

**OUÉ LIPPO**  
Healthcare

# **EXTRAORDINARY GENERAL MEETING FOR PROPOSED SHAREHOLDER LOAN CONVERSION & PROPOSED CONVERSION SHARE ISSUANCE**

12 March 2021



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# Agenda

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**Transaction Overview**

2

**OUELH's Transformation**

3

**Significance to Shareholders**



*Artist's impression of China Merchants – Lippo General Hospital in Prince Bay, Shenzhen, China*

# TRANSACTION OVERVIEW



# Strategic Recapitalisation Plan

1

## Proposed Shareholder Loan Conversion

- To convert Existing Shareholder Loans from OUE Limited<sup>1</sup> of S\$189.6 million<sup>2</sup> into 4.0% convertible perpetual bonds (“**Perpetual Securities**”) to be issued to Treasure International Holdings Pte. Ltd. (“**Proposed Subscriber**”)
  - Redemption and any future distributions at sole discretion of OUELH

<sup>1</sup> Through OUE Limited’s wholly-owned subsidiary, Treasure International Holdings Pte. Ltd.

<sup>2</sup> Representing the outstanding principal amount of the Existing Shareholder Loans plus accrued interest thereon up to and including 28 February 2021.

2

## Proposed Conversion Share Issuance

- Perpetual Securities can be converted into ordinary shares of OUELH at an initial conversion price of S\$0.070 per Share<sup>3</sup>
- Non-redeemable and non-convertible period of 5.5 years

<sup>3</sup> Subject to adjustments in accordance with the terms and conditions of the Perpetual Securities



# BACKGROUND

# Transformation Overview

## CHALLENGES

Resolving Legacy Problems, Strengthening Financial Position, Building New Growth Engines

## THREE-PRONGED STRATEGY

Strategic Partnerships, Asset-Light Business Model, Pan-Asia Expansion

## STRATEGIC ROADMAP

### Stabilising

### Strengthening

### Scaling Up

#### BUSINESS ECOSYSTEM

- Repayment of various high-interest loans
- Redemption of MTN
- Refinancing of TMK Bonds
- Managing legacy litigations

- Acquired stakes in First REIT Management & First REIT
- Formed a 50-50 JV with China Merchants Group
- Acquired stake in Myanmar hospital group in partnership with Yoma/First Myanmar Investment Group
- Acquired controlling stake in Wuxi Lippo Xi Nan Hospital in Wuxi

- Strengthen and grow existing businesses
- Develop and operate China Merchants – Lippo General Hospital in Shenzhen (to commission in 2024)
- Lease and operate China Merchants-Lippo O&G Hospital in Changshu (to commission in 2023)
- Source for M&A opportunities in existing markets which we operate and other high-growth markets in Asia, focusing on asset-light and operating businesses

#### CAPITAL STRUCTURE

- General Offer by OUE in 2017
- OUE provided loan facility of approx. S\$165.4m in 2017

- Private placement to ITOCHU Corporation of approx. S\$78.8m in 2018
- OUELH rights issue that raised approx. S\$150m in 2018

- OUE to convert its Existing Shareholder Loans and accrued interest of S\$189.6m into Perpetual Securities in 2021
- Tapping into the capital markets
- Recycling of capital



# SIGNIFICANCE TO SHAREHOLDERS



# Key Benefits

## IMPROVING CAPITAL STRUCTURE

- Removes the uncertainties over the going concern assumption
- Removes encumbrances over the assets
- Improvement of NTA from S\$138.2m to S\$327.8m
- Improvement of gearing ratio from 2.5 times to 0.6 times

## IMPROVING FINANCIAL PERFORMANCE

- One-off indicative gain of S\$112.3 million upon issuance of the Perpetual Securities
- Significantly reduces financing costs
  - Interest savings of approximately S\$6.6 million per year on the Existing Shareholder Loans (with any distribution to the Perpetual Securities payable at the discretion of the Company)
  - Any distributions on the Perpetual Securities will not be charged as expense

## OTHER ADVANTAGES

- Redemption of the Perpetual Securities is at the sole discretion of the Company with no fixed maturity date
- 5.5 year period before any conversion or redemption right arises:
  - Allows the Company to focus in growing its businesses without distractions of seeking funding for redemption of the Perpetual Securities
  - No immediate dilution to existing shareholder value from the conversion of the Perpetual Securities

# Reinforced Commitment from Shareholders

OUE **64.4%**

- Strong demonstration of confidence in OUELH
- Conversion Price at a premium of 125.1% above NTA<sup>1</sup> and 79.5% over the closing share price<sup>2</sup>
- Remains the largest shareholder of OUELH

**ITOCHU** **25.3%**

- Strong endorsement of the Proposed Transactions
- Provided irrevocable undertaking to vote in favour of the Proposed Transactions
- Remains the second largest shareholder of OUELH

<sup>1</sup>As at 31 December 2020

<sup>2</sup>Calculated based on OUELH's closing share price of S\$0.039 as at 16 February 2021, being the Latest Practicable Date before this presentation.

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THANK YOU

