



OUE LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 196400050E)

(1) **PROPOSED PARTNERSHIP WITH GROUP OF RESPIRATORY AND CARDIOTHORACIC MEDICAL PRACTICES IN SINGAPORE; AND**

(2) **ENTRY INTO JOINT VENTURE WITH OUE LIPPO HEALTHCARE LIMITED**

1. INTRODUCTION

1.1. Establishment of Joint Venture and the Proposed Transaction

The Board of Directors (the "**Board**" or "**Directors**") of OUE Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that:

- (a) TI Echo Pte. Ltd. ("**OUE SPV**"), a wholly-owned subsidiary of the Company, has together with OUELH (SEA) Pte. Ltd. ("**OUELH SPV**"), a wholly-owned subsidiary of the Company's healthcare subsidiary listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), OUE Lippo Healthcare Limited ("**OUELH**"), established a joint venture company known as Echo Healthcare Management Pte. Ltd. (the "**OUE JV**"). OUE JV is a newly incorporated company set up for the purpose of the Proposed Transaction (as defined below) and as at the date of this Announcement, is 60.0% held by OUELH SPV and 40.0% held by OUE SPV; and
- (b) OUE JV has today entered into definitive documentations (including the MSSPA (as defined below)) in respect of the formation of a joint venture with (i) RMA Med Holdings Pte. Ltd. ("**RMA HoldCo**"); (ii) TRP Holdings Pte. Ltd. ("**TRP HoldCo**"); and (iii) Witty Hearty Lungs Pte. Ltd. ("**BH HoldCo**", and together with RMA HoldCo and TRP HoldCo, the "**Founders**" and each, a "**Founder**") to create a partnership with (i) RMA Global Pte. Ltd. ("**RMA**"), (ii) The Respiratory Practice (Farrer) Pte. Ltd. ("**TRPF**"), and (iii) Breathing Heart Pte. Ltd. ("**BH**", and together with RMA and TRPF, the "**Medical Partners**") (the "**Proposed Transaction**").

1.2. Master Subscription and Sale and Purchase Agreement

As part of the Proposed Transaction, OUE JV has today entered into a master subscription and sale and purchase agreement ("**MSSPA**") with (amongst others) the Founders. Pursuant to the terms of the MSSPA, on the completion of the Proposed Transaction ("**Closing**"):

- (a) OUE JV will hold 60.0% of the issued and paid-up share capital of Echo Healthcare Services Pte. Ltd. ("**HoldCo**", and together with its subsidiaries, "**HoldCo Group**"), and the Founders will collectively hold the remaining 40.0% of HoldCo; and

OUE LIMITED

Company Registration No. 196400050E
50 Collyer Quay, #18-01/02, OUE Bayfront, Singapore 049321
T +65 6809 6000 F +65 6809 6060 www.oue.com.sg

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- (b) HoldCo will hold 60.0% of the issued and paid-up share capital of each of the Medical Partners, while RMA HoldCo, TRP HoldCo and BH HoldCo will hold the remaining 40.0% of each of RMA, TRPF and BH respectively.

Please refer to **Appendix A** for the envisaged corporate structure of the HoldCo Group immediately after Closing.

1.3. **Announcement by OUELH**

For further information on the Proposed Transaction, please refer to the announcement dated 23 May 2022 released by OUELH in relation to the Proposed Transaction (the "**OUELH Announcement**"), a copy of which is available on the website of the SGX-ST at www.sgx.com.

2. **MATERIAL TERMS OF THE PROPOSED TRANSACTION**

2.1. **The Sale Shares**

As part of the Proposed Transaction, HoldCo will acquire 60.0% of the issued and paid-up share capital of each of the Medical Partners (collectively, the "**Sale Shares**", and in respect of RMA, the "**RMA Sale Shares**", in respect of TRPF, the "**TRPF Sale Shares**" and in respect of BH, the "**BH Sale Shares**").

Value of the Sale Shares

Based on the unaudited accounts of each of the Medical Partners for the financial year ended 31 December 2021, the net tangible asset value and book value of the RMA Sale Shares, the TRPF Sale Shares and the BH Sale Shares are S\$426,860, S\$3,008,947, and S\$917,348, respectively. Based on the foregoing, the net tangible asset value and book value of the Sale Shares is in aggregate S\$4,353,155. There is no open market value for the Sale Shares as they are not publicly traded. Based on an average of the 12-month financial periods ended 31 August 2019, 31 August 2020 and 31 August 2021, the net profits attributable to the Sale Shares being acquired by HoldCo is S\$5,310,000. No independent valuation on the Sale Shares was carried out.

