
PROPOSED ACQUISITION OF (1) 40% STAKE IN YOMA SILOAM HOSPITAL PUN HLAING LIMITED AND (2) 35% STAKE IN PUN HLAING INTERNATIONAL HOSPITAL LIMITED

1. BACKGROUND

1.1 Introduction

The Board of Directors (the “**Board**”) of OUE Lippo Healthcare Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that its indirect wholly-owned subsidiaries, OUELH Healthcare Services (MM) Pte. Ltd. (“**OHS**”) and OUELH Healthcare Assets (MM) Pte. Ltd. (“**OHA**”, and together with OHS, the “**Purchasers**”), have on 10 January 2019 entered into a sale and purchase agreement (the “**Agreement**”) with PT Waluya Graha Loka (the “**Vendor**”) for the following transactions:

- (a) acquisition by OHS from the Vendor of 9,120,000 shares (the “**YSHPH Sale Shares**”) in the capital of Yoma Siloam Hospital Pun Hlaing Limited (“**YSHPH**”), representing 40% of the total number of shares in the capital of YSHPH; and
- (b) acquisition by OHA from the Vendor of 735,105 shares (the “**PHIH Sale Shares**”) in the capital of Pun Hlaing International Hospital Limited (“**PHIH**”, and together with YSHPH, the “**Targets**”), representing 35% of the total number of shares in the capital of PHIH,

(collectively, the “**Proposed Transaction**”).

Both Purchasers are wholly-owned subsidiaries of OUELH Investments (MM) Pte. Ltd., a company incorporated in Singapore which is wholly-owned by the Company.

1.2 Shareholders’ Approval

The Proposed Transaction is made in the ordinary course of business and will neither result in change to the nature of the Group’s business nor change in the Group’s risk profile. Accordingly, it, does not fall under the requirements of Chapter 10 of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalyst (the “**Catalist Rules**”).

Approval of the shareholders of the Company (the “**Shareholders**”) is being obtained pursuant to Chapter 9 of the Catalyst Rules. The Vendor is considered an associate of Dr. Stephen Riady, who is the Non-Independent, Non-Executive Director of the Company and therefore the Proposed Transaction is an interested person transaction under Chapter 9 of the Catalyst Rules.

A circular (the “**Circular**”) will be issued to the Shareholders in due course, together with a notice of extraordinary general meeting (“**EGM**”), for the purpose of seeking the approval of Shareholders for the Proposed Transaction at an EGM to be convened.

More details of the above can be found in paragraph 5.2 of this Announcement.

2. THE PARTIES

2.1 YSHPH

YSHPH is a company incorporated in Myanmar on 16 March 2015 and is engaged in the management and operation of hospitals and clinics in Myanmar. As at the date of this Announcement, YSHPH operates three hospitals, one medical centre and two clinics.

The three hospitals, with a total capacity of approximately 370 beds, are located in Yangon, Mandalay and Taunggyi. The core services provided by the three hospitals include emergency, out-patient, in-patient laboratory, imaging, physiotherapy, medical check-up and overseas clinical services across practices including cardiology, orthopaedics, obstetrics and gynaecology.

As at the date of the Agreement, YSHPH is a joint venture company between First Myanmar Investment Company Limited ("**FMI**") and the Vendor with FMI holding 60% of the total number of shares in the capital of YSHPH and the remaining 40% of the total number of shares in the capital of YSHPH (being the YSHPH Sale Shares) held by the Vendor.

The audited loss before tax of YSHPH for the financial year ended 31 March 2018 is approximately US\$2.3 million¹. YSHPH's audited net assets as at 31 March 2018 is approximately US\$10.4 million. The unaudited loss before tax of YSHPH for the seven (7) months ended 31 October 2018 is approximately US\$2.6 million. YSHPH's unaudited net assets as at 31 October 2018 is approximately US\$7.8 million.

2.2 PHIH

PHIH is a company incorporated in Myanmar on 11 August 2000 and owns or holds the leases of the land and properties on which YSHPH operates, with back-to-back leases. In addition, PHIH is in the process of acquiring a piece of land located in Mawlamyine City. The acquisition is expected to be completed by the first half of 2019.

As at the date of the Agreement, PHIH is a joint venture company between FMI, the Vendor and Pun Hlaing Capital Co., Ltd. ("**PHCC**"). FMI and the Vendor respectively holds 60% and 35% of the total number of shares in the capital of PHIH, with the remaining 5% (the "**PHCC PHIH Shares**") held by PHCC.

