RM) ⁽²⁾	2.55	2.65
Gearing (times) ⁽³⁾	0.21	0.16

Notes:

⁽¹⁾ Calculated based on debt less cash and cash equivalents. Debt includes loans and borrowings as well as lease liabilities (arising from IFRS16) and overdrafts.

⁽²⁾ Calculated based on NA attributable to owners of the Company divided by the total number of IHH Shares in issue.

⁽³⁾ Calculated based on net debt divided by total equity.

⁽⁴⁾ After taking into account the estimated gain on the Proposed Transactions (see Section 7.5 below) and estimated expenses relating to the Proposed Transactions of approximately RM 23 million.

7.4. Earnings and earnings per IHH Share ("EPS")

For illustrative purposes, the pro forma effects of the Proposed Transactions on the consolidated EPS of IHH assuming the Proposed Transactions had been effected on 1 January 2021, being the beginning of the FYE 31 December 2021, are set out below:

IHH Group level	Audited for the FYE 31 December 2021	After excluding the PATMI of IMU Group for FYE 31 December 2021 ⁽²⁾	After the Proposed Transactions ⁽³⁾
	(RM'000)	(RM'000)	(RM'000)
PAT attributable to the ordinary shareholders of IHH ⁽¹⁾	1,774,225	1,719,703	2,653,040
Weighted average number of IHH Shares ('000)	8,782,187	8,782,187	8,782,187
Basic EPS (sen)	20.20	19.58	30.21

Notes:

⁽¹⁾ After deducting perpetual securities distribution of RM 88 million from the PAT attributable to the owners of IHH.

⁽²⁾ After excluding the PATMI of the IMU Group for FYE 31 December 2021 of RM 54.5 million.

⁽³⁾ After taking into account the estimated gain on the Proposed Transactions and less estimated expenses relating to the Proposed Transactions of approximately RM 23 million.

7.5. Expected Gains arising from the Proposed Transactions

For illustrative purposes, assuming the Proposed Transactions had been effected on 31 December 2021, the Proposed Transactions will translate to a gain to IHH as set out below:

	(RM'000)
Proceeds (assumed to be the Initial Consideration for illustrative purposes)	1,345,670
Less: Estimated carrying amount of the IMU Group at IHH level as at 31 December 2021	(443,690)
Gain on Proposed Transactions	<u>901,980</u>

8. APPROVALS REQUIRED

8.1. Approvals required for the Proposed Disposal of IMU

The Proposed Disposal of IMU is not subject to IHH shareholders' approval but is subject to the following approvals being obtained:

- (a) written approval of the Ministry of Higher Education ("MOHE") for the entering into of an arrangement or agreement to sell or otherwise take action materially affecting the respective businesses of IMU Education and IMC Education relating to education, and, to the extent directed or requested by the MOHE, the written approval of the Registrar for the change in (a) the equity participation of IMU Education and IMC Education and (b) the respective board of directors of IMU Education and IMC Education, to be obtained by IHH; and

- (b) The European Commission's decision under Article 6(1)(b) of Council Regulation (EC) No 139/2004 ("**Merger Regulation**") (or being deemed to have been issued under Article 10(6) of the Merger Regulation) declaring the consummation of the transactions contemplated by the IMU SSA to be compatible with the common market; and the State Administration for Market Regulation's clearance decision under the Anti-Monopoly Law of the People's Republic of China in connection with the consummation of the transactions contemplated by the IMU SSA ("**Merger Control Approvals**"), to be obtained by IEHSB.

The applications to MOHE and to the relevant regulators for Merger Control Approvals, and any other relevant authorities, where required, are expected to be submitted within two months from the date of this Announcement.

8.2. Approvals required for the Proposed Facility Disposal

The Proposed Facility Disposal is not subject to IHH shareholders' approval but is subject to the following conditions precedent being satisfied:

- (a) completion of the Proposed Restructuring, which includes obtaining the regulatory approvals under the Facility APA (as discussed under Section 8.3 below);
- (b) receipt of the certificate of completion and compliance for the construction works in respect of the Facility ("**CCC**"); and
- (c) receipt of (A) the European Commission's decision under the Merger Regulation (or being deemed to have been issued under Article 10(6) of the Merger Regulation) declaring the consummation of the transactions contemplated by the Facility SSA to be compatible with the common market; and (B) the State Administration for Market Regulation's clearance decision under the Anti-Monopoly Law of the People's Republic of China in connection with the consummation of the transactions contemplated by the Facility SSA ("**Facility Merger Control Approvals**").

