

TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS) : RELATED PARTY TRANSACTIONS IHH HEALTHCARE BERHAD ("IHH" OR "THE COMPANY")
Acquisition by IHH, through its wholly-owned subsidiary, Integrated Healthcare Hastaneler Turkey Sdn Bhd, of approximately 30% additional equity interest in Acibadem Saglik Yatirimlari Holding A.S.

IHH HEALTHCARE BERHAD

Type	Announcement
Subject	TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS) RELATED PARTY TRANSACTIONS
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Please refer attachment below.

Attachments

[IHH_Acquisition of Approximately 30 percent Equity Interest in ASYH.pdf](#)
123.6 kB

Announcement Info

Company Name	IHH HEALTHCARE BERHAD
Stock Name	IHH
Date Announced	08 Oct 2018
Category	General Announcement for PLC
Reference Number	GA1-08102018-00088

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

ACQUISITION BY IHH, THROUGH ITS WHOLLY-OWNED SUBSIDIARY, INTEGRATED HEALTHCARE HASTANELER TURKEY SDN BHD (“IHH TURKEY”), OF APPROXIMATELY 30% ADDITIONAL EQUITY INTEREST IN ACIBADEM SAGLIK YATIRIMLARI HOLDING A.S. (“ACIBADEM HOLDING”), AN EXISTING 60%-OWNED SUBSIDIARY OF IHH, THROUGH:

- (i) THE EXERCISE BY MEHMET ALI AYDINLAR (“MAA”) AND HATICE SEHER AYDINLAR (“HSA”) OF THE OPTION (“AYDINLAR OPTION”) UNDER THE SHAREHOLDERS’ AGREEMENT DATED 23 DECEMBER 2011 ENTERED BETWEEN IHH, IHH TURKEY, BAGAN LALANG VENTURES SDN BHD (“BAGAN LALANG”), MAA AND HSA (“SHAREHOLDERS’ AGREEMENT”) HELD BY MAA AND HSA (COLLECTIVELY “AYDINLAR”) TO CONVERT THEIR CLASS A SHARES IN ACIBADEM HOLDING (“ACIBADEM CLASS A SHARES”) REPRESENTING APPROXIMATELY 15% EQUITY INTEREST IN ACIBADEM HOLDING INTO NEW ORDINARY SHARES IN IHH (“IHH SHARES”) (“AYDINLAR ACQUISITION”);
- (ii) THE EXERCISE BY BAGAN LALANG OF THE OPTION (“BAGAN LALANG OPTION”) UNDER THE SHAREHOLDERS’ AGREEMENT HELD BY BAGAN LALANG TO CONVERT ITS CLASS B SHARES IN ACIBADEM HOLDING (“ACIBADEM CLASS B SHARES”) REPRESENTING APPROXIMATELY 15% EQUITY INTEREST IN ACIBADEM HOLDING INTO NEW IHH SHARES (“BAGAN LALANG ACQUISITION”); AND
- (iii) THE TRANSFER OF THE REMAINING 1 ACIBADEM CLASS B SHARE IN ACIBADEM HOLDING HELD BY BAGAN LALANG TO IHH TURKEY AT NO CONSIDERATION (“BAGAN LALANG TRANSFER”),

COLLECTIVELY REFERRED TO AS THE “ACQUISITION”.

1. INTRODUCTION

Reference is made to the details of the Shareholders’ Agreement which has been previously disclosed in Section 15 of the IHH Prospectus dated 2 July 2012 issued pursuant to its initial public offering (“IPO”) and then again subsequently at page 171 of the 2017 IHH Annual Report.

Pursuant to the Shareholders’ Agreement, Aydinlar has an option to convert up to 15% equity interest in Acibadem Holding into new IHH Shares at any time after the IPO during a period of ten years from 24 January 2012. Subject to Aydinlar exercising the Aydinlar Option, Bagan Lalang has the option to convert up to 15% equity interest in Acibadem Holding into new IHH Shares on identical terms.

The Board of Directors of IHH wishes to announce that Aydinlar and Bagan Lalang have exercised the Aydinlar Option and Bagan Lalang Option respectively and consequently IHH, through its wholly-owned indirect subsidiary, IHH Turkey, will acquire approximately 30% equity interest in Acibadem Holding (an existing 60%-owned subsidiary held through IHH Turkey) through:

- (i) the exercise by MAA and HSA of the Aydinlar Option. MAA and HSA have served a notice requesting to convert a total of 229,199,999 Acibadem Class A Shares (i.e. 212,719,852 Acibadem Class A Shares for MAA and 16,480,147 Acibadem Class A Shares for HSA) representing approximately 15% equity interest (“**Aydinlar Acibadem Conversion Shares**”) in Acibadem Holding for 262,246,412 new IHH Shares (“**Aydinlar Final Conversion Notice**”) on 8 October 2018;
- (ii) the exercise by Bagan Lalang of the Bagan Lalang Option. Bagan Lalang has served a notice requesting to convert a total of 229,199,999 Acibadem Class B Shares representing approximately 15% equity interest (“**Bagan Lalang Acibadem Conversion Shares**”) in Acibadem Holding for 262,246,412 new IHH Shares (“**Bagan Lalang Conversion Notice**”) on 8 October 2018; and

- (iii) the transfer of the remaining 1 Acibadem Class B Share in Acibadem Holding ("**Bagan Lalang Remaining Share**") held by Bagan Lalang to IHH Turkey at no consideration. Bagan Lalang has through the Bagan Lalang Conversion Notice, stated its intention to concurrently with the completion of the Bagan Lalang Option, undertake the Bagan Lalang Transfer.