The audited loss before tax of PHIH for the financial year ended 31 March 2018 is US\$126,000. PHIH's audited net asset as at 31 March 2018 is US\$ 5.6 million. The unaudited loss before tax of PHIH for the 7 months ended 31 October 2018 is approximately US\$72,000. PHIH's unaudited net assets as at 31 October 2018 is approximately US\$5.6 million.

2.3 FMI

Upon completion of the Proposed Transaction, the Company will, through the Purchasers, be a joint venture partner with FMI. Established in 1992, FMI is one of Myanmar's largest public companies. FMI is the first company to be listed on the Yangon Stock Exchange and is a diversified conglomerate with a market capitalisation of approximately MMK270 billion as at the date of this Announcement.

2.4 The Vendor

The Vendor is incorporated in Indonesia and is an indirect wholly-owned subsidiary of PT Lippo Karawaci Tbk ("**PT LK**"). PT LK is listed on the Indonesia Stock Exchange and is one of Indonesia's largest listed property companies, with a portfolio that comprises residential and urban development, hospitals, mall, hotels and leisure and asset management.

¹ Unless otherwise stated, for the purpose of this Announcement, all currency exchange rates used throughout this announcement are US\$1:MMK1,530, US\$1:S\$1.36, and S\$1:MMK1,130 the prevailing rates as at 7 January 2019.

3. PRINCIPAL TERMS OF THE PROPOSED TRANSACTION

3.1 The Proposed Transaction

On and subject to the terms and conditions of the Agreement, and in exchange for the Consideration (as defined below):

- (a) the Vendor agrees to sell, and OHS agrees to purchase the YSHPH Sale Shares; and
- (b) the Vendor agrees to sell, and OHA agrees to purchase the PHIH Sale Shares.

The acquisition of the YSHPH Sale Shares and the acquisition of the PHIH Sale Shares are inter-conditional upon each other.

3.2 Consideration

The consideration for the Proposed Transaction is US\$19,500,000 (the “**Consideration**”), with US\$17,600,000 being payable for the acquisition of the YSHPH Sale Shares and US\$1,900,000 being payable for the acquisition of the PHIH Sale Shares.

The Consideration, amounting to approximately S\$26,520,000 (based on an exchange rate of US\$1:S\$1.36 as at 7 January 2019), will be paid to the Vendor in cash on completion of the Proposed Transaction in accordance with the terms and conditions set out in the Agreement (“**Completion**”).

The Consideration is intended to be fully funded by the net proceeds from the placement (the “**Placement**”) of 562,500,000 Shares to Brownly Healthcare Pte Ltd (“**BHPL**”) pursuant to the placement agreement dated 10 January 2018 between the Company and BHPL, which was completed on 15 February 2018. As at the date of this Announcement, the balance net proceeds from the Placement that has not been utilised amounted to S\$41,526,000.

The Consideration was arrived at after arm's length negotiations and was on a willing-buyer willing-seller basis, taking into account an independent valuation (the “**Valuation**”) conducted by an independent valuer, Cushman & Wakefield VHS Pte. Ltd. (the “**Independent Valuer**”) as at 30 September 2018 and other various factors, such as the business prospects of the Targets and the net asset value of the Targets.

The Valuation was commissioned by the Company and their findings were produced in a report dated 27 December 2018 (the “**Valuation Report**”). Based on the Valuation Report, the Independent Valuer is of the opinion that the market value of the YSHPH Sale Shares, the PHIH Sale Shares and the rights relating to the PHCC PHIH Shares as described under paragraph 3.5 below is in the region of MMK28.5 billion and MMK34.7 billion. This is equivalent to US\$18.4 million to US\$22.4 million (the “**Valuation Range**”) which is converted based on the exchange rate of US\$1:MMK1,551 as at 3 January 2019. Accordingly, the midpoint of the Valuation Range is at US\$20.4 million.

3.3 Conditions precedent

Completion of the Proposed Transaction is conditional upon the following conditions being satisfied or waived in accordance with the Agreement:

- (a) the execution and delivery of a letter by FMI to the Vendor (i) waiving its rights of first refusal in respect of the transfer of the YSHPH Sale Shares and PHIH Sale Shares by the Vendor; and (ii) consenting to the restrictions in relation to the use of certain names as set out in the Agreement, and the Purchasers having sighted such letter;
- (b) all the relevant warranties being true, accurate and not misleading as at the date of Completion;

- (c) the Proposed Transaction being effected upon the terms and conditions of this Agreement not being prohibited or restricted by any statute, order, rule, regulation, directive, guideline or request (whether or not having the force of law) promulgated by any legislative, executive or regulatory body or other authority of Singapore, Myanmar and Indonesia;
- (d) the approval of the shareholders of the Company for the Proposed Transaction at an extraordinary general meeting convened by the Company; and
- (e) the entry by FMI and the Vendor into a joint venture agreement in relation to PHIH in a form and substance acceptable to OHA.