The Facility SSA will be executed after approval from the Land Executive Committee of the Federal Territory (referred to in Section 8.3 below) has been received.

8.3. Approvals required for the Proposed Restructuring

The Proposed Restructuring is not subject to IHH shareholders' approval but is subject to the following approvals, contained in the Facility APA, being obtained:

- (a) written approval of the Land Executive Committee of the Federal Territory for the transfer of the Facility Land from IMU Education to Hospital HoldCo pursuant to the restrictions-in-interest contained in the issue document of title of the Facility Land ("**FTLWC Approval**"); and
- (b) written approval of the Director General of Health, Malaysia for the extension of the duration of the approvals from MOH to IMU Education to establish or maintain a private healthcare facility ("**Hospital Establishment Approval**") and for the transfer of the Hospital Establishment Approval to Hospital HoldCo.

The applications to the Land Executive Committee of Federal Territory and the Director General of Health, Malaysia will be submitted as soon as practicable after signing of the Facility APA.

9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED

Tunku Alizakri bin Raja Muhammad Alias ("**Tunku Alizakri**") who is the Non-Independent and Non-Executive Director of IHH, is EPF's representative on the Board of IHH.

Tan Sri Mohammed Azlan bin Hashim ("**Tan Sri Azlan**"), who is the Chairman and Independent and Non-Executive Director of IHH, is also the Board member and Chairman of the Investment Panel of EPF representing the professional group.

Given their relationship with EPF, Tunku Alizakri and Tan Sri Azlan (collectively the "**Directors Concerned**") have abstained and will continue to abstain from deliberations and voting on the Proposed Transactions at the relevant Board meetings of IHH. As at the LPD, the Directors Concerned do not have any direct and indirect shareholding in IHH.

Save as disclosed above, none of the directors and/or major shareholders of IHH or persons connected with them have any interest, direct or indirect, in the Proposed Transactions.

10. DIRECTORS' STATEMENT

Having considered all aspects of the Proposed Transactions and after careful deliberation, the Board (save for the Directors Concerned) is of the opinion that the Proposed Transactions are in the best interest of IHH.

11. ESTIMATED TIMEFRAME FOR COMPLETION

Barring unforeseen circumstances, the Proposed Transactions are expected to be completed in the first quarter of 2023.

12. DOCUMENT AVAILABLE FOR INSPECTION

The IMU SSA will be made available for inspection at IHH's registered office at Level 11 Block A, Pantai Hospital Kuala Lumpur, 8 Jalan Bukit Pantai, 59100 Kuala Lumpur during normal business hours from Mondays to Fridays (except public holidays) for a period of three months from the date of this Announcement.

This Announcement is dated 7 June 2022.

APPENDIX I

SALIENT TERMS OF THE IMU SSA

(i) **IMU Sale Consideration and Completion Consideration**

The IMU Sale Consideration, which shall be satisfied in cash on completion of the IMU SSA ("**Completion**"), will be calculated as follows:

- (a) RM1,244,221,952 ("**IMU Sale Initial Consideration**");
- (b) either plus or less cash excess or shortfall attributable to the IMU Group as at the Completion Date (as defined below) as compared to the estimated cash amount;
- (c) either plus or less debts attributable to the IMU Group as at the Completion Date as compared to the estimated debt amount of the IMU Group;
- (d) either plus or less the working capital attributable to the IMU Group as at the Completion Date as compared to the target working capital of the IMU Group; and
- (e) less any agreed claim amounts in relation to breaches of pre-completion obligations and/or any of the business warranties prior to the Completion Date that would give rise to material impact on the IMU Group.

On the date of completion of the IMU SSA ("**Completion Date**"), IEHSB shall pay to IHH an amount ("**Completion Consideration**") calculated based on the sum of the IMU Sale Initial Consideration, the estimates in respect of the adjustments referenced in each of paragraphs (b) to (d) above, and any amount in respect of paragraph (e) above (if such amount arises and has been agreed prior to Completion Date).

(ii) **Adjustment of the Completion Consideration**

The parties agree that the Completion Consideration will be subject to post-Completion adjustments to reflect the actual cash value, debt value and working capital attributable to the IMU Group as at the Completion Date, in order to calculate the IMU Sale Consideration payable. The difference between the Completion Consideration and IMU Sale Consideration will subsequently be paid by IHH to IEHSB or IEHSB to IHH, as the case may be.