(Acibadem Class A Shares and Acibadem Class B Shares are both referred to as "**Acibadem Shares**").

2. DETAILS OF THE ACQUISITION

2.1 Details of the Acquisition

2.1.1 Aydinlar Acquisition and Bagan Lalang Acquisition

- (a) Under the Aydinlar Option, Aydinlar has the option to convert such number of Acibadem Class A Shares that they hold representing up to 15% equity interest in Acibadem Holding into new IHH Shares at any time after the IPO for a period of ten (10) years from 24 January 2012. Subject to Aydinlar exercising the Aydinlar Option, Bagan Lalang can exercise the Bagan Lalang Option.
- (b) On 8 October 2018, IHH received the Aydinlar Final Conversion Notice from MAA and HSA setting forth their intention to convert the Aydinlar Acibadem Conversion Shares. Based on the Shareholders' Agreement, 262,246,412 new IHH Shares are to be issued to MAA and HSA and this number was determined on the basis as detailed in Section 2.2 of this announcement.
- (c) On even date, IHH also received the Bagan Lalang Conversion Notice from Bagan Lalang setting forth its intention to convert the Bagan Lalang Acibadem Conversion Shares and to nominate Pulau Memutik Ventures Sdn Bhd ("**Pulau Memutik**"), which is a wholly-owned subsidiary of Khazanah Nasional Berhad ("**Khazanah**"), to receive the new IHH Shares. Based on the Shareholders' Agreement, the exercise of the Bagan Lalang Option shall mirror exactly the exercise of the Aydinlar Option and shall be subject to identical terms and procedures mutatis mutandis including without limitation to the number of Acibadem Shares to be converted by Aydinlar pursuant to the Aydinlar Option. As such, 262,246,412 new IHH Shares are to be issued to Pulau Memutik and this number was determined on the basis as detailed in Section 2.2 of this announcement.
- (d) The Shareholders' Agreement specifies the maximum and minimum number of new IHH shares ("**Share Range**") that the Acibadem Shares can be converted into, which is calculated by reference to the share consideration price ("**Original Price**") as specified under the Share Purchase Agreement dated 23 December 2011 ("**SPA**") entered into between MAA, HSA, Almond Holding Cooperatie U.A., Abraaj SPV 44 Limited, IHH, IHH Turkey, Bagan Lalang and Acibadem Holding.
- (e) The Share Range is calculated as a maximum of 20% more, or a minimum of 20% less, than the number of IHH Shares that the Acibadem Shares would have converted into using the Original Price, adjusted for any impact of subsequent capital increases or changes to the capital after the date of the SPA.

- (f) The total number of new IHH Shares that may be issued to Aydinlar under the Share Range, upon the exercise of the Aydinlar Option for the Aydinlar Acibadem Conversion Shares is between a minimum of 262,246,412 and a maximum of 393,369,617 IHH Shares. The exercise of the Bagan Lalang Option is subject to the same range of minimum and maximum IHH Shares.
- (g) Pursuant to the Aydinlar Final Conversion Notice and Bagan Lalang Conversion Notice, IHH is obliged to perform the conversion by allotting and issuing new IHH Shares to MAA, HSA and Pulau Memutik respectively no later than thirty (30) business days from 8 October 2018 (provided always that IHH has fulfilled any legal and applicable regulatory requirements, including obtaining any regulatory approvals applicable to the Aydinlar Acquisition and Bagan Lalang Acquisition). The new IHH Shares will be issued and credited as fully paid shares and free from any encumbrance.
- (h) The new IHH Shares, upon allotment and issue, shall rank pari passu in all respect with existing IHH Shares, save and except that the new IHH Shares shall not be entitled to any dividends, rights, allotments and/or other distributions that may be declared by IHH on the entitlement date of which is before the date of allotment of the new IHH Shares.
- (i) The new IHH Shares to be issued pursuant to the Aydinlar Acquisition and Bagan Lalang Acquisition shall be primarily listed on the Main Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and secondarily listed on the Main Board of Singapore Exchange Securities Trading Limited ("**SGX-ST**").
- (j) On completion of the Aydinlar Acquisition and Bagan Lalang Acquisition, the Aydinlar Acibadem Conversion Shares and the Bagan Lalang Acibadem Conversion Shares will be transferred by Aydinlar and Bagan Lalang respectively to IHH Turkey and Acibadem Holding will become an approximately 90%-owned indirect subsidiary of IHH.

On 11 July 2012, the members of IHH had passed a resolution, approving, among others, the allotment and issuance to MAA, HSA and/or SZA Gayrimenkul Yatirim Insaat Ve Ticaret A.S. and Bagan Lalang (and/or any person nominated by them respectively) such number of new IHH Shares subject to and in accordance with the terms of the Shareholders' Agreement.

2.1.2 Details of the Bagan Lalang Transfer

The exercise of the Bagan Lalang Option by Bagan Lalang will result in Bagan Lalang's shareholding in Acibadem Holding to be reduced from 229,200,000 Acibadem Class B Shares to 1 Acibadem Class B Share. As such and to facilitate a complete exit of its investment in Acibadem Holding, Bagan Lalang has through the Bagan Lalang Conversion Notice, stated its intention to concurrently with the completion of the Bagan Lalang Option, undertake the Bagan Lalang Transfer at no consideration to IHH.

