

## OTHERS Response to article entitled "IHH in battle for Fortis again"

### IHH HEALTHCARE BERHAD

Type	Announcement
Subject	OTHERS
Description	Response to article entitled "IHH in battle for Fortis again"

Please refer attachment below.

#### Attachments

[IHH Announcement\\_Response to Article \(The Star\\_14 April 2018\).pdf](#)  
1.1 MB

---

#### Announcement Info

Company Name	IHH HEALTHCARE BERHAD
Stock Name	IHH
Date Announced	16 Apr 2018
Category	General Announcement for PLC
Reference Number	GA1-16042018-00018



IHH Healthcare Berhad

Company No. 901914-V  
(Incorporated in Malaysia)

**IHH HEALTHCARE BERHAD (“IHH” OR THE “COMPANY”)**

---

Type : General Announcement  
Subject : Others  
Description : Response to article entitled “IHH in battle for Fortis again”

We refer to the article entitled “IHH in battle for Fortis again” which was published in The Star, StarBizWeek section on Saturday, 14 April 2018.

The Board of Directors (“**Board**”) of IHH confirms that IHH had on 11 April 2018 issued a strictly non-binding letter (“**Letter**”) to the Board of Fortis Healthcare Limited (“**Fortis**”) expressing IHH’s interest to participate in Fortis and its affiliates in a suitable manner. A copy of the Letter is enclosed in this Announcement for ease of reference.

In response to the Letter, the Board of Fortis has indicated its inability to engage with IHH as Fortis has entered into binding agreements with Manipal Health Enterprises Private Limited, Manipal Global Health Services and TPG Asia.

At this juncture, IHH has not entered into any discussions, negotiations or transactions.

IHH will make appropriate announcement(s) to Bursa Malaysia Securities Berhad (“**Bursa Securities**”) in a timely manner in accordance with the Main Market Listing Requirements of Bursa Securities should there be any further material development on this matter.

The shareholders of IHH or investors should exercise caution and seek appropriate independent advice when dealing in the shares of IHH.



IHH Healthcare Berhad

**STRICTLY PRIVATE AND HIGHLY CONFIDENTIAL**

**NON-BINDING EXPRESSION OF INTEREST**

11 April 2018

The Board of Directors ("**Board**")  
Fortis Healthcare Limited  
Tower A, Unitech Business Park  
Block F, South 1, Sector 41  
Gurugram, Haryana 122001  
India

CC: Bhavdeep Singh, CEO

Dear Directors:

On behalf of the Board of Directors of IHH Healthcare Berhad ("**IHH**"), we are writing to communicate our strong interest of participation in Fortis Healthcare Limited ("**Company**" or "**Fortis**") and its affiliates in a suitable manner. As on date, based on publicly-available information and our preliminary analysis, we believe a price of up to INR 160 per Fortis share to be appropriate, subject to satisfactory completion of a limited due diligence.

Our request for such due diligence primarily stems from the inability of the statutory auditors of the Company to opine on its financial position as at 31 December 2017 and regulatory investigations that are currently underway.

We note that the Company has recently entered into an Implementation Agreement with Manipal Healthcare Enterprises Private Limited and TPG Capital for a transaction that involves various complex steps over a prolonged period. We believe that we could provide an alternative transaction construct, which in our view, would offer a better option to the Company's shareholders at an attractive valuation.

**Introducing IHH**

IHH is the world's 2<sup>nd</sup> largest provider of integrated healthcare services by market cap (USD ~13 billion as of date) and is the largest private healthcare provider in Asia. We operate healthcare facilities across 9 countries, via a network of 49 hospitals with more than 10,000 licensed beds as of March 2018. For over 40 years, our brands, "Mount Elizabeth", "Gleneagles", "Pantai", "Parkway" and "Acibadem" have established themselves as amongst the most visible and prestigious in Asia and Central and Eastern Europe, synonymous with best-in-class patient experience and clinical outcomes.

After Malaysia, Singapore and Turkey, India is our fourth home market. We have had an operating presence in India since 2002 and have invested north of USD 500m and currently operate a network of 1,600 beds across 6 hospitals and 3 medical centres, focusing on premium tertiary and quaternary care. IHH believes in the potential of the Indian healthcare story and we are fiercely committed towards expanding our Indian footprint. Our partnership represents the best way to deliver maximum value to our respective shareholders, as well as create a more efficient and competitive company, leveraging IHH's global private healthcare experience and leadership.

