

NEW ISSUE OF SECURITIES (CHAPTER 6 OF LISTING REQUIREMENTS) : ESOS PROPOSED ESTABLISHMENT OF AN ENTERPRISE OPTION SCHEME ("SCHEME") OF UP TO TWO PERCENT (2%) OF THE ISSUED AND PAID-UP SHARE CAPITAL (EXCLUDING TREASURY SHARES) OF IHH HEALTHCARE BERHAD AT ANY TIME DURING THE EXISTENCE OF THE SCHEME ("PROPOSED EOS")

IHH HEALTHCARE BERHAD

Type	Announcement
Subject	NEW ISSUE OF SECURITIES (CHAPTER 6 OF LISTING REQUIREMENTS) ESOS
Description	PROPOSED ESTABLISHMENT OF AN ENTERPRISE OPTION SCHEME ("SCHEME") OF UP TO TWO PERCENT (2%) OF THE ISSUED AND PAID-UP SHARE CAPITAL (EXCLUDING TREASURY SHARES) OF IHH HEALTHCARE BERHAD AT ANY TIME DURING THE EXISTENCE OF THE SCHEME ("PROPOSED EOS")

The Board of Directors of IHH Healthcare Berhad ("IHH" or "Company") wishes to announce that the Company proposes to undertake the Proposed EOS.

Please refer to the attachment for further details of the Proposed EOS.

This Announcement is dated 27 April 2015.

Please refer attachment below.

Attachments

[1_IHH_Announcement_Proposed Enterprise Option Scheme_27042015.pdf](#)
289.1 kB

Announcement Info

Company Name	IHH HEALTHCARE BERHAD
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IHH HEALTHCARE BERHAD (“IHH” OR “COMPANY”)

PROPOSED ESTABLISHMENT OF AN ENTERPRISE OPTION SCHEME (“SCHEME”) OF UP TO TWO PERCENT (2%) OF THE ISSUED AND PAID-UP SHARE CAPITAL (EXCLUDING TREASURY SHARES) OF THE COMPANY AT ANY TIME DURING THE EXISTENCE OF THE SCHEME

1. INTRODUCTION

The Board of Directors of IHH (“**Board**”) wishes to announce that the Company proposes to establish an enterprise option scheme of up to two percent (2%) of the issued and paid-up share capital (excluding treasury shares) of IHH at any time during the existence of the Scheme for the Executive Directors and selected senior management of IHH and its subsidiaries (excluding dormant subsidiaries) (“**Group Company**”) (“**Employee(s)**”) (“**Proposed EOS**”).

2. DETAILS OF THE PROPOSED EOS

The Proposed EOS will involve the granting of options to subscribe for new ordinary shares of RM1.00 each in IHH (“**IHH Shares**” or “**Shares**”) (“**Options**”) to the Employee(s) as the Board may decide and select at its discretion and who meet the criteria of eligibility to participate in the Scheme (“**Entitled Person(s)**”), in accordance with the bye laws governing the Scheme (“**Bye Laws**”).

The Proposed EOS will be administered by the Board, whom may from time to time delegate all or any part of its authority under the Scheme to a committee comprised of not less than three (3) of its members appointed by the Board. Under the Proposed EOS, an Entitled Person may, at the discretion of the Board, be offered certain number of Options (“**Offer**”) upon such terms and conditions as the Board may decide from time to time.

The salient terms and conditions of the Proposed EOS are as follows:

2.1 Maximum number of new Shares under the Proposed EOS

The maximum number of new Shares to be allotted and issued under the Scheme shall not exceed in aggregate two percent (2%) of the issued and paid-up share capital (excluding treasury shares) of the Company at any time during the existence of the Scheme.

2.2 Basis of allotment and maximum allowable allotment

The aggregate number of Entitled Persons who are entitled to participate in the Scheme and the maximum number of Options that may be granted to each Entitled Person shall be determined at the sole discretion of the Board, subject to the following:

- (i) the allocation to any Entitled Person who have accepted an Offer (“**Participants**”), who either singly or collectively through persons connected to him/her, holds twenty percent (20%) or more of the issued and paid-up share capital of IHH, does not exceed in aggregate ten percent (10%) of the total number of new Shares to be issued under the Scheme; and
- (ii) the Directors and senior management of IHH must not participate in the deliberation or discussion of their own allocation under the Scheme,

provided always that it is in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**"), any prevailing guidelines, rules, regulations or requirements as amended from time to time issued by any other relevant regulatory authorities.