Please refer to **Appendix I** for the illustration on the corporate structure of our Company before and after the completion of the Acquisition.

2.2 Basis of arriving at the fair value and determining the number of new IHH Shares to be issued and justification for issuance of securities

- (a) The number of new IHH Shares to be issued is computed in accordance with the terms of the Shareholders' Agreement, based on the relative fair market value ("**FMV**") of the Acibadem Shares and IHH Shares, subject to the Share Range.
- (b) The Board of Directors of IHH has engaged Deutsche Bank AG, Singapore Branch ("**Deutsche Bank**") as its financial adviser and to prepare a valuation analysis of Acibadem Holding. Deutsche Bank is of the view that 100% equity of Acibadem Holding has a range of equity values of between Turkish Lira ("**TL**") 5.5 billion and TL7.0 billion as at 29 August 2018, which is based on the valuation methodologies and subject to assumptions and limitations as set out in the valuation letter dated 7 September 2018 issued by Deutsche Bank.
- (c) On 30 August 2018, IHH Turkey, MAA and HSA, through their official representatives, mutually agreed on the FMV for 100% equity of Acibadem Holding of TL5.5 billion to TL7.0 billion.
- (d) The FMV of IHH Shares of RM5.59 per IHH Share was based on the 5 market day volume weighted average price of IHH Shares traded on Bursa Securities up to and including 29 August 2018.
- (e) Based on the above FMVs and taking into account the Share Range, MAA will be issued 243,390,132 new IHH Shares, HSA will be issued 18,856,280 new IHH Shares and Pulau Memutik will be issued with 262,246,412 new IHH Shares as a result of the Aydinlar Acquisition and Bagan Lalang Acquisition.

3. BACKGROUND INFORMATION ON MAA, HSA, BAGAN LALANG AND ACIBADEM HOLDING

3.1 Information on MAA

MAA, a Turkish national, aged 62, is a Non-Independent Executive Director of our Company and the Chairman and Chief Executive Officer of Acibadem Holding. He started his career in 1981 as a Certified Public Accountant. As an entrepreneur with extensive management experience, he has been involved in the healthcare sector with Acibadem hospital since 1993. In 2006, he was chosen as the Male Entrepreneur of the Year in the Business Person of the Year survey conducted by Ekonomist Magazine. He was also chosen as the "Business Executive of the Year" by Dünya Newspaper and Istanbul University, School of Business Administration. In 2007, MAA was chosen to be "The person who volunteers the most in contributing towards healthcare" by Turkish Healthcare Volunteers Organisation. In 2010, he was awarded "The Eminent Services Award of the Grand National Assembly of Turkey" by the Turkish Grand National Assembly. Currently, MAA is the Vice Chairman of Private Hospitals and Healthcare Association (OHSAD) in Turkey. He holds a business administration degree from Galatasaray Economy and Management Business College (*Galatasaray İktisat ve İşletmecilik Yüksek Okulu*), and an honorary doctorate degree from the Institute of Social Sciences of Dumlupınar University.

3.2 Information on HSA

HSA, a Turkish national, aged 62, is the wife of MAA and a Board Member of Acibadem Holding. She graduated from Galatasaray University, the Faculty of Chemistry in 1979 and has been involved in the healthcare sector with Acibadem Holding and its subsidiaries (“**Acibadem Holding Group**”) since 1993. She previously held positions of Board member of Acibadem Education and Health Foundation, and Chairman of Kerem Aydınlar Foundation. HSA is also a member of KAGİDER (Turkey Women Entrepreneurs Foundation).

3.3 Information on Bagan Lalang

Bagan Lalang was incorporated in Malaysia under the Companies Act, 2016 (“**Act**”) on 3 May 2011 as a private limited company. As at 15 September 2018, being the latest practicable date prior to the date of this announcement (“**LPD**”), the issued share capital of Bagan Lalang is RM825,410,002.00 comprising 110,002 ordinary shares and 825,300,000 Redeemable Convertible Preference Shares. The principal activity of Bagan Lalang is investment holding. Bagan Lalang is a wholly-owned subsidiary of Teluk Belanga Investments Limited, which in turn is a wholly-owned subsidiary of Khazanah.

The current directors of Bagan Lalang as of LPD are:

- (i) Quek Pei Lynn;
- (ii) Juhana Binti Hamzah; and
- (iii) Mohd. Asrul Bin Ab. Rahim.

3.4 Information on Acibadem Holding

Acibadem Holding was incorporated in Istanbul, Turkey under the Turkish Commercial Code numbered 6762 published in the Official Gazette dated 9 July 1956 and numbered 9353 on 7 August 2007 as a private joint stock company. As at the LPD”, the issued share capital of Acibadem Holding is TL1,528,000,000.00 comprising 1,528,000,000 shares of TL1.00 each. 382,000,000 of the shares in the share capital are Acibadem Class A Shares while the remaining 1,146,000,000 shares are Acibadem Class B Shares. The principal activity of Acibadem Holding is as an investment holding company.

The current directors of Acibadem Holding as of LPD are:

- (i) MAA;
- (ii) Bhagat Chintamani Aniruddha (“**Chinta Bhagat**”);
- (iii) Dr Tan See Leng;
- (iv) HSA;
- (v) Zeynep Aydinlar Eroglu;
- (vi) Low Soon Teck;
- (vii) Rossana Annizah Binti Ahmad Rashid;
- (viii) Shirish Moreshwar Apte; and
- (ix) Takeshi Saito.

