TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS) : RELATED PARTY TRANSACTIONS ENTRY INTO AGREEMENTS FOR THE PROPOSED ACQUISITION BY GLENEAGLES DEVELOPMENT PTE LTD, AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF IHH, FROM MINORITY SHAREHOLDERS OF RAVINDRANATH GE MEDICAL ASSOCIATES PRIVATE LIMITED, AN INDIRECT SUBSIDIARY OF IHH, NAMELY, DR. RAVINDRANATH KANCHERLA AND HIS PERSONS CONNECTED OF THE ENTIRE EQUITY STAKE HELD BY DR. RAVI GROUP IN RGE, FOR A TOTAL CONSIDERATION OF APPROXIMATELY INR7,400 MILLION, AND OTHER ANCILLARY TRANSACTIONS

IHH HEALTHCARE BERHAD

Type	Announcement
Subject	TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS) RELATED PARTY TRANSACTIONS
Description	ENTRY INTO AGREEMENTS FOR THE PROPOSED ACQUISITION BY GLENEAGLES DEVELOPMENT PTE LTD, AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF IHH, FROM MINORITY SHAREHOLDERS OF RAVINDRANATH GE MEDICAL ASSOCIATES PRIVATE LIMITED, AN INDIRECT SUBSIDIARY OF IHH, NAMELY, DR. RAVINDRANATH KANCHERLA AND HIS PERSONS CONNECTED OF THE ENTIRE EQUITY STAKE HELD BY DR. RAVI GROUP IN RGE, FOR A TOTAL CONSIDERATION OF APPROXIMATELY INR7,400 MILLION, AND OTHER ANCILLARY TRANSACTIONS

Please refer attachment below.

Please refer attachment below.

Attachments

IHH_Announcement - RGE Shares Acquisition and Ancillary Transactions.pdf
167.5 kB

Announcement Info

Company Name	IHH HEALTHCARE BERHAD
Stock Name	IHH
Date Announced	25 Aug 2023
Category	General Announcement for PLC
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IHH Healthcare

Registration No. 201001018208 (901914-V)
(Incorporated in Malaysia)

IHH HEALTHCARE BERHAD ("IHH" OR "COMPANY") RELATED PARTY TRANSACTIONS ("RPTs")

ENTRY INTO AGREEMENTS FOR THE PROPOSED ACQUISITION BY GLENEAGLES DEVELOPMENT PTE LTD ("GDPL"), AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF IHH, FROM MINORITY SHAREHOLDERS OF RAVINDRANATH GE MEDICAL ASSOCIATES PRIVATE LIMITED ("RGE"), AN INDIRECT SUBSIDIARY OF IHH, NAMELY, DR. RAVINDRANATH KANCHERLA ("DR. RAVI") AND HIS PERSONS CONNECTED (COLLECTIVELY "DR. RAVI GROUP") OF THE ENTIRE EQUITY STAKE HELD BY DR. RAVI GROUP IN RGE, FOR A TOTAL CONSIDERATION OF APPROXIMATELY INR7,400 MILLION (EQUIVALENT TO APPROXIMATELY RM415 MILLION[1]) ("RGE SHARES ACQUISITION"), AND OTHER ANCILLARY TRANSACTIONS ("ANCILLARY TRANSACTIONS") (RGE SHARES ACQUISITION AND ANCILLARY TRANSACTIONS COLLECTIVELY REFERRED TO AS "TRANSACTIONS")

1. INTRODUCTION

Pursuant to Paragraph 10.08(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**MMLR**"), the Board of Directors of IHH ("**Board**") wishes to announce that IHH's subsidiaries, namely GDPL, RGE, and Global Clinical Research Services Private Limited ("**GCRS**"), a direct subsidiary of RGE, had entered into sale and purchase agreements ("**SPAs**") and other ancillary agreements (collectively the "**Agreements**") with Dr. Ravi Group on 25 August 2023, for the Transactions.

2. DETAILS OF THE TRANSACTIONS / BASIS OF AND JUSTIFICATION FOR THE PURCHASE CONSIDERATION

2.1 RGE Shares Acquisition

GDPL and Parkway-Healthcare (Mauritius) Ltd ("**PHML**"), an indirect wholly-owned subsidiary of IHH, collectively hold 73.64%[2] equity stake in RGE. The remaining 24.53%[2] equity stake is held by Dr. Ravi Group (consisting of 13.18%[2] directly held by Dr. Ravi, 1.51%[2] by Ms. Adilakshmi, Dr. Ravi's wife, 1.03%[2] held by Ms. Lakshmi Sailaja, Dr. Ravi's daughter, and 8.8%[2] held by Global Hospitals Private Limited ("**GHPL**"), an entity controlled by Dr. Ravi) and 1.83%[2] equity stake is held by other minority shareholders. The RGE Shares Acquisition entails the purchase by GDPL of the entire 24.53% shareholding held by Dr. Ravi Group in RGE ("**RGE Shares**"), at a total cash consideration of approximately INR7,400 million (equivalent to approximately RM415 million[1]).

The purchase consideration was arrived at on a "willing buyer willing seller" basis after taking into consideration, among others, the fair market value ("**FMV**") of the RGE Shares as independently derived by an appointed "Big Four" accounting firm. The RGE Shares Acquisition will enable GDPL's and PHML's combined shareholding in RGE to increase to 98.17% and assume full control of the operations of RGE.