The actual number of Options which may be offered to any Entitled Person shall be at the discretion of the Board provided that the number of Options so offered shall not be less than 1,000 Options and not more than the maximum number of Options that may be allocated to such Entitled Person pursuant to the Applicable Laws⁽¹⁾ and shall be in multiples of 1,000 Options.

The Board may, from time to time, determine at its discretion after an Offer is made to an Entitled Person, make subsequent Offer to such Entitled Person whom have accepted the previous Offer provided that the maximum number of Options that may be allocated to such Entitled Person pursuant to the Applicable Laws has not been reached and provided further that such subsequent Offer will not result in a breach of the limitation under the Scheme. Notwithstanding the above, the Board has the discretion not to make further Offer regardless of the amount of the available Options that can be allocated to the Entitled Persons under the Scheme.

The Options granted will vest in the Participant over a three (3) year period, in equal proportion (or substantially equal proportion) each year. Options that have been vested in a Participant may be exercised at any time during the duration of the Scheme, provided that the Options shall be exercised in multiples of 1,000 Options or at any other terms determined by the Board from time to time.

2.3 Eligibility

Any Employee who has been selected by the Board at its discretion, shall be eligible to participate in the Scheme, if as at the date of the written offer to an Entitled Person in accordance with the Bye Laws ("**Offer Date**"), the Employee:

- (i) has attained the age of eighteen (18) years;
- (ii) is in the full time employment and payroll of a Group Company including contract employees or in the case of a Director, is on the board of directors of a Group Company;
- (iii) falls within such other categories and criteria that the Board may from time to time at its absolute discretion determine,

⁽¹⁾ Applicable Laws means requirements relating to the Scheme or equivalent scheme under applicable Malaysian company and securities laws, the Listing Requirements, rules and regulations of Bursa Securities, any guidelines prescribed by any Malaysian regulatory authority having jurisdiction for the time being to regulate share issuance scheme and the applicable laws of any other country or jurisdiction where Options are granted under the Scheme, as such laws, rules, regulations, requirements and guidelines shall be in place from time to time.

provided always that the selection of any Entitled Person for participation in the Scheme shall be at the discretion of the Board (save that no Offer shall be made to a Director of the Company or a person connected to a major shareholder or Director of the Company unless such Offer and the respective allotment of Shares pursuant to the exercise of Option have previously been approved by the shareholders of the Company in a general meeting) and the decision of the Board shall be final and binding. For avoidance of doubt, the eligibility of an Entitled Person shall not be affected by serving a notice to resign until the resignation becomes effective.

Where an Entitled Person is both an employee and a Director of a Group Company, such Entitled Person shall only be eligible to participate in the Scheme in such category(ies) of Entitled Person as determined by the Board.

2.4 Duration

The Scheme shall be in force for a period of ten (10) years from the date on which the Scheme comes into force as provided in the Bye Laws ("**Adoption Date**"). The effective date of the Scheme shall be the date of full compliance with all relevant requirements of the Listing Requirements in relation to the Proposed EOS, subject to the Bye Laws. The Board shall be entitled to terminate the Scheme prior to the expiry of the aforementioned duration.

2.5 Exercise Price

Subject to such adjustment as may be made in accordance with the Bye Laws and Applicable Laws, the exercise price for a Share comprised in each Option granted at any time ("**Exercise Price**") shall be determined by the Board which shall be based on the higher of:

- (i) the five (5)-day weighted average market price of the Shares a day immediately preceding the Offer Date with a discount of not more than ten percent (10%) or such other percentage of discount as may be permitted by Bursa Securities or any other relevant authorities from time to time (subject to the discretion of the Board to grant the discount); or
- (ii) the par value of the Shares.

2.6 Ranking of the new Shares arising from the exercise of the Options

The new Shares to be allotted and issued upon exercise of the Options shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing issued and fully paid-up Shares provided that if there is any right to participate in any rights or bonus issue, allotment, dividends or distributions, the new Shares shall rank *pari passu* with the then existing Shares only if the date of the issue of the new Shares is on or before the relevant entitlement date.

The Participants shall not be entitled to exercise any voting rights in respect of any Shares nor to receive any notice of general meetings of the Company unless the new Shares have been credited into the securities account of the Participants pursuant to the exercise of Options prior to the record date to receive notice of general meetings of the Company and to vote thereat.