As at the LPD, Acibadem Holding is a 60%-owned subsidiary of IHH, which is held through its wholly-owned subsidiary, IHH Turkey. Further details on Acibadem Holding are set out in **Appendix II** of this announcement. Other information such as the subsidiaries of Acibadem Holding is disclosed in the 2017 IHH Annual Report, which is available on IHH’s website at www.ihhhealthcare.com.

4. RATIONALE FOR THE ACQUISITION

The Acquisition would enable IHH to increase its majority interest in Acibadem Holding to approximately 90%, which is expected to deliver benefits to IHH and achieve the following objectives:

- (a) strengthens IHH and its subsidiaries' ("**Group**") position as a leading international provider of premium healthcare services in Asia and Central & Eastern Europe, the Middle East and North Africa;
- (b) simplifies the shareholding structure of Acibadem Holding as part of a restructuring plan to strengthen its financial and operational flexibility;
- (c) removes the related party nature of Khazanah within Acibadem Holding as it will exit its interest in Acibadem Holding in its entirety; and
- (d) post completion of the Acquisition, allows IHH to capitalise the existing subordinated loans of US\$250 million equivalent which are currently supported by Acibadem Holding's shareholders and to potentially divest Acibadem Holding's non-core assets to reduce its foreign currency debt.

5. RISK FACTORS

5.1 Foreign exchange and translation risks

The operating and reporting currency of Acibadem Holding is mainly denominated in TL. As the financial results of IHH are reported in RM, any fluctuation of TL against RM may impact the profits and/or the financial position of IHH.

There can be no assurance that fluctuations in foreign exchange rates will not have a material and adverse effect on IHH's financial performance. Nevertheless, IHH will assess the need to utilise financial instruments to hedge its foreign exchange exposure to mitigate both transaction and/or translation exchange risk exposure.

5.2 Business and country risks

Acibadem Holding's business, prospects, financial condition and results of operations may be adversely affected by political, economic, social and regulatory conditions in its main operating markets, including Turkey that are beyond Acibadem Holding's control. Such political and economic uncertainties include, but are not limited to, riots, the risks of war, terrorism, nationalism, expropriation or nullification of contracts, changes in interest rates, rates of economic growth, fiscal and monetary policies of governments, inflation, deflation, methods of taxation and tax policy, unemployment trends, and other matters that influence consumer confidence, spending and tourism (including medical travellers' frequency of travel and destination of choice). Increasing volatility in financial markets may cause these factors to change with a greater degree of frequency and magnitude. Negative developments in the socio-political environment in Turkey and its neighbouring countries may adversely affect Acibadem Holding's business, financial condition, results of operations and prospects. In addition, changes in tax laws or other regulations or actions taken by the government in Turkey to partially or wholly nationalise Acibadem Holding or its operating assets may have a material adverse effect on its business, financial condition, results of operations and prospects.

Since that Acibadem Holding is an existing subsidiary of IHH, the Acquisition is not expected to give rise to new risks which our Group is not already exposed to, save for the additional equity interest to be acquired by IHH pursuant to the Acquisition.

5.3 Non-completion of the Aydinlar Acquisition and Bagan Lalang Acquisition

The Aydinlar Acquisition and Bagan Lalang Acquisition are conditional upon the approval from Bank Negara Malaysia (“BNM”) being obtained by IHH and IHH Turkey. There can be no assurance that such approval will be granted. Nevertheless, IHH anticipates that this risk can be mitigated by proactively engaging with BNM for its issuance of the approval.

6. INDUSTRY OVERVIEW, PROSPECTS AND FUTURE PLANS

6.1 Overview and outlook of the healthcare industry in Turkey

The healthcare sector and its related industries in Turkey have grown significantly since the government committed to healthcare reforms with the implementation of the “Healthcare Transformation Program” introduced by the Ministry of Health of Turkey (“MOH”). These reforms marked a significant improvement in Turkey’s healthcare system, and have been backed by investments in research and development and innovation in the healthcare sector. The program had the aim of reforming the healthcare system in Turkey by increasing its quality and accessibility and combined three former social security systems under the single Social Security Institution.

Due to favourable demographics (ageing population and increased life expectancy) and economic factors (GDP growth and higher incomes), healthcare spending and hospital expenditures have grown significantly, from TL16 billion in 2006 to TL60 billion in 2016, representing a compound annual growth rate (“CAGR”) of 14%, according to the MOH. Meanwhile, private sector hospital expenditures grew faster at a CAGR of 22% for the same period, which reflects increasing per capita income and changing demographic structure supporting increases in health expenditures. In addition, Turkey has continued to be a popular medical tourism destination owing to several factors, including its geographic location, the relative cost of treatment, government incentives, highly qualified doctors and the use of advanced technology.

According to the TOBB Healthcare Providers Industry Council, the private sector is essential for Turkish healthcare market as it is setting the bar in terms of quality and efficiency. The private healthcare sector undertakes around 1.6 million operations per year and performs around 53% of complex surgeries, contributing to overall advancement of the sector. The affluent segment is expected to grow further according to the TOBB, indicating increase in demand for private providers.

The private hospital sector remains highly fragmented and no new private hospital licences have been granted by the MOH since 2008, which has led to the continued market consolidation of smaller, less efficient operators.