(iii) **Conditions Precedent**

The Completion of the IMU SSA is conditional upon the satisfaction or waiver, as the case may be, of the following conditions:

- (a) written approval of the MOHE for the entering into of an arrangement or agreement to sell or otherwise take action materially affecting the respective businesses of IMU Education and IMC Education relating to education, and, to the extent directed or requested by the MOHE, the written approval of the Registrar for the change in (a) the equity participation of IMU Education and IMC Education and (b) the respective board of directors of IMU Education and IMC Education, to be obtained by IHH;
- (b) the occurrence of either the (i) Facility SSA becoming unconditional in accordance with its terms or (ii) where the Facility SSA is terminated by CASB in certain circumstances, upon completion of the acquisition of the Facility and Facility Business by IHH or its nominated affiliate; and

- (c) the receipt of (i) the European Commission's decision under the Merger Regulation (or being deemed to have been issued under Article 10(6) of the Merger Regulation) declaring the consummation of the transactions contemplated by the IMU SSA to be compatible with the common market; and (ii) the State Administration for Market Regulation's clearance decision under the Anti-Monopoly Law of the People's Republic of China in connection with the consummation of the transactions contemplated by the IMU SSA.

(iv) Completion

Subject to the fulfillment of the conditions precedent in the IMU SSA, completion shall take place on the last business day of the calendar month in which IHH delivers the notice setting out the estimated debt, cash and working capital on the Completion Date to IEHSB.

(v) Termination

The IMU SSA may be terminated (other than the surviving provisions set out in the IMU SSA) prior to Completion in accordance with the following:

- (a) automatically, where any condition precedent is not fulfilled or waived on the date of expiry of a period of 6 months following the date of the IMU SSA or such other later dates as may be extended pursuant to the terms of the IMU SSA;
- (b) by either party, where, other than the Equity Guidelines, there is any (i) order or decision made, given or expressed by a governmental authority or the courts prior to Completion; or (ii) any enactment of a legislative body, which in any such case (A) prohibits or renders illegal any transaction contemplated by the IMU SSA; or (B) materially restricts the carrying on of the business of the IMU Group after Completion;
- (c) by either party, where Completion has not occurred on or prior to the Longstop Date (as defined under the IMU SSA);
- (d) by IHH, where EPF's shareholding in IEHSB exceeds 10% of the total outstanding issued share capital of IEHSB; and
- (e) by IEHSB:
 - A. where, other than the Equity Guidelines, there is any (i) order or decision made, given or expressed by a governmental authority or the courts prior to Completion; or (ii) any enactment of a legislative body, which in any such case materially restricts the carrying on of the business of the IMU Group after Completion;
 - B. where there is a breach of any of the fundamental warranties; or
 - C. where there is a breach of the pre-completion obligations and/or any of the business warranties that would give rise to material impact to the IMU Group.

(vi) Limitation of Liability

Any claims for breach of warranties and obligations provided by IHH under the IMU SSA is subject to customary time limits and claim thresholds.

APPENDIX II

SALIENT TERMS OF THE FACILITY APA

(i) **Restructuring Consideration**

The Restructuring Consideration, which shall be satisfied in cash on completion of the Facility APA ("**Facility APA Completion**"), will be calculated as follows:

- (a) RM139,472,329 ("**Facility APA Initial Consideration**"); and
- (b) plus or less any adjustments to the Facility APA Initial Consideration as may be determined between IMU Education and Hospital HoldCo prior to the Facility APA Completion.

On the date of completion of the Facility APA, Hospital HoldCo shall pay to IMU Education the Restructuring Consideration less any retention required under the Real Property Gains Tax Act 1976 ("**RPGT Act**") relating to the acquisition of the Facility and the Facility Land which will be remitted to the Inland Revenue Board of Malaysia prior to the Facility APA Completion pursuant to timeline prescribed under the to the RPGT Act ("**RPGT Retention Sum**").

(ii) **Conditions Precedent**

The Facility APA Completion is conditional upon the satisfaction or waiver, as the case may be, of the following conditions:

- (a) receipt of the FTLWC Approval; and
- (b) receipt of the written approval of the Director General of Health, Malaysia for the extension of the duration of the Hospital Establishment Approval and for the transfer of the Hospital Establishment Approval from IMU Education to Hospital HoldCo.