2.7 Listing of and quotation for the new Shares

An application will be made to Bursa Securities for the listing of and quotation for the new Shares to be issued pursuant to the exercise of the Options, primarily on the Main Market of Bursa Securities. The new Shares to be issued will also be secondarily listed on the Main Board of Singapore Exchange Securities Trading Limited.

2.8 Retention period

The Shares allotted and issued or transferred to the Participants pursuant to the exercise of any Option under the Scheme will not be subject to any retention period. However, the Participants are encouraged to hold the Shares as a long-term investment and not for any speculative and/or realisation of immediate gain.

3. UTILISATION OF PROCEEDS

The actual proceeds to be received pursuant to the exercise of the Options will depend on the actual number of Options granted and exercised and the Exercise Price. Therefore, the amount of proceeds to be raised from the exercise of the Options and the timeframe for utilisation of such cash proceeds cannot be determined at this juncture.

The proceeds to be raised from the exercise of the Options will be utilised for capital expenditure, acquisitions, debt servicing and/or working capital requirements of IHH and its subsidiaries (“**IHH Group**” or “**Group**”). The exact details of the utilisation of such proceeds, including the breakdown as well as the timeframe for the utilisation cannot be accurately ascertained at this juncture as it will depend on the actual proceeds raised based on the actual number of Options exercised and the Exercise Price.

4. INFORMATION ON EXISTING EMPLOYEE SHARE ISSUANCE SCHEMES

The IHH Group has established the following employee share issuance schemes:

- (i) Equity participation plan (“**EPP**”) of IHH beginning from 25 March 2011 and expiring on 24 March 2016;
- (ii) Long term incentive plan (“**LTIP**”) of IHH (“**IHH LTIP**”) beginning from 25 March 2011 and expiring on 24 March 2021;
- (iii) LTIP of Parkway Holdings Limited (“**Parkway**”) (“**Parkway LTIP**”) beginning from 21 April 2011 and expiring on 24 March 2021;
- (iv) LTIP of Pantai Holdings Berhad (“**Pantai**”) (“**Pantai LTIP**”) beginning from 24 May 2011 and expiring on 24 March 2021; and
- (v) LTIP of IMU Health Sdn Bhd (“**IMU Health**”) (“**IMU Health LTIP**”) beginning from 25 August 2011 and expiring on 24 March 2021.

(IHH LTIP, Parkway LTIP, Pantai LTIP, and IMU Health LTIP are collectively referred to as the “**LTIPs**”).

The salient features of the EPP and LTIPs are as follows:

4.1 EPP

Pursuant to the EPP, the Company will make available new Shares not exceeding five percent (5%) of the issued and paid-up share capital of the Company at any time during the subsistence of the EPP, to be issued pursuant to the exercise of the EPP options granted under the EPP to the eligible employees (including any Director (executive and non-executive)) of the IHH Group. Eligible employees are employees that are in full time employment and on the payroll of the IHH Group including contract employees or in the case of a director, is on the board of directors of the Group Company or persons that fall within other categories or criteria that the Board may determine from time to time, at its absolute discretion.

The EPP options granted will vest in the participants over a four (4) year period, with two-thirds (2/3) of the options to be vested in equal proportions on a yearly basis on each anniversary of the date of grant over such four (4) year period and the remaining one-third (1/3) to be vested in equal proportions on the same basis upon the IHH Group meeting the performance target for each vesting, as determined by the Board at its own discretion on a yearly basis. The exercise price as at the initial grant of the EPP option shall be RM2.00 only, which shall be increased by ten percent (10%) over each subsequent twelve (12) months period based on a compounded annual growth rate.

The number of EPP options granted, vested, exercised, lapsed/cancelled and outstanding since the commencement of the EPP up to 31 March 2015 ("LPD") are as follows:

	Number of EPP options				
	Granted	Vested	Exercised	Lapsed/ Cancelled	Outstanding
EPP	149,000,000	139,500,000	125,249,998	9,250,000	14,500,002

The number of EPP options granted to the Directors of IHH and are vested, exercised, lapsed/cancelled and outstanding since the commencement of the EPP up to the LPD are as follows:

	Number of EPP options				
	Granted	Vested	Exercised	Lapsed/ Cancelled	Outstanding
Directors of IHH	41,500,000	41,500,000	40,500,000	0	1,000,000

Subject to the applicable laws as stipulated in the bye laws governing the EPP, the total number of Shares which may be issued under the EPP to a participant who either singly or collectively with persons connected with him/her, owns twenty percent (20%) or more of the issued and paid-up share capital of IHH, shall not exceed in aggregate ten percent (10%) of the total number of Shares to be issued under the EPP. Since the commencement of the EPP and up to the LPD, the number of EPP options granted to the Directors and senior management of IHH amounted to thirty-five percent (35%) of the total EPP options granted.