(Source: www.tobb.org.tr and MOH)

6.2 Prospects and future plans

As one of the largest private healthcare providers in Turkey, Acibadem Holding is expected to benefit from the growing private healthcare market in Turkey and maintain its leadership position in the market. With continued strong growth expected in the healthcare industry in Turkey, Acibadem Holding is well positioned to benefit and take advantage of the significant opportunities arising from a growing market. Acibadem Holding has also been equipped with state-of-the-art medical technologies such as smart radiotherapy (MR-LINAC), robotic surgery, intraoperative radiotherapy and digital tomosynthesis mammography, which allows Acibadem Holding to become one of the leading private healthcare providers of high-quality diagnostic and treatment service for Turkish and international patients.

Acibadem Holding will continue to ramp up its new hospitals in the metro areas of Turkey where the Acibadem Holding Group expects to maintain its target customer base as well as benefiting from considerable population growth and new community formation.

7. EFFECTS OF THE ACQUISITION

The effects of the Aydinlar Acquisition and the Bagan Lalang Acquisition on the share capital, substantial shareholders' shareholdings, net assets ("NA") and gearing, earnings and convertible securities of our Group are set out in the respective sections below.

The Bagan Lalang Transfer will not have any effect on the share capital, substantial shareholders' shareholdings, NA and gearing, earnings and convertible securities of our Group.

7.1 Share capital

For illustrative purposes, the proforma effects of the Aydinlar Acquisition and Bagan Lalang Acquisition on the issued share capital of the Company are as follows:

	<u>No. of IHH Shares</u>	<u>Share capital</u> <u>RM'000</u>
As at the LPD	8,244,803,639	16,495,546
To be issued pursuant to the Aydinlar Acquisition and Bagan Lalang Acquisition	524,492,824	2,931,915
Enlarged issued share capital	<u>8,769,296,463</u>	<u>19,427,461</u>

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7.2 Substantial shareholders' shareholdings

For illustrative purposes, the proforma effects of the Aydinlar Acquisition and Bagan Lalang Acquisition on the substantial shareholders' shareholdings in the Company as at the LPD are as follows:

Substantial Shareholders	As at the LPD				Proforma I- effects of the Aydinlar Acquisition and Bagan Lalang Acquisition ⁽¹⁾			
	Direct		Indirect		Direct		Indirect	
	No. of IHH Shares	%	No. of IHH Shares	%	No. of IHH Shares	%	No. of IHH Shares	%
Pulau Memutik	3,325,377,344	40.33	-	-	3,587,623,756	40.91	-	-
Mitsui & Co., Ltd	1,485,400,000	18.02	-	-	1,485,400,000	16.94	-	-
Employees Provident Fund Board	746,981,429	9.06	-	-	746,981,429	8.52	-	-
Khazanah	-	-	3,325,377,344 ⁽²⁾	40.33	-	-	3,587,623,756 ⁽²⁾	40.91
MAA ⁽³⁾	176,854,000	2.15	88,910,861 ⁽⁴⁾	1.08	420,244,132	4.79	107,767,141 ⁽⁴⁾	1.23

Notes:

⁽¹⁾ Based on the enlarged share capital of 8,769,296,463 after the issuance of 524,492,824 new IHH Shares pursuant to the Aydinlar Acquisition and Bagan Lalang Acquisition.

⁽²⁾ Deemed interest by virtue of its shareholding in Pulau Memutik pursuant to Section 8 of the Act.

⁽³⁾ As at the LPD, MAA is not a substantial shareholder of our Company. However, upon completion of the Aydinlar Acquisition, MAA will emerge as one of the substantial shareholders of the Company.

⁽⁴⁾ Deemed interest by virtue of his wife's shareholding in the Company and SZA Gayrimenkul Yatirim Insaat ve Ticaret A.S.'s shareholding in the Company, a company wholly-owned by MAA and his wife, pursuant to Section 8 of the Act.

7.3 NA and gearing

Based on the Company's audited consolidated statements of financial position as at 31 December 2017, for illustrative purposes, assuming that the Aydinlar Acquisition and Bagan Lalang Acquisition were completed on 31 December 2017, the proforma effects of the Aydinlar Acquisition and Bagan Lalang Acquisition based on the audited consolidated NA and gearing of our Group are as follows:

	I	II
	Audited as at 31 December 2017	Proforma basis after incorporating the effects of the Aydinlar Acquisition and Bagan Lalang Acquisition
	RM'000	RM'000
Share capital	16,462,994	19,394,909
Other reserves	1,478,287	(1,613,776)
Retained earnings	3,948,881	3,945,181
Shareholders' equity/NA	21,890,162	21,726,314
Perpetual securities	2,158,664	2,158,664
Non-controlling interests	1,851,904	2,012,052
Total equity	25,900,730	25,897,030
No. of IHH Shares in issue (000)	8,239,583	8,764,077
Borrowings and overdrafts (RM'000)	6,793,840	6,793,840
NA per IHH share (excluding non-controlling interests) (RM)	2.66	2.48
Gearing (times) ⁽¹⁾	0.31	0.31

Note:

⁽¹⁾ Computed as borrowings and overdrafts divided by shareholders' equity/NA.

7.4 Earnings

The EPS of our Group for the financial year ending ("FYE") 31 December 2018 shall be correspondingly diluted as a result of the increase in our issued share capital pursuant to the Aydinlar Acquisition and Bagan Lalang Acquisition.

The effects of the Aydinlar Acquisition and Bagan Lalang Acquisition on the future earnings and/or EPS of our Group would depend on, amongst others, the future performance of the Acibadem Holding Group.