In the event that any of the conditions above is not fulfilled or waived on or before the date falling six (6) months from the date of the Agreement (the "**Long-Stop Date**"), the Purchasers may in their sole discretion extend the Long-Stop Date, failing which the Agreement shall lapse and cease to have further effect.

3.4 **Representations and warranties**

The Vendor, and each of the Purchasers have provided to one another certain customary representations, warranties and undertakings pursuant to the Agreement.

3.5 **Assignment**

The Vendor shall, on Completion, assign to OHA all the existing rights the Vendor has in connection with or related to the PHIH Sale Shares as at Completion, including the following:

- (a) a non-revocable power of attorney and a charge over the PHCC PHIH Shares granted by PHCC to the Vendor;
- (b) a deed of assignment between the Vendor, PHCC and PHIH, pursuant to which PHCC assigned all of the economic interests (including but not limited to dividends, distributions, and profits) arising from or relating to the PHCC PHIH Shares to be received by PHCC to the Vendor; and
- (c) a call option granted by PHCC in favour of the Vendor allowing the Vendor to acquire the PHCC PHIH Shares for a consideration of MMK1,000, which is exercisable to the extent that foreign companies (as defined under applicable Myanmar laws) may hold all or part of the PHCC PHIH Shares.

3.6 **Completion**

The Completion of the Proposed Transaction will take place on the date falling ten (10) business days after the date on which the conditions referred to in paragraph 3.3 above are satisfied or waived in accordance with the Agreement or at such other time and/or date as may be agreed between the Vendor and the Purchasers, and is expected to occur on or before the first quarter of 2019.

3.7 **Right to terminate prior to Completion**

If, at any time prior to Completion:

- (a) the Purchasers are aware of any breach by the Vendor of the warranties or the undertakings given by the Vendor, the Purchasers shall be entitled by notice in writing to the Vendor to terminate the Agreement (other than the surviving provisions) without any liability on its part; or
- (b) any event shall occur (other than an event constituting or giving rise to a breach of any of the warranties given by the Vendor) which affects or is likely to affect adversely

to a material degree the financial position, turnover, profitability or prospects of the Targets, the Purchasers shall be entitled by notice in writing to the Vendor to terminate the Agreement (other than the surviving provisions) without any liability on its part.

4. RATIONALE FOR THE PROPOSED TRANSACTION

The Proposed Transaction is in line with the Company's strategy and vision to build itself as a Pan Asian healthcare platform.

As one of the fastest growing economies in Southeast Asia, Myanmar presents a wealth of business opportunities. The country's Gross Domestic Product has grown twelve (12) times with a compounded annual growth rate at approximately 18.1% since 2003². Healthcare spending has also increased from US\$279 million in 2012 to US\$789 million in 2018³.

The three hospitals are located in Yangon, Mandalay, and Taunggyi. Yangon and Mandalay are the largest and second largest city⁴ in Myanmar respectively, while Taunggyi is the capital of Shan State, which is the largest of all fourteen administrative divisions in Myanmar. The Company is of the view that the Proposed Transaction will help establish a strong foothold for the Group to expand in Myanmar, where the demand for affordable quality healthcare services is expected to increase.

5. INTERESTED PERSON TRANSACTION

5.1 Interested person transaction under Chapter 9 of the Catalist Rules.

The Vendor is 100% indirectly held by PT LK. Based on publicly available information, PT Inti Anugerah Pratama directly holds 52.4% interest in PT LK. PT Inti Anugerah Pratama is in turn 40% held by Fullerton Capital Limited, a company wholly owned by Dr. Stephen Riady, who is the Non-Independent, Non-Executive Director of the Company, and 60% held by PT Trijaya Utama Mandiri, a company indirectly wholly owned by Mr. James Tjahaja Riady, who is the brother of Dr. Stephen Riady.

As such, the Vendor is considered an associate of Dr. Stephen Riady and an interested person of the Company as defined under Chapter 9 of the Catalist Rules.

