
PROPOSED PLACEMENT OF 562,500,000 NEW ORDINARY SHARES IN THE SHARE CAPITAL OF OUE LIPPO HEALTHCARE LIMITED AT THE ISSUE PRICE OF S\$0.14 FOR EACH NEW SHARE

1. INTRODUCTION

- 1.1 The Board of Directors of OUE Lippo Healthcare Limited (the “**Company**”, and together with its subsidiaries the “**Group**”) (the “**Board**”) wishes to announce that it has today entered into a placement agreement (the “**Placement Agreement**”) with Browny Healthcare Pte Ltd (the “**Subscriber**”), pursuant to which the Subscriber will subscribe for, and the Company will allot and issue to the Subscriber, an aggregate of 562,500,000 new ordinary shares (each a “**Placement Share**”) in the capital of the Company (the “**Placement**”).
- 1.2 The issue price of each Placement Share is S\$0.14 (“**Issue Price**”), with the aggregate placement consideration amounting to S\$78,750,000. The Issue Price represents a premium of 15.7% to the volume weighted average price of S\$0.121 of the Company’s shares for trades done on the Catalist of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 9 January 2018, being the last full market day of trading prior to the Company’s trading halt on 10 January 2018.
- 1.3 The Company will be making an application to the SGX-ST, via its sponsor, PrimePartners Corporate Finance Pte. Ltd. (the “**Sponsor**”) for the listing and quotation of the Placement Shares on the Catalist Board of the SGX-ST and will make the necessary announcement(s) once the listing and quotation notice for the listing and quotation of the Placement Shares on the Catalist Board (“**LQN**”) has been obtained from the SGX-ST.
- 1.4 The Placement Shares, when issued and fully paid-up, will rank *pari passu* in all respects with and carry all rights similar to the then existing ordinary shares in the share capital of the Company (the “**Shares**”), except that they shall not rank for any dividend, right, allotment or other distributions, the record date for which falls on or before the date of issue of the Placement Shares.
- 1.5 No placement agent has been appointed in respect of the Placement. No introducer fee, commission or referral fees will be paid to any party in respect of the Placement.

2. SHAREHOLDERS’ MANDATE

- 2.1 The Placement Shares will be allotted and issued pursuant to the general share issue mandate obtained from shareholders of the Company at its Annual General Meeting held on 14 July 2017 (the “**General Mandate**”).
- 2.2 Pursuant to the General Mandate, the Directors are authorised to, *inter alia*, issue new Shares, other than on a pro-rata basis to the shareholders of the Company, of up to 50% of the total number of issued Shares (excluding treasury Shares) as at the time of the passing of the

resolution, after adjusting for such events stated in Rule 806(3) of the SGX-ST Listing Manual Section B: Rules of Catalyst (“**Catalist Rules**”).

- 2.3 As at the date of the General Mandate, the number of issued and paid-up share capital of the Company consisted of 1,659,064,603 Shares. Therefore, pursuant to the General Mandate, the maximum number of Shares which may be issued other than on a pro-rata basis is 829,532,301 Shares. As at the date of this announcement, the Company has not issued any Shares under the General Mandate. Accordingly, the Placement Shares falls within the limits of the General Mandate.
- 2.4 The Placement Shares represent approximately 33.90% of the existing issued and paid up-share capital of the Company and 25.3% of the enlarged issued and paid-up share capital of the Company after the issuance of the Placement Shares.

3. ABOUT THE SUBSCRIBER

- 3.1 The Subscriber is an indirect wholly-owned subsidiary of ITOCHU Corporation (“**ITOCHU**”), a company listed on the Tokyo Stock Exchange. The shareholders of the Subscriber are ITOCHU Singapore Pte Ltd (“**ISPL**”) and ITOCHU. ISPL, a wholly-owned subsidiary of ITOCHU, holds 60% of the shares in the Subscriber and the remaining 40% of the shares in the Subscriber is held by ITOCHU.
- 3.2 ITOCHU is amongst the largest and most diversified trading companies in the world with a market capital of over US\$30 billion, and is involved in trading as well as investments in seven major business divisions specialising in Textile, Machinery, Metals & Minerals, Energy & Chemicals, Food, General Products & Realty, and ICT & Financial Business through approximately 120 bases in 63 countries. It is ranked 215 on the 2017 list of Fortune Global companies with annual revenue of more than US\$43 billion and total assets exceeding US\$72 billion.
- 3.3 The Subscriber was introduced through business associates of the Company. The Subscriber wished to be a strategic investor in the Company and agreed to subscribe for the Placement Shares as part of ITOCHU and ISPL’s business strategy to diversify into the growing healthcare sector, especially in Asia.
- 3.4 The Placement to ITOCHU will enable the Company to harness business synergies in Japan and other parts of Asia by leveraging on ITOCHU’s premier global brand name, strategic partnerships with leading conglomerates, vast business network, as well as investments in healthcare related businesses.
- 3.5 In addition, the Placement will also strengthen the financial position of the Group and put it in a good stead to execute its business plans.
- 3.6 As at the date of this announcement, the Subscriber does not hold any Shares in the Company.
- 3.7 To the best of the Company's knowledge, the Subscriber does not have any connection (including business relationship) with the Company, its Directors and substantial shareholders and is not a person to whom the Company is prohibited from placing its Shares to, as provided for under Rule 812(1) of the Catalist Rules.