For illustrative purposes only, assuming that the Aydinlar Acquisition and Bagan Lalang Acquisition were completed on 1 January 2017, being the beginning of FYE 31 December 2017, the proforma effects of the Aydinlar Acquisition and Bagan Lalang Acquisition on the earnings of our Group are as follows:

	I	II
	Audited as at 31 December 2017	Proforma basis after incorporating the effects of the Aydinlar Acquisition and Bagan Lalang Acquisition
	RM'000	RM'000
PAT attributable to owners of IHH	969,953	969,953
Add: PAT attributable to owners of Acibadem Holding	-	(50,034)
Less: Estimated expenses for the Acquisitions	-	(3,700)
Proforma PAT attributable to owners of IHH	969,953	916,219
No. of IHH Shares in issue (000)	8,239,583	8,764,077 ⁽¹⁾
Proforma EPS (sen)	11.31	10.45 ⁽²⁾

Notes:

⁽¹⁾ Based on the enlarged share capital after the issuance of 524,492,824 new IHH Shares pursuant to the Aydinlar Acquisition and Bagan Lalang Acquisition.

⁽²⁾ Computed as the proforma PAT divided by the number of IHH Shares in issue.

7.5 Convertible securities

The Aydinlar Acquisition and Bagan Lalang Acquisition will not have any effect on the existing convertible securities of IHH, namely the options issued under the Enterprise Option Scheme of IHH or the units issued under the Long Term Incentive Plan of IHH (collectively the “Existing Plans”).

The financial effects of the Aydinlar Acquisition and Bagan Lalang Acquisition (set out in Section 7, as above) do not take into account the potential change to the issued share capital of IHH arising from the exercise or surrender of options and units under the Existing Plans by the eligible employees, seeing as any potential adjustments to be made to the financial effects, in respect of the Existing Plans, will be minimal.

8. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

Save as disclosed below, none of the Directors or major shareholders of IHH or persons connected to them has any interest, direct or indirect, in the Acquisition:

- (a) MAA is a Non-Independent Executive Director of our Company. He is deemed interested in the Aydinlar Acquisition by being a holder of the Aydinlar Option and therefore entitled to exercise the Aydinlar Option.
- (b) Pulau Memutik and Khazanah (as holding company of Pulau Memutik) are major shareholders of our Company. Pulau Memutik is deemed interested in the Acquisition as it is a wholly-owned subsidiary of Khazanah, which is also the holding company of Bagan Lalang, the holder of the Bagan Lalang Option, the exercise of which is subject to the Aydinlar Option being exercised by Aydinlar, and transferor of the Bagan Lalang Transfer.

- (c) Dato' Mohammed Azlan Bin Hashim ("**Dato' Azlan**"), the Non-Independent Non-Executive Chairman of IHH, Chinta Bhagat, the Non-Independent Non-Executive Director of IHH and Quek Pei Lynn, the Alternate Director to Chinta Bhagat in IHH, are deemed interested in the Acquisition given that they are nominee directors of Pulau Memutik on the Board of IHH.

Collectively, MAA, Dato' Azlan, Chinta Bhagat and Quek Pei Lynn are referred to as the "**Interested Directors**". The Interested Directors have abstained and will continue to abstain from deliberating and voting at the relevant Board meeting(s) in relation to the Acquisition.

9. STATEMENT BY THE DIRECTORS

The Board of Directors of IHH (save for the Interested Directors as set out in Section 8 above) after careful deliberations and after having considered all aspects of the Aydinlar Acquisition and Bagan Lalang Acquisition is of the opinion that the Aydinlar Acquisition and Bagan Lalang Acquisition are in the best interests of IHH having regards, amongst others, the terms and conditions as stipulated in the Shareholders' Agreement.

The Board of Directors of IHH (save for the Interested Directors as set out in Section 8 above) after careful deliberations and after having considered all aspects of the Bagan Lalang Transfer is of the opinion that the Bagan Lalang Transfer is in the best interests of IHH having regards, amongst others, the Bagan Lalang Transfer is for no consideration.

10. APPROVALS REQUIRED

The Aydinlar Acquisition and Bagan Lalang Acquisition are conditional upon the following approvals being obtained:

- (a) approval from the shareholders of IHH, which had been obtained on 11 July 2012;
- (b) approval from Bursa Securities for the listing of and quotation for the new IHH Shares to be issued pursuant to the Aydinlar Acquisition and Bagan Lalang Acquisition. In this respect, Bursa Securities, had, through its letter dated 13 June 2012 approved, among others, the listing of and quotation for up to 611,043,866 new IHH Shares to be issued pursuant to the exercise of the Aydinlar Option and the Bagan Lalang Option;
- (c) approval from SGX-ST for the listing of and quotation for the new IHH Shares to be issued pursuant to the Aydinlar Acquisition and Bagan Lalang Acquisition. In this respect, SGX-ST, had, through its letter dated 12 June 2012 approved, among others, the listing of and quotation for up to 625,900,000 new IHH Shares to be issued pursuant to the exercise of the Aydinlar Option and Bagan Lalang Option; and
- (d) approval from BNM.

The Bagan Lalang Transfer is not conditional upon any approvals being obtained.

The relevant applications for the approval from BNM will be submitted by IHH on the date of this announcement.

11. CONDITIONALITY OF THE ACQUISITION

The Aydinlar Acquisition is not conditional upon the Bagan Lalang Acquisition and Bagan Lalang Transfer.

The Bagan Lalang Acquisition is conditional upon the Aydinlar Acquisition but not conditional upon the Bagan Lalang Transfer.