**IHH Healthcare Berhad (901914V)**

Level 11 Block A, Pantai Hospital Kuala Lumpur, 8 Jalan Bukit Pantai, 59100 Kuala Lumpur, Malaysia  
Tel: 603 2298 9898 Fax: 603 2298 9899



## IHH Healthcare Berhad

### **Current Situation of Fortis**

We have been following the public news regarding the developments at your Company and the issues with your former promoters. Based on our assessment of publicly-available information, we have set out below a summary of key issues which pose significant challenges to the Company and need to be swiftly addressed:

1. ongoing investigations by regulatory authorities in India such as the Securities and Exchange Board of India, the Enforcement Directorate, the Serious Fraud Investigation Office and the Registrar of Companies with respect to multiple red flags raised by its auditors;
2. tightened credit lines and a lack of liquidity is causing various problems in the Company's day to day operations;
3. a complex and inefficient holding structure requiring multiple payments at different levels among others, including those to RHT Health Trust ("RHT"), is majorly impacting the Company's profitability;
4. operational performance of the Company has been tepid vis-à-vis its peers;
5. inability to access funds in the equity capital markets;
6. litigation against the former promoters of the Company and lack of capital have created roadblocks for the consummation of strategic transactions such as the demerger of SRL Limited and acquisition of the assets of RHT for nearly 2 years; and
7. the Board has seen a high level of turnover. The present reduced size of the Board, for a public listed company of this scale and size, has adversely impacted decision-making.

Given the above developments, the Company's prospects appear uncertain.

### **IHH's Value Proposition**

At this critical juncture, the Company needs a visionary strategic partner with significant operational expertise and sufficient balance sheet strength, to navigate troubled waters and steer the Company in the right direction. IHH brings an impeccable reputation, high corporate governance standards, deep financial resources and strong operational expertise honed through successfully running hospitals globally coupled with a proven track record in India and will be the best suited partner for the Company to tide through the current crisis.

As part of our proposal, IHH will work with the Board and the management of the Company to identify optimal financing solutions to enable the Company to fulfill its commitments during this challenging phase and stay afloat.

We pride ourselves on upholding the highest standards of corporate governance and ethics and are keen to render all necessary assistance and support to the ongoing investigations in order to bring swift closure to these investigations. Separately, given the inability of the auditors of the Company to conclude or sign off on the financial results, IHH will also assist in conducting independent investigations. IHH believes this will enable the Company to rebuild trust with stakeholders and move ahead with renewed strength, towards a new growth phase.

Due to the value represented by our proposal, we expect the Fortis Board to engage in a full review of our proposal bearing in mind your fiduciary duty to protect and maximize shareholder value. The IHH leadership team would be happy to make themselves available, together with our advisors, to meet with you at your earliest convenience and take this proposal forward.

### **IHH Healthcare Berhad (901914V)**

Level 11 Block A, Pantai Hospital Kuala Lumpur, 8 Jalan Bukit Pantai, 59100 Kuala Lumpur, Malaysia  
Tel: 603 2298 9898 Fax: 603 2298 9899



IHH Healthcare Berhad

This letter only represents our expression of interest and cannot be relied on, is non-binding and any further discussions or negotiations in this regard would not be considered as a commitment, offer, invitation to offer or agreement or assurance by us to enter into such transaction or legal commitments to consummate any transaction which will be subject to completion of satisfactory limited due diligence and execution of appropriate legal documentation to be discussed between us.

This letter is neither meant to be accepted nor capable of acceptance to create legally binding obligations. IHH shall always have the right to withdraw this letter and terminate discussions at any time, without any reason or prior notice, at its sole discretion.

The letter and its contents are strictly confidential and shall not be disclosed or disseminated to any person without our prior consent.

Please let us hear from you no later than 5pm IST on 18 April 2018. Notwithstanding anything in this letter, given the ever-changing competitive dynamics, IHH reserves the right to pursue all necessary steps to ensure that the shareholders of Fortis are provided with the opportunity to realize the value inherent in our proposal including the right to revise the indicative offer price in any manner, IHH deems fit.

Sincerely yours,

**For and on behalf of  
IHH Healthcare Berhad**



---

Dr Tan See Leng  
Managing Director and Group Chief Executive Officer