2.2. **Consideration for the Proposed Transaction**

(a) Aggregate Purchase Price

The aggregate purchase price for the acquisition of the Sale Shares shall be the amount of S\$31,064,299 (the "**Aggregate Purchase Price**"), broken down as follows:

- (i) S\$6,533,438 for the RMA Sale Shares (the "**RMA Purchase Price**");
- (ii) S\$8,321,472 for the TRPF Sale Shares (the "**TRP Purchase Price**"); and
- (iii) S\$16,209,389 for the BH Sale Shares (the "**BH Purchase Price**").

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40.0% of the Aggregate Purchase Price shall be satisfied by way of the allotment and issuance of 4,000 new ordinary shares in HoldCo, representing 40.0% of the issued and paid-up share capital of HoldCo immediately after Closing (the "**Consideration Shares**"), and 60.0% of the Aggregate Purchase Price shall be satisfied by way of cash payment of S\$18,638,580 (the "**Cash Consideration**"). The Consideration Shares and the Cash Consideration shall be allocated in satisfaction of the RMA Purchase Price, the TRP Purchase Price and the BH Purchase Price in the following manner:

- (i) the RMA Purchase Price shall be satisfied by way of: (A) the allotment and issuance of 841 new ordinary shares in HoldCo to RMA HoldCo, representing approximately 8.4% of the issued and paid-up share capital of HoldCo upon Closing; and (B) cash payment of S\$3,920,063 from HoldCo to RMA HoldCo;
- (ii) the TRP Purchase Price shall be satisfied by way of: (A) the allotment and issuance of 1,072 new ordinary shares in HoldCo to TRP HoldCo, representing approximately 10.7% of the issued and paid-up share capital of HoldCo upon Closing; and (B) cash payment of S\$4,992,883 from HoldCo to TRP HoldCo; and
- (iii) the BH Purchase Price shall be satisfied by way of: (A) the allotment and issuance of 2,087 new ordinary shares in HoldCo to BH HoldCo, representing approximately 20.9% of the issued and paid-up share capital of HoldCo upon Closing; and (B) cash payment of S\$9,725,634 from HoldCo to BH HoldCo.

The Aggregate Purchase Price was arrived at on a willing-buyer and willing-seller basis after the conduct of negotiations on an arm's length basis based on a valuation of the respective Medical Partners as agreed between the parties after taking into consideration (i) the earnings and cash flow of the Medical Partners for the past three (3) financial years; (ii) the potential synergies between the Group and the Medical Partners; and (iii) the rationale and benefits of the Proposed Transaction as set out in Paragraph 3 of this Announcement.

(b) Earn-Out

Subject to Closing occurring, upon the HoldCo Group reaching its growth target (the "**Growth Target**") in any one (1) full financial year within the period of eight (8) years from Closing (the "**Relevant Period**"), HoldCo shall pay to the Founders a one-off aggregate earn-out of S\$9,319,289 (the "**Earn-Out**") in cash. In the event the HoldCo Group does not reach the Growth Target in any financial year by the expiry of the Relevant Period, the Earn-Out shall be reduced *pro rata* by the growth rate achieved in the last financial year of the Relevant Period compared to the Growth Target (such reduced Earn-Out, the "**Reduced Earn-Out**"). Payment of the Earn-Out or the Reduced Earn-Out (as the case may be) shall be borne fully by OUE JV.

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The Earn-Out and the Reduced Earn-Out was arrived at on a willing-buyer and willing-seller basis after the conduct of negotiations on an arm's length basis based on a valuation of the respective Medical Partners as agreed between the parties after taking into consideration (i) the earnings and cash flow of the Medical Partners for the past three (3) financial years; (ii) the potential synergies between the Group and the Medical Partners; and (iii) the rationale and benefits of the Proposed Transaction as set out in Paragraph 3 of this Announcement.

The Company's portion of the Cash Consideration of S\$7,455,432 and the Earn-Out or Reduced Earn-Out (as the case may be) of up to S\$3,727,716, will be funded by the Company's internal resources and is in proportion to its shareholding in OUE JV.