4. SALIENT TERMS OF THE PLACEMENT AGREEMENT

4.1 **Completion.** Completion of the Placement ("**Completion**") will take place on the date falling five (5) business days after the relevant conditions set out in the Placement Agreement have been satisfied (or such other date as may be agreed in writing between the parties) (the "**Completion Date**").

4.2 **Conditions.** Completion of the Placement is conditional upon, amongst others:-

- (a) LQN being in full force and effect, and where such approval is subject to conditions, (i) such conditions being reasonably acceptable to the parties and (ii) if such conditions are required to be fulfilled on or before Completion, such conditions having been fulfilled on or before such date, and such approval remaining in full force and effect as of Completion;
- (b) the allotment, issue and subscription of the Placement Shares and all the transactions contemplated by the Placement Agreement not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of the Placement Agreement by any legislative, executive or regulatory body or authority (including, without limitation, the Monetary Authority of Singapore and the SGX-ST) in Singapore, which is applicable to either party, including but not limited to the provisions of the Catalist Rules or the Securities and Futures Act (Cap 289);
- (c) the representations, warranties and undertakings by the Company and the Subscriber remaining true and correct in all material respects as if made all times up to and on the Completion Date, with reference to the then existing facts and circumstances, and the Company and the Subscriber (as the case may be) having performed all of its obligations to be performed on or before Completion; and
- (d) the Sponsor and the Board having approved, in compliance with all applicable laws and regulations, the appointment of two (2) directors who have been nominated by the Subscriber, one of whom is a non-independent, non-executive director and the other an independent, non-executive director, with such appointment to take effect on and from Completion.

If any condition is not satisfied and/or waived on or before 10 February 2018 or such later date as the parties may agree in writing, the Placement Agreement will cease.

4.3 **Additional Undertakings.** In addition, the Placement Agreement provides for certain investor protection rights for the Subscriber including: (a) various representations and warranties about the Company in favour of the Subscriber; (b) rights for the Subscriber to appoint secondees to be involved in the management of the Company as well as nominate 1 non-independent, non-executive director and 1 independent, non-executive director to be appointed to the Board (and Board committees); and (c) anti-dilution provisions whereby the Company will not undertake any non pro-rata issuance of Shares or securities convertible into Shares ("**Additional Securities**") without first offering the Subscriber a right to subscribe on the same terms for such number of Additional Securities as is necessary for the Subscriber to maintain its shareholding in the Company. The Subscriber's rights are subject to conditions including the Subscriber maintaining the minimum shareholding in the Company, as set out in the Placement Agreement.

4.4 **Memorandum of Undertaking.** The Subscriber's agreement to enter into the Placement Agreement is on the basis that it receives certain assurances from OUE Limited ("**OUE**"), the controlling shareholder of the Company. In this regard, OUE has today entered into a Memorandum of Understanding (the "**MOU**") with the Subscriber in connection with the Placement Agreement. The MOU provides, among others, that:

- (a) OUE shall not sell or otherwise dispose of its or its subsidiaries' interest in the Shares such that it would cease to be the shareholder with the largest holding (direct or indirect) of the Shares, provided such an undertaking shall not restrict OUE or its subsidiaries from creating any security interest over such Shares to secure financing; and
- (b) OUE shall (or shall procure a related corporation to) purchase all of the Subscriber's interest in the Shares if certain financial-related trigger events concluded between OUE and the Subscriber and set out in the MOU occur, at the lower of the Subscriber's subscription price and the fair market value of the Shares (subject to certain adjustments), where such purchase is to take place within a specified period after the delivery of the Group's audited financial statements for its financial year ending 31 December 2020 and other related documents.