(iii) **Completion**

Subject to (i) the fulfillment of the conditions precedent in Facility APA, (ii) the IMU SSA and Facility SSA becoming unconditional; and (iii) the presentation of the documents for the registration of the transfer of the Facility Land ("**Presentation**") not being rejected by the Land Registry within 7 days after the Presentation on grounds other than administrative reasons which can be rectified or remedied, the Facility APA Completion shall take place on the last business day of the calendar month in which IHH delivers the notice setting out the estimated debt, cash and working capital to IEHSB pursuant to the terms of the IMU SSA (or as may be extended pursuant to the terms of the IMU SSA).

(iv) **Termination**

The Facility APA may be terminated (other than the surviving provisions set out in the Facility APA) in accordance with the following:

- (a) at any time prior to the Facility APA Completion, the IMU SSA is terminated in accordance with its terms;
- (b) by Hospital HoldCo, if a regulatory action having been taken which has not been revoked, annulled, withdrawn, discontinued, abandoned, repealed, discharged or otherwise ceased to have effect prior to Facility APA Completion; or (ii) the enactment of a law implementing a regulatory action (which has been approved by the relevant governmental authority but has not yet come into force or taken effect), prior to the Facility APA Completion;
- (c) any condition precedent is not fulfilled or waived on the date of expiry of a period of 6 months after the date of the Facility APA or such other dates as may be extended pursuant to the terms of the IMU SSA (as the case may be); or

(d) any breach of the completion obligations as set out in the Facility APA.

(v) Limitation of Liability

Any claims for breach of warranties provided by IMU Education under the Facility APA shall cease on and following the Facility APA Completion.

APPENDIX III

SALIENT TERMS OF THE FACILITY SSA

(i) **Facility Sale Consideration and Facility SSA Completion Consideration**

The Facility Sale Consideration, which shall be satisfied in cash on completion of the Facility SSA ("**Facility SSA Completion**"), will be calculated as follows:

- (a) RM 139,472,329 ("**Facility Sale Initial Consideration**");
- (b) plus any additional development or equipment capital expenditure incurred in relation to the Facility as at the Completion Date as compared to the capital expenditure incurred as of 31 December 2021;
- (c) less any cost incurred to implement the hospital information system ("**HIS**") that will be operated by the Facility as at the Completion Date;
- (d) plus any additional pre-operating costs incurred as at the Completion Date;
- (e) plus any cash as at the Completion Date;
- (f) plus or less any net liabilities as at the Completion Date as compared to the estimated net liabilities;
- (g) less the amount of the new bank loan to be taken by Hospital HoldCo; and
- (h) less any agreed claim amounts in relation to breaches of pre-completion obligations and/or any of the business warranties prior to the Facility SSA Completion Date (as defined below) that would give rise to material impact to the Hospital HoldCo.

On the date of completion of the Facility SSA ("**Facility SSA Completion Date**"), CASB shall pay to IMUH (or to IHH, subject to receipt of the written instructions described below) an amount ("**Facility SSA Completion Consideration**") calculated based on the sum of the Facility Sale Initial Consideration, the estimates in respect of the adjustments referenced in each of paragraphs (b) to (g) above, and any amount in respect of paragraph (h) above (if such amount arises and has been agreed prior to Facility SSA Completion Date).

IMUH (the seller) will, subject to the prior consent of CASB (if applicable) provide written instructions to CASB to redirect the payment of the Facility SSA Completion Consideration to IHH in connection with the financial settlement of distributions declared and made by IMUH on the Facility SSA Completion.

(ii) **Adjustment of the Facility SSA Completion Consideration**

The parties agree that the Facility SSA Completion Consideration will be subject to post-Completion adjustments to reflect the actual capital expenditure, HIS installation cost, pre-operating costs, cash value and liabilities of Hospital HoldCo as at the Facility SSA Completion Date, in order to calculate the Facility Sale Consideration. Under the terms of the IMU SSA, the difference between the Facility SSA Completion Consideration and Facility Sale Consideration will subsequently be paid by IHH to IEHSB (or at the direction of IEHSB, to IMUH), or by IEHSB (or by IMUH, at the direction of IEHSB) to IHH, as the case may be

(iii) **Conditions Precedent**

The Facility SSA Completion is conditional upon the satisfaction or waiver, as the case may be, of the following conditions:

- (a) completion of the Proposed Restructuring pursuant to the terms of the Facility APA;

- (b) the receipt of the CCC;
- (c) the IMU SSA becoming unconditional pursuant to the terms of the IMU SSA; and
- (d) the receipt of (i) the European Commission's decision under the Merger Regulation (or being deemed to have been issued under Article 10(6) of the Merger Regulation) declaring the consummation of the transactions contemplated by the Facility SSA to be compatible with the common market; and (ii) the State Administration for Market Regulation's clearance decision under the Anti-Monopoly Law of the People's Republic of China in connection with the consummation of the transactions contemplated by the Facility SSA.