Accordingly, the Proposed Transaction constitutes an interested person transaction under Chapter 9 of the Catalist Rules.

5.2 Requirement for Shareholders' approval

Under Chapter 9 of the Catalist Rules, where an issuer proposes to enter into a transaction with an interested person and the value of the transaction (either in itself or when aggregated with the value of other transactions, each of a value equal to or greater than S\$100,000, with the same interested person during the same financial year) is equal to or exceeds 5.0% of the listed group's latest audited net tangible assets, shareholders' approval is required in respect of the transaction.

The value at risk of the Proposed Transaction is approximately US\$19,500,000 (equivalent to S\$26,520,000), being the Consideration, which represents approximately 70.7% of the latest audited net tangible assets of the Group of S\$37,494,000 as at 31 December 2017. Accordingly, as the value exceeds 5.0% of the latest audited net tangible asset of the Group, the Proposed

² Source: World Bank, 2018

³ Source: OECD, April 2018

⁴ In terms of population; Source: World Atlas

Transaction will require the approval of the Shareholders of the Company pursuant to Rule 906(1)(a) of the Catalist Rules.

5.3 Other interested person transactions for the current financial year

Save for the Proposed Transaction and excluding transactions which were less than S\$100,000 each, during the course of the financial year ending 31 December 2019 (“FY2019”), which is from 1 January 2019 up to the date of this announcement: (a) there are no other interested person transactions entered into by the Group with PT LK and its group of companies; and (b) there are no other interested person transactions entered into by the Group and other interested persons.

5.4 Audit and Risk Committee’s statement

The Audit and Risk Committee of the Company will form its view as to whether the Proposed Transaction is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders after considering the IFA’s (as defined below) opinion. The Audit and Risk Committee’s view of the Proposed Transaction will be set out in the Circular to be despatched in due course.

6. FINANCIAL EFFECTS

The proforma financial effects of the Proposed Transaction set out below are purely for illustration purposes only and do not reflect the actual future financial situation of the Company or the Group after completion of the Proposed Transaction.

The proforma financial effects of the Proposed Transaction presented below have been prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2017 and on the unaudited consolidated financial statements of the Targets for the financial year ended 31 March 2018.

6.1 Net tangible assets

Assuming that the Proposed Transaction had been completed on 31 December 2017, the proforma financial effects of the Proposed Transaction on the net tangible assets per share of the Group will be as follows:

	Before the Proposed Transaction	Proforma Adjusted ⁽¹⁾	Proforma Adjusted ⁽¹⁾ and after the Proposed Transaction
Net tangible assets (S\$’000)	37,494	263,700	263,700
Number of shares	1,659,064,603 ⁽²⁾	4,443,129,206	4,443,129,206
Net tangible assets per share (Singapore cents)	2.26	5.94	5.94

Notes:

- (1) Adjusted for (a) net proceeds of approximately S\$77,450,000 pursuant to the Placement; (b) net proceeds of approximately S\$148,750,000 pursuant to the renounceable underwritten rights issue (the “Rights Issue”) of 2,221,564,603 new shares in the capital of the Company announced by the Company on 18 September 2018, which was completed on 23 October 2018; and (c) (i) the acquisition by the Company from LK REIT Management Pte. Ltd. to acquire 40% of the total issued share capital of Bowsprit Capital Corporation Limited (“Bowsprit”) (the

“**Manager Acquisition**”); and (ii) the acquisition by OLH Healthcare Investments Pte. Ltd. (a wholly-owned subsidiary of the Company) from Bridgewater International Limited to acquire 10.63%⁵ of the total issued units of First Real Estate Investment Trust (“**First REIT**”) (the “**Units Acquisition**”), both announced on 18 September 2018 and completed on 26 October 2018.

(2) Represents the number of shares outstanding as at 31 December 2017.

6.2 Earnings per share

Assuming that the Proposed Transaction had been completed on 1 January 2017, the proforma financial effects of the Proposed Transaction on the consolidated earnings per share of the Group will be as follows:

	Before the Proposed Transaction	Pro forma Adjusted ⁽¹⁾	Proforma Adjusted ⁽¹⁾ and after the Proposed Transaction
Profit / (loss) after tax attributable to Shareholders (S\$'000)	(90,700)	(79,141)	(80,463) ⁽²⁾
Weighted average number of shares	1,659,064,603 ⁽³⁾	4,443,129,206	4,443,129,206
(Loss) per share (Singapore cents)	(5.47)	(1.78)	(1.81)

Notes:

- (1) Adjusted for (a) the Placement; (b) the Rights Issue; and (c) the Manager Acquisition and the Units Acquisition.
- (2) Computed based on 40% of the unaudited consolidated loss after tax attributable to the Targets of approximately S\$1,322,000 for the financial year ended 31 March 2018.
- (3) Represents the number of shares outstanding as at 31 December 2017.

7. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDER

Save for Treasure International Holdings Pte. Ltd. (“**TIHPL**”) and Dr. Stephen Riady, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Transaction, save for their respective interests (if any) in the Company.

8. APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Pursuant to Chapter 9 of the Catalist Rules, the Company has appointed RHT Capital Pte. Ltd. as the independent financial adviser (“**IFA**”) to provide an opinion as to whether the Proposed Transaction is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

⁵ As announced in the Company’s announcement on 26 October 2018, the percentage unitholding has reduced from 10.63% to 10.60% due to the issue of additional units of First REIT to its manager, Bowsprit as payment of Bowsprit’s management fees.

A copy of the letter from the IFA will be included in the circular to be despatched to the Shareholders in due course.

9. EXTRAORDINARY GENERAL MEETING AND CIRCULAR

9.1 Extraordinary General Meeting

The Company will convene an EGM for the purpose of considering and, if thought fit, passing with or without modification, *inter alia*, an ordinary resolution in respect of the Proposed Transaction.

9.2 Circular

A circular setting out information on, *inter alia*, the Proposed Transaction, the advice from the IFA on the Proposed Transaction and the notice of the EGM to be convened, will be despatched to Shareholders in due course.

9.3 Abstention from voting

Under Rule 919 of the Catalist Rules, where a meeting is held to obtain shareholders' approval, the interested person and any associate of the interested person must not vote on a resolution in respect of which such person is interested, nor accept appointments as proxies, unless specific instructions as to voting are given.

Accordingly, Dr. Stephen Riady and his associates (including TIHPL) will abstain from voting on the resolution in relation to the Proposed Transaction at the EGM. Further, Dr. Stephen Riady shall decline to accept appointment as proxy to attend and vote at the EGM unless the Shareholder concerned has given specific instructions in his proxy form as to the manner in which his votes are to be cast.

9.4 Irrevocable Undertaking

As at the date of this Announcement, BHPL, the legal and beneficial owner of 1,125,000,000 shares in the Company representing approximately 25.32% of the total number of issued shares in the Company as at the date hereof, has on 7 January 2019 given irrevocable undertakings to the Company that, *inter alia*:

- (a) BHPL will vote, and will procure the voting of, all its shares in favour of the resolution to approve the Proposed Transaction and all other matters in connection therewith at the EGM (or at any adjournment thereof), provided that the IFA confirms in its opinion that the Proposed Transaction is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders; and
- (b) BHPL will not directly or indirectly, (i) sell, transfer, assign, give or otherwise dispose of, (ii) grant any option, interest, right or warrant to purchase in respect of, (iii) charge, mortgage, pledge or otherwise create an encumbrance over, or (iv) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the legal, beneficial or economic consequences of ownership of, all or any of the shares in the Company or any interest therein (or enter into any agreement with a view to effecting any of the foregoing).

10. DOCUMENTS FOR INSPECTION

Copies of the Agreement and the Valuation Report are available for inspection during normal business hours at the registered office of the Company at 9 Battery Road, #15-01, Singapore 049910 from the date of this Announcement up to and including the date falling three (3) months after the date of this Announcement.

11. FURTHER ANNOUNCEMENTS, CIRCULAR TO BE DESPATCHED, AND CAUTIONARY STATEMENT

The Company will make further announcements, in compliance with the requirements of the Catalist Rules, as and when there are material developments in respect of the Proposed Transaction and/or other matters contemplated by this Announcement.

Shareholders and potential investors of the Company should exercise caution when trading in the shares of the Company, as there is no certainty that the Proposed Transaction will be completed. In the event of any doubt as to the action they should take, Shareholders should consult their financial, tax, legal or other professional advisers.

By Order of the Board

Dr Wong Weng Hong
Chief Executive Officer and Executive Director
10 January 2019

This announcement has been prepared by the Company and its contents have been reviewed by PrimePartners Corporate Finance Pte. Ltd. (the “Sponsor”), for compliance with the Singapore Exchange Securities Trading Limited (the “SGX-ST”) Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Gillian Goh, Director, Head of Continuing Sponsorship (Mailing address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).