The Bagan Lalang Transfer is conditional upon the Aydinlar Acquisition and the Bagan Lalang Acquisition.

12. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Aydinlar Acquisition and Bagan Lalang Acquisition pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Securities is approximately 13.4%.

13. TRANSACTION WITH RELATED PARTIES

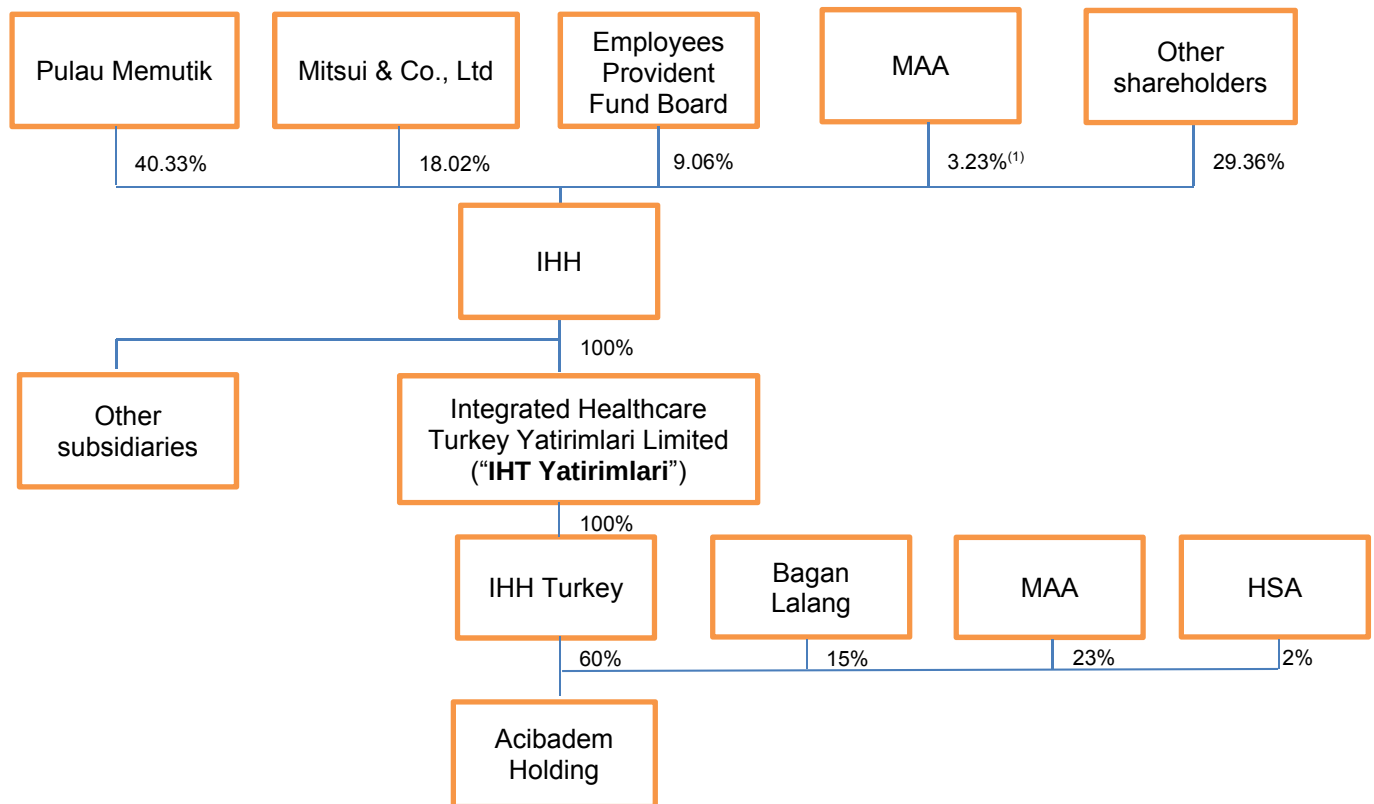
Save for the recurrent related party transactions which are not required to be disclosed pursuant to paragraph 10.09(1)(a) of the Main Market Listing Requirement of Bursa Securities, there were no other transactions entered between our Group with MAA and persons connected to MAA or with Bagan Lalang and persons connected to Bagan Lalang for the twelve (12) months preceding the LPD.

14. ESTIMATED TIMEFRAME FOR COMPLETION

The Acquisition is expected to be completed in the fourth quarter of 2018.