4.2 LTIPs

Pursuant to the LTIPs, IHH will make available new Shares not exceeding in aggregate two percent (2%) of the issued and paid-up share capital of the Company at any time during the subsistence of the LTIPs, to be issued pursuant to the surrender of the LTIP units granted under the respective LTIP to the eligible employees of the Company, Parkway, Pantai and IMU Health and their respective subsidiaries. Eligible employees are employees that are in full time employment and on the payroll of the IHH Group including contract employees for at least six (6) months or persons that fall within other categories or criteria that the Board may determine from time to time, at its absolute discretion.

The LTIP units granted will vest in the grantees over a three (3) year period, in equal proportion each year. The holder of the LTIP unit will, upon surrender of the LTIP unit, be allotted and issued with such number of new Shares equivalent to the number of LTIP units. Eligible employees who are offered LTIP units but have elected to opt for an alternative option shall automatically receive cash benefit in lieu of the LTIP units to be redeemed by the Company over a period of three (3) years, in equal proportion each year.

The number of LTIP units granted, vested and surrendered, lapsed/cancelled and outstanding under the LTIPs since the commencement of the respective LTIPs up to the LPD are as follows:

	Number of LTIP units			
	Granted	Vested and Surrendered	Lapsed/ Cancelled	Outstanding
IHH LTIP	7,332,000	3,394,000	0	3,938,000
Parkway LTIP	31,399,000	18,862,000	4,879,000	7,658,000
Pantai LTIP	2,287,759	1,187,163	576,596	524,000
IMU Health LTIP	1,023,973	441,134	27,491	555,348

The number of LTIP units granted to the Directors of IHH and are vested and surrendered, lapsed/cancelled and outstanding since the commencement of the respective LTIPs up to the LPD are as follows:

	Number of LTIP units			
	Granted	Vested and Surrendered	Lapsed/ Cancelled	Outstanding
Directors of IHH	8,596,000	4,490,000	0	4,106,000

Subject to the applicable laws as stipulated in the bye laws governing the respective LTIPs, the total number of Shares which may be issued under the LTIPs to a participant who either singly or collectively with persons connected with him/her, owns twenty percent (20%) or more of the issued and paid-up share capital of IHH, shall not exceed in aggregate ten percent (10%) of the total number of Shares to be issued under the LTIPs. Since the commencement of the LTIPs and up to the LPD, the number of LTIP units granted to the Directors and senior management of IHH amounted to fifty percent (50%) of the total LTIP units granted.

5. RATIONALE FOR THE PROPOSED EOS

The Board is proposing to establish the Proposed EOS as part of the IHH Group's total reward strategy in providing the right remuneration and benefits to its key executives. The Proposed EOS provides the IHH Group with the flexibility to determine the most appropriate instrument or combination of instruments to be granted as part of the IHH Group's effort to motivate, reward and retain the Entitled Persons. Together with the Group's existing share issuance schemes, the Proposed EOS serves as a long term incentive plan that will form part of the total remuneration package of the Entitled Persons.

The Proposed EOS is intended to:

- (i) retain and motivate the Entitled Persons towards superior performance whilst balancing both shareholders' and organisation's interest;
- (ii) incentivise the Entitled Persons to continue to drive the IHH Group's performance to achieve the desired objectives;
- (iii) cultivate entrepreneurship behaviour and concerted teamwork in working towards the IHH Group's objectives and key performance targets; and
- (iv) attract potential senior executives to join the Group Company.

6. EFFECTS OF THE PROPOSED EOS

6.1 Issued and paid-up share capital

The Proposed EOS is not expected to have any immediate effect on the issued and paid-up share capital of IHH. The issued and paid-up share capital of IHH will increase progressively depending on the number of new Shares to be issued arising from the exercise of the Options.

6.2 Earnings and earnings per Share ("EPS")

In accordance with the Malaysian Financial Reporting Standards 2 ("**MFRS 2**") on "share-based payment" issued by the Malaysian Accounting Standards Board, the cost arising from the granting of Options is required to be measured at fair value on the grant dates and recognised as an expense in the IHH Group's statements of profit or loss and other comprehensive income over the vesting period of the Options. Any potential effect on the consolidated earnings and EPS of the IHH Group would depend on the number of Options granted and exercised at the relevant point in time, the Exercise Price payable upon the exercise of the Options, and the fair value of the Options on the respective grant dates. Furthermore, the Proposed EOS will have a dilutive effect on the IHH Group's EPS due to the increase in the number of Shares resulting from the allotment and issuance of new Shares pursuant to the exercise of the Options.