2.2 Ancillary Transactions

In addition to the RGE Shares Acquisition, IHH group had also entered into Ancillary Transactions with Dr. Ravi Group which include the following:

(a) GCRS Shares Acquisition – Purchase by GDPL of a 0.32% equity stake held by Ms. Adilakshmi, Dr. Ravi's wife in GCRS ("**GCRS Shares**"), whereas the remaining 99.68% equity stake is currently held by RGE, at a total cash consideration of approximately INR72,000 (equivalent to approximately RM4,000[1]). The purchase consideration was arrived at on a "willing buyer willing seller" basis after taking into consideration, among others, the FMV of the GCRS Shares as independently derived by an appointed "Big Four" accounting firm.

(b) Chennai Properties Transaction - Purchase by RGE of a parcel of land and existing building in Chennai, India, which is currently owned by Ms. Prathyusha, Dr. Ravi's daughter-in-law, and used for RGE's hospital operations ("**Chennai Properties**"), from Ms. Prathyusha, for a total consideration of INR305.5 million (equivalent to approximately RM17.1 million[1]), including payment of a one-time fee for the historical usage of the Chennai Properties. The total consideration was arrived at on a "willing buyer willing seller" basis after taking into consideration, among others, the properties valuation as derived by 2 independent international property consultants employed to assess the value of the Chennai Properties.

2.3 Manner of satisfaction for the purchase consideration / consideration and Source of funding

The consideration for the Transactions will be fully satisfied in cash via internally generated funds and/or bank borrowings, in the proportion to be determined closer to the completion of the Transactions.

2.4 Liabilities to be assumed

There are no liabilities, including contingent liabilities and guarantees to be assumed by IHH from the Transactions, save from those arising from the Agreements.

3. RATIONALE AND BENEFITS OF THE TRANSACTIONS

With the Transactions, IHH seeks to strengthen RGE group's operations and expand its leading market position, as part of IHH's commitment to the India healthcare sector.

4. PROSPECTS OF RGE GROUP

The RGE group has been a key asset for IHH since its initial investment in 2015 and has grown into a leading healthcare chain in India, with a strong reputation for providing comprehensive multi-organ transplant services.

5. RISK RELATING TO THE TRANSACTIONS

The Transactions are not expected to materially change the risk profile of the business of IHH as IHH is already the majority shareholder of RGE and RGE will continue its current line of business post completion of the Transactions.

6. EFFECTS OF THE TRANSACTIONS

The Transactions are not expected to have any effect on IHH's issued share capital, substantial shareholders' shareholdings and are not expected to have material effect on the earnings, net assets or gearing of IHH for the financial year ending 31 December 2023.

7. APPROVALS REQUIRED

The Transactions are not subject to IHH's shareholders' approval and are not conditional upon any other corporate exercise/scheme of IHH. The Transactions are also not subject to any approval from government authorities.

8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED

Dr. Ravi, being one of the vendors in the SPAs and a Director and major shareholder of RGE, with approximately 24.53%[2] direct and indirect equity interest in RGE, and his persons connected (collectively referred to as "**Interested Parties**") are interested in the Transactions. The Interested Parties have abstained and will continue to abstain from all deliberations and voting at the relevant Board meetings and general meetings of the relevant IHH Group entities in relation to the Transactions.

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

9. DIRECTORS' STATEMENT

Having considered all aspects of the Transactions (including but not limited to the rationale and benefits of the Transactions, basis of and justification for the purchase consideration / consideration, salient terms of the Agreements, as well as the effects of the Transactions) and after careful deliberation, the Board is of the opinion that the Transactions are in the best interest of IHH.

10. AUDIT COMMITTEE'S STATEMENT

The Audit Committee of IHH, having considered all aspects of the Transactions (including but not limited to the rationale and benefits of the Transactions, basis of and justification for the Transactions, salient terms of the Agreements, as well as the effects of the Transactions) is of the opinion that the Transactions are:

(i) in the best interest of IHH;
(ii) fair, reasonable and on normal commercial terms; and
(iii) not detrimental to the interest of the minority shareholders of IHH.

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11. TRANSACTIONS WITH RELATED PARTIES FOR THE PAST 12 MONTHS

There were no transactions entered into between the IHH Group and the Interested Parties for the 12 months preceding the date of this announcement except the Transactions and Recurrent related party transactions.

12. ESTIMATED TIMEFRAME FOR COMPLETION

Barring unforeseen circumstances, the Transactions are expected to be completed by the fourth quarter of 2023.

13. DOCUMENTS AVAILABLE FOR INSPECTION

A copy each of the Agreements and valuation reports from the "Big Four" accounting firm and the international property consultants are available for inspection at IHH's registered office at Level 11 Block A, Pantai Hospital Kuala Lumpur, 8 Jalan Bukit Pantai, 59100 Kuala Lumpur, Malaysia during normal business hours from Mondays to Fridays (except public holidays) for a period of three months from the date of this announcement.

This announcement is dated 25 August 2023.

[1] Based on the exchange rate of INR100 : RM5.61 as at 23 August 2023 as set out in the Bank Negara Malaysia's website, subject to rounding.

[2] Based on the shareholdings, on a fully diluted basis, immediately prior to the completion for the RGE Shares Acquisition, in accordance with the SPAs, following the conversion of certain compulsorily convertible preference shares held by Dr. Ravi Group into equity shares