2.3. Guarantee and Indemnity

In consideration of the agreement of each of the Founders to sell the respective Sale Shares on the terms of the MSSPA, each of the Company and OUELH has provided guarantees and undertakings to each of the Founders in respect of:

- (a) the due and punctual payment to the Founders of the Earn-Out or Reduced Earn-Out (as the case may be, if applicable) payable to the Founders and/or its nominee(s); and
- (b) indemnifying the Founders from and against any and all losses directly or indirectly suffered or incurred by or made against the Founders for a breach of the warranties given in relation to HoldCo or OUE JV under the MSSPA,

(the "**OUE and OUELH Guarantee**"),

provided that the liability of each of the Company and OUELH in respect of the OUE and OUELH Guarantee shall be on a several basis, and the maximum liability of the Company and OUELH shall not exceed the Aggregate Purchase Consideration and the Earn-Out or Reduced Earn-Out (as the case may be, if applicable) payable based on its shareholding proportion in OUE JV.

In addition, in consideration of the agreement of HoldCo to acquire the Sale Shares from each Founder on the terms of the MSSPA, each of the Founder Doctors (as defined in the OUELH Announcement) has also provided the Founder Doctors' Guarantee (as defined in the OUELH Announcement), further details of which are contained in the OUELH Announcement.

3. RATIONALE AND KEY BENEFITS OF THE PROPOSED TRANSACTION

The Board believes that the Proposed Transaction is in the interests of the Company for the following reasons:

- (a) Building a regional healthcare ecosystem anchored on Singapore's medical best practices

The Proposed Transaction is an important milestone for the Group to build a regional healthcare ecosystem anchored on Singapore's medical best practices and create potential synergistic growth opportunities. The Group will be able to leverage on the Medical Partners' clinical expertise to elevate the overall healthcare standards and quality in the Group's growing regional healthcare network.

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(b) Win-win arrangement in ensuring sustainable regional growth for all stakeholders

The Proposed Transaction is structured such that while the Medical Partners will be integrated into the Group's healthcare network, they will retain clinical independence in their respective practices, thereby aligning long-term objective of all stakeholders to ensure sustainable growth.

(c) Enhances shareholder value

Based on the Medical Partners' financial results for the past three (3) financial years, the Medical Partners are earnings accretive with a stable and growing stream of recurring income and cash flow, which the Group envisages will enhance long term shareholder value.

(d) Commitment of the Company to the prospects of QUELH's healthcare business

The Proposed Transaction is in line with the Company's commitment and belief in the longer-term prospects of the healthcare business under QUELH.

4. NON-DISCLOSEABLE TRANSACTION

As the relative figures computed on the bases set out in Rule 1006 of the Listing Manual do not exceed 5.0%, the Proposed Transaction constitutes a "non-disclosable transaction" under Rule 1008 of the Listing Manual of the SGX-ST.

5. FINANCIAL EFFECTS

The Proposed Transaction is not expected to have a material effect on the net tangible assets or earnings per share of the Company for the financial year ending 31 December 2022.

6. DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS

As at the date of this Announcement, none of the Directors or controlling Shareholders of the Company has any interest, direct or indirect, in the Proposed Transaction, save:

- (a) through their respective shareholdings in the Company, if any; and
- (b) for Mr. Brian Riady, Deputy Chief Executive Officer and Executive Director of the Company, who is a non-independent non-executive director of QUELH.

7. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the MSSPA is available for inspection at the registered office of the Company at 50 Collyer Quay, #18-01/02 QUE Bayfront, Singapore 049321, during normal business hours for three (3) months from the date of this Announcement.

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8. CAUTIONARY STATEMENT

Shareholders and potential investors are advised to exercise caution when dealing or trading in the shares as there is no certainty or assurance that the Proposed Transaction will be completed or that no changes will be made to the terms thereof. Shareholders and potential investors are also advised to read this Announcement and any further announcements by the Company carefully, and where in doubt as to the action that they should take, they should consult their financial, tax or other professional adviser immediately.

By Order of the Board

Kelvin Chua
Company Secretary
23 May 2022

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APPENDIX A CORPORATE STRUCTURE OF THE HOLDCO GROUP IMMEDIATELY AFTER CLOSING