The Board has taken note of the potential impact of MFRS 2 on the IHH Group's future earnings and will take into consideration of such impact in the allocation and granting of the Options.

6.3 Net assets (“NA”), NA per Share and gearing

Save for the potential impact of the MFRS 2 as set out in Section 6.2 of this Announcement, the Proposed EOS is not expected to have any immediate effect on the consolidated NA, NA per Share and gearing of the IHH Group until such time when the Options are exercised. The effects will depend on, among others, the number of new Shares to be issued upon exercise of the Options and the Exercise Price.

6.4 Substantial shareholders’ shareholding

The Proposed EOS is not expected to have any immediate effect on the substantial shareholders’ shareholding in the Company until and unless new Shares are issued pursuant to the exercise of the Options. Any potential effect on IHH’s substantial shareholders’ shareholding will depend on the number of new Shares to be issued pursuant to the exercise of the Options.

6.5 Convertible securities

The Proposed EOS is not expected to have any effect on the terms and conditions of the LTIPs and EPP.

7. APPROVALS REQUIRED

The Proposed EOS is subject to the following approvals being obtained:

- (i) Bursa Securities for the listing of and quotation for the new Shares to be issued pursuant to the exercise of the Options on the Main Market of Bursa Securities;
- (ii) the shareholders of the Company at an extraordinary general meeting (“**EGM**”) to be convened; and
- (iii) any other relevant authorities/parties, if required.

8 INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

The following Executive Directors of IHH are deemed interested in the Proposed EOS to the extent of their respective allocations by virtue of their eligibility to participate in the Proposed EOS:

- (i) Tan Sri Dato’ Dr Abu Bakar bin Suleiman, in his capacity as the Non-Independent Executive Chairman;
 - (ii) Dr Tan See Leng, in his capacity as the Managing Director and Chief Executive Officer; and
 - (iii) Mehmet Ali Aydinlar, in his capacity as the Non-Independent Executive Director,
- (collectively referred to as “**Interested Directors**”).

The Board has deliberated on the Proposed EOS as a whole at the relevant Board meetings and has agreed to present the Proposed EOS to the shareholders of the Company for their consideration and approval. In respect of any specific allocation of Options to the Interested Directors, the respective Interested Directors have abstained and will continue to abstain from all Board's deliberation and voting. In addition, the respective Interested Directors shall also abstain and undertake to ensure that persons connected with them will abstain from voting in respect of their direct and/or indirect shareholdings, if any, at the EGM to be convened in respect of the resolutions to be tabled for their respective proposed allocation.

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

As at the LPD, the direct and indirect shareholdings of the Interested Directors in the Company are as follows:

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Tan Sri Dato' Dr Abu Bakar bin Suleiman	2,760,000	0.03	-	-
Dr Tan See Leng	19,127,500	0.23	-	-
Mehmet Ali Aydinlar	173,741,000	2.12	88,910,861 ⁽¹⁾	1.08

Note:

⁽¹⁾ Deemed interested by virtue of his spouse's shareholdings in the Company and SZA Gayrimenkul Yatirim Insaat ve Ticaret A.S.'s (a company wholly-owned by Mehmet Ali Aydinlar and his spouse) shareholding in the Company pursuant to Section 6A of the Companies Act, 1965.

9. DIRECTORS' STATEMENT

The Board (save for the Interested Directors in respect of their respective allocations and/or the allocation to persons connected to them under the Scheme) having considered all aspects of the Proposed EOS (including but not limited to the rationale and effects of the Proposed EOS), is of the opinion that the Proposed EOS is in the best interest of the IHH Group.

10. ADVISER

Maybank Investment Bank Berhad has been appointed as Adviser to IHH for the Proposed EOS.

11. ESTIMATED TIMEFRAME FOR SUBMISSION TO AUTHORITIES AND COMPLETION

Barring any unforeseen circumstances, the application to Bursa Securities for the listing of and quotation for the new Shares to be issued pursuant to the exercise of the Options will be made within one (1) month from the date of this Announcement.

Barring any unforeseen circumstances and subject to the receipt of all the approvals of the relevant authorities, the Proposed EOS is expected to be established by the second (2nd) half of 2015.

This Announcement is dated 27 April 2015.