The MOU (and certain of OUE's obligations thereunder) will terminate upon certain agreed events, including if the Subscriber (together with its affiliates) ceases to hold at least 25% of the Company's share capital solely as a result of a sale of its interest in the Shares to any person.

5. USE OF PROCEEDS

- 5.1 The Company is undertaking the Placement to raise funds for corporate development and working capital purposes. Assuming Completion, the net proceeds from the Placement, after deducting expenses of approximately S\$1.3 million, will be approximately S\$77,450,000 (the "**Net Proceeds**"). The Company intends to use between 40 to 50% of the Net Proceeds for general working capital purposes, and the remaining Net Proceeds for the development of its healthcare business and healthcare related projects, which includes without limitation, potential acquisitions by the Group of healthcare businesses. Pending the deployment of the Net Proceeds, the Net Proceeds may be deposited with banks and/or financial institutions and/or invested in short-term money market instruments and/or marketable securities, and/or used for any other purposes on a short-term basis, as the Directors may, in their absolute discretion, deem fit in the interests of the Company.
- 5.2 The Company has undertaken that unless otherwise consented to in writing by the Subscriber, the proceeds of the Placement will not be used towards repayment of all or any part of the shareholder loans extended by Treasure International Holdings Pte. Ltd. and OUE Treasury Pte. Ltd. by way of the shareholders' loan agreements dated 24 February 2017 and 24 April 2017 respectively (as amended from time to time) (the "**OUE Shareholder's Loans**").
- 5.3 The Directors are of the opinion that, after taking into consideration the Company's present bank facilities, the working capital available to the Group is insufficient to meet its present requirements. The Directors are also of the opinion that after taking into consideration the Net Proceeds and the OUE Shareholder's Loans, the working capital available to the Group will be sufficient to meet its present requirements.
- 5.4 The Company will make periodic announcements on the utilisation of the Net Proceeds from the Placement as and when such funds are materially disbursed and provide a status report on the use of the Net Proceeds from the Placement in the Company's quarterly and full year financial statements issued under Rule 705 of the Catalist Rules and annual report. Where the Net Proceeds have been used for working capital purposes, the Company will disclose a breakdown with specific details on how the Net Proceeds have been applied. Where there is any material deviation from the stated use of Net Proceeds, the Company will announce the reasons for such deviation.

6. FINANCIAL EFFECTS OF THE PLACEMENT

- 6.1 As at the date of this announcement, the issued and paid-up share capital of the Company is S\$192.7 million, comprising 1,659,064,603 Shares. On Completion, the issued and paid-up share capital will increase to approximately S\$270.2 million comprising 2,221,564,603 Shares.
- 6.2 Based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2016:
- (a) assuming the Placement was completed on 1 January 2016 with all the Placement Shares being in issue during the period, the net loss per share of the Group after adjusting for the Placement Shares will decrease from 4.63 cents to 3.46 cents; and
 - (b) assuming the Placement was completed on 31 December 2016, the net asset value per share of the Group after adjusting for the Placement Shares and the net proceeds of the Placement will increase from 7.98 cents to 9.45 cents.
- 6.3 The financial effects of the Placement on the Group are for illustrative purposes only and are, therefore, not indicative of the actual financial performance or position of the Group after the completion of the Placement.

7. NO PROSPECTUS OR OFFER INFORMATION STATEMENT

The Placement will be undertaken pursuant to a private placement exemption under Section 272B of the Securities and Futures Act (Chapter 289) of Singapore. As such, no prospectus or offer information statement will be issued by the Company in connection with the Placement.

8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the directors or substantial shareholders of the Company have any interest, direct or indirect, in the Placement (save for their interests (if any) arising by way of their shareholdings and/or directorships, as the case may be, in the Company and/or OUE).

9. FURTHER ANNOUNCEMENTS

The Company will make further announcement(s) to update shareholders as and when appropriate.

In the meantime, shareholders of the Company and potential investors should note that the proposed Placement is subject to the fulfilment of, *inter alia*, the conditions precedent set out above and accordingly should exercise caution when trading in the shares, and where in doubt as to the action they should take, they should consult their financial, tax, legal or other professional advisers.

10. RESPONSIBILITY STATEMENT

- 10.1 The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Placement, the Company, and its subsidiaries and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading.
- 10.2 Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

By Order of the Board,

OUE Lippo Healthcare Limited

Dr. Wong Weng Hong

Chief Executive Officer and Executive Director

10 January 2018

This announcement has been prepared by OUE Lippo Healthcare Limited (formerly known as International Healthway Corporation Limited) (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).