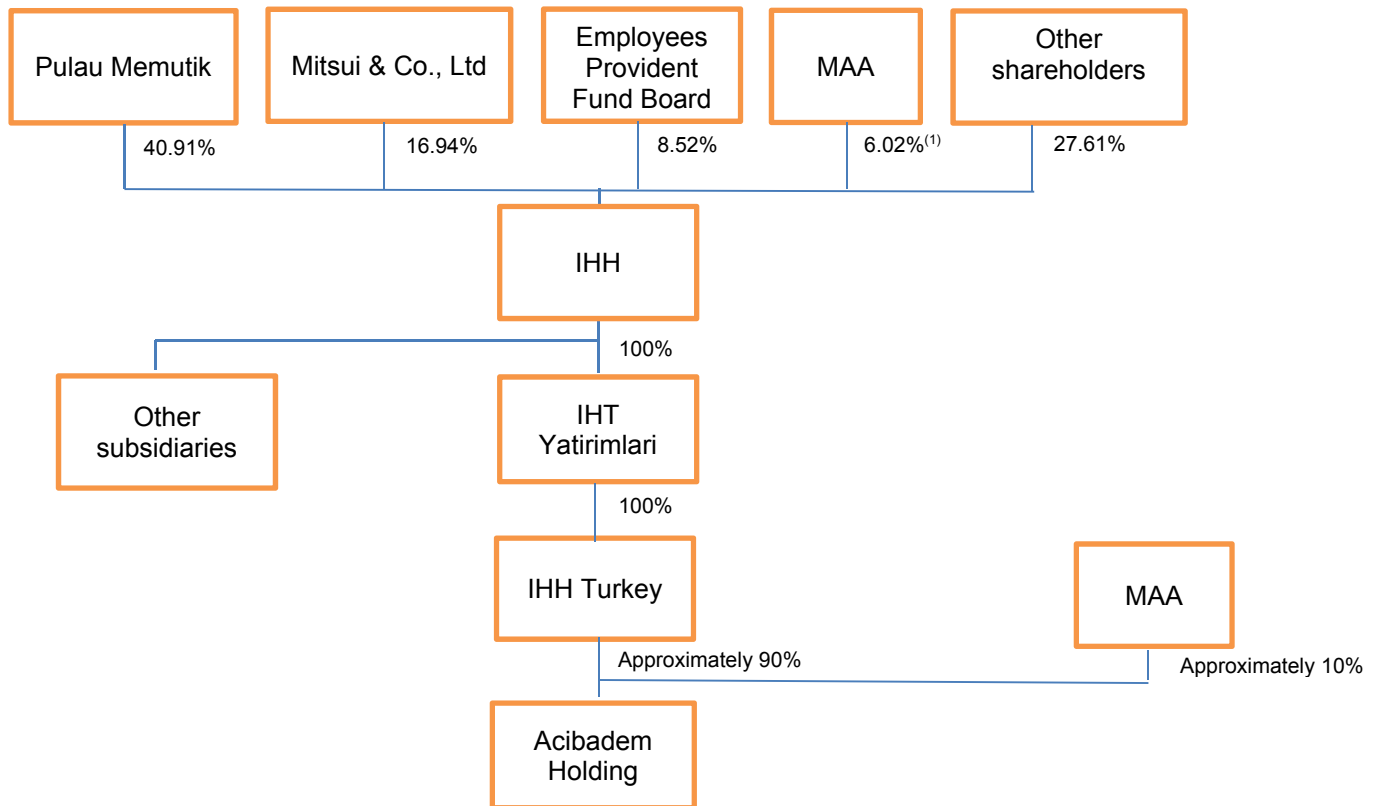
15. DOCUMENT AVAILABLE FOR INSPECTION

A copy of valuation letter dated 7 September 2018 issued by Deutsche Bank to the Board of Directors of IHH in relation to the valuation analysis of Acibadem Holding may be inspected at our registered office at Level 11 Block A, Pantai Hospital Kuala Lumpur, 8 Jalan Bukit Pantai, 59100 Kuala Lumpur during normal business hours from Mondays to Fridays (except public holidays) for a period of three (3) months from the date of this announcement.

Existing group structure of IHH as at the LPD**Note:**

- ⁽¹⁾ Including indirect interest of his wife's shareholding in the Company and SZA Gayrimenkul Yatirim Insaat ve Ticaret A.S.'s shareholding in the Company, a company wholly-owned by MAA and his wife, pursuant to Section 8 of the Act.

I – Proforma Group structure of IHH after the Acquisition



Note:

⁽¹⁾ Including indirect interest of his wife's shareholding in the Company and SZA Gayrimenkul Yatirim Insaat ve Ticaret A.S.'s shareholding in the Company, a company wholly-owned by MAA and his wife, pursuant to Section 8 of the Act.

INFORMATION ON ACIBADEM HOLDING

1. SHAREHOLDERS

The shareholders of Acibadem Holding and their respective shareholdings in Acibadem Holding as at the LPD are as follows:

Names	Nationality/ Place of incorporation	No. of shares	%
IHH Turkey	Malaysia	916,800,000 ⁽¹⁾	60.00
Bagan Lalang	Malaysia	229,200,000 ⁽¹⁾	15.00
MAA	Turkish	354,533,087 ⁽²⁾	23.20
HSA	Turkish	27,466,913 ⁽²⁾	1.80

Notes:

⁽¹⁾ Acibadem Class B Shares.

⁽²⁾ Acibadem Class A Shares.

2. FINANCIAL SUMMARY

The table below sets out the financial performance of Acibadem Holding for the past 3 financial years ended 31 December:

	Audited FYE 31 December 2015	Audited FYE 31 December 2016	Audited FYE 31 December 2017	Unaudited Financial Period Ended 30 June 2018
	TL'000	TL'000	TL'000	TL'000
Revenue	2,061,759	2,524,213	3,231,196	1,984,104
Profit before tax	(4,835)	(112,554)	(131,328)	(244,904)
PAT attributable to owners of Acibadem Holding	(14,655)	(124,723)	(122,614)	(209,173)
No. of Acibadem Holding shares in issue (000)	1,528,000	1,528,000	1,528,000	1,528,000
Shareholders' equity/NA (TL000)	1,130,356	798,092	580,793	321,652
Borrowings (TL000)	1,723,468	2,168,286	2,655,438	3,126,141
Gearing (times)	1.52	2.72	4.57	9.72
NA per share (TL)	0.74	0.52	0.38	0.21