(iv) Completion

Subject to the fulfillment of the conditions precedent in the Facility SSA, completion shall take place on the day of the completion of the IMU SSA.

(v) Termination

The Facility SSA may be terminated (other than the surviving provisions set out in the Facility SSA) prior to the Facility SSA Completion only in accordance with the following:

- (a) automatically, where any condition precedent is not fulfilled or waived on the date of expiry of a period of 6 months following the date of the IMU SSA or such other dates as may be extended pursuant to the terms of the IMU SSA;
- (b) by either party, where, other than the Equity Guidelines, there is any (i) order or decision made, given or expressed by a governmental authority or the courts prior to the Facility SSA Completion; or (ii) any enactment of a legislative body, which in any such case prohibits or renders illegal any transaction contemplated by the Facility SSA; and
- (c) by CASB, where:
 - (I) the transfer of the Facility Land is rejected by the land registry or land office (as applicable) ("**Land Registry**") and the appeal to the Land Registry in relation to the transfer of the Facility Land is not approved prior to the Longstop Date;
 - (II) where, other than the Equity Guidelines, there is any (i) order or decision made, given or expressed by a governmental authority or the courts prior to Completion; or (ii) any enactment of a legislative body, which in any such case materially restricts the carrying on of the business of the CASB after Completion;
 - (III) the Equity Guidelines are issued prior to completion of the Facility SSA and the effect of the Equity Guidelines restricts the acquisition of the Facility by CASB, CASB may exercise its option to terminate the Facility SSA in which case IHH will acquire the Facility from IMU Education (through Hospital HoldCo). If the Equity Guidelines similarly prevent IHH from acquiring the Facility from IMU Education, IHH and IEHSB have the option to terminate the Proposed Disposals in its entirety by mutual agreement prior to the Longstop Date (as defined under the IMU SSA);
 - (IV) a breach of any of the fundamental warranties; or
 - (V) a breach of the pre-completion obligations and/or any of the business warranties that would give rise to a material impact on Hospital HoldCo.

(vi) Limitation of Liability

Any claims for breach of warranties and obligations provided by the Seller Parties under the Facility SSA is subject to customary time limits and claim thresholds.

APPENDIX IV

FURTHER INFORMATION ON THE FACILITY

A summary of the information on the Facility is as follows:

Particulars

Land Title Particulars	:	GRN 46835, Lot 38387, Mukim Petaling, Daerah Kuala Lumpur
Land Title Area	:	20,010 square metres
Tenure	:	Freehold
Registered Proprietor	:	IMU Education
Category of Land Use	:	Building
Encumbrances	:	-
Proposed Use	:	To be used as a hospital facility
Express Conditions	:	Land must be used for commercial buildings for the purpose of a private hospital only
Restrictions-in-Interest	:	Land must not be transferred, leased, or charged without the consent of the Land Executive Committee of the Federal Territory
Details of Development	:	7-storey private hospital with a one level basement and a 6-storey podium car park
Total Development Cost	:	Approximately RM 129,000,000 (excluding equipment and other fit out costs, the original purchase price of the Facility Land and land conversion costs relating to the Facility Land)
Expected Completion Date of Development	:	The certificate of practical completion will likely be issued by end of June 2022.
Stage / Percentage of Completion	:	As at the LPD, 97.0 %
Source of Funds to Finance Development Cost	:	Internal cash resources and bank loan
Approvals obtained and date of approvals	:	The material approvals obtained for the development of the Facility are as follows: (a) the development order from Kuala Lumpur City Hall

("DBKL") for the rezoning of the Facility Land from residential land to commercial land dated 8 March 2018;

- (b) the development order from DBKL to build hospital dated 8 March 2018;
- (c) the letter dated 18 September 2018 from the MOH, Malaysia to IMU Education and the approval to establish or maintain a private healthcare facility dated 14 September 2018 (approval no. 131401-00423-01) issued by the Director General of Health, Malaysia to IMU Education; and
- (d) the letter dated 6 August 2021 from the MOH, Malaysia to IMU Education and the revised approval to establish or maintain a private healthcare facility dated 4 August 2021 (approval no. 131401-00423-01) issued by the Director General of Health, Malaysia to IMU Education.