

iHEALTHCARE GROUP HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

Registration Number: 2019/155531/06

CTSE Share Code: 4AIHGH

ISIN: ZAE400000077

(“IHG Holdings”)

iHEALTHCARE GROUP LIMITED

(Incorporated in the Republic of South Africa)

Registration Number: 2011/009651/06

CTSE Share Code: 4AIHG

ISIN: ZAE400000085

(“IHG”)

JOINT ANNOUNCEMENT OF THE FIRM INTENTION BY IHG HOLDINGS TO MAKE AN OFFER TO ACQUIRE THE ORDINARY SHARES IN IHG NOT ALREADY OWNED BY IT, BY WAY OF A SCHEME OF ARRANGEMENT AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

1. INTRODUCTION

- 1.1 Shareholders of IHG are hereby advised that IHG Holdings has, pursuant to an implementation agreement which has become of force and effect between IHG and IHG Holdings (“**Implementation Agreement**”), delivered notice to IHG of its firm intention to make an offer (“**Offer**”) to acquire all the issued ordinary shares of IHG (“**IHG Shares**”) from the holders of IHG Shares other than IHG Holdings itself (“**IHG Shareholders**”). IHG Holdings currently holds approximately 65.26% (sixty-five point two six percent) of the IHG Shares and intends, subject to the fulfilment or waiver of certain conditions precedent, to acquire, pursuant to the Offer, the remaining 34.74% (thirty four point seven four percent) (approximately 819 675 IHG Shares) of the IHG Shares (“**Scheme Shares**”).
- 1.2 The purpose of this announcement (“**Joint Firm Intention Announcement**”) is to set out the background to the Offer, and to advise IHG Shareholders of the terms and conditions of the Offer, in compliance with Regulation 101 of the Companies Regulations, 2011 (“**Companies Regulations**”).

2. THE OFFER AND CONSIDERATION

- 2.1 The Offer will be proposed by way of a scheme of arrangement (“**Scheme**”) in terms of section 114 of the Companies Act 71 of 2008 (“**Companies Act**”) between IHG and the IHG Shareholders, to be proposed by the IHG board of directors (“**IHG Board**”) (on recommendation of the Independent Board (as defined below)) in terms of which IHG Holdings will acquire the IHG Shares at the Offer Consideration (as defined below) and upon the terms and subject to the conditions set out in the circular to be distributed to the IHG Shareholders in due course (“**Combined Offer Circular**”). Implementation of the Scheme will result in IHG delisting from the exchange operated by Cape Town Stock Exchange Proprietary Limited (“**CTSE**”) and becoming an unlisted wholly-owned subsidiary of IHG Holdings (“**the Proposed Transaction**”).
- 2.2 **The Offer Consideration:**
- 2.2.1 If the Scheme becomes unconditional, subject to the required IHG Holdings ordinary and special resolutions being approved (“**IHG Holdings Requisite Resolutions**”) by the requisite majority of the IHG Holdings shareholders (“**IHG Holdings Shareholders**”), the offer consideration offered by IHG Holdings to the IHG Shareholders for their IHG Shares in terms of the Offer (“**Offer Consideration**”), shall be as set out in paragraph 2.2.2 below.

2.2.2 The Offer will comprise a share-for-share offer to the IHG Shareholders for such IHG Shareholders to receive ordinary shares in the share capital of IHG Holdings (“**IHGH Shares**”) in terms of paragraph 2.2.3. For the avoidance of doubt, the memorandum of incorporation of IHG Holdings will be amended to remove any limitations whereby the IHGH Shares may only be held by shareholders who meet the eligibility requirements of a Medical Practitioner (as defined in the memorandum of incorporation of IHG Holdings).

2.2.3 Accordingly, IHG Shareholders, shareholders who do not satisfy the Medical Practitioners eligibility requirements (“**Non-MPs**”), will not be required to satisfy the Medical Practitioner eligibility requirements and therefore will receive IHGH Shares as consideration of the Offer Consideration. Each IHG Shareholder will each receive 1.12752 (one point one two seven five two) IHGH Shares for every 1 (one) IHG Share disposed of by a IHG Shareholder in terms of the Scheme (“**Shares Consideration**”).

2.2.4 The Offer will be implemented in accordance with the Regulations.

3. **RATIONALE AND BENEFITS OF THE PROPOSED TRANSACTION**

3.1 During 2020 IHG converted to a public company, at which time a corporate restructuring was also implemented resulting in IHG Holdings acquiring a controlling stake in IHG. The rationale for the corporate restructuring was to allow the shareholders of both IHG Holdings and IHG, and potential investors, to gain exposure to the healthcare industry of South Africa through a listed dual organisational structure on the CTSE.

3.2 IHG's main business, through its operating subsidiaries, provides a range of medical-equipment, devices, surgicals, and pharmaceuticals, to its customers in the healthcare market.

3.3 Since IHG's listing on CTSE in January 2020, the IHG Board has noticed, *inter alia*:

3.3.1 an enhancement of IHG and its subsidiaries' (“**IHG Group**”) public profile;

3.3.2 improved quality and integrity of IHG's investor-information, for purposes of allowing stakeholders, IHG Shareholders and/or prospective investors to make informed decisions with regards to the securities of IHG; and

3.3.3 an increase in prospective investor participation to subscribe for IHG Shares, as part of capital raising exercises.

3.4 Although the listing of both IHG and IHG Holdings has benefited the IHG Group in several manners, the IHG Holdings board of directors and the IHG Board are of the opinion that the current dual listing structure no longer benefits the IHG Group (and indirectly its shareholders) due to substantial administrative costs associated with the dual organisational structure and the corporate burden of management time being spent on the management of the dual organisational structure.

3.5 The successful implementation of the Offer will also result in the collapse of the current dual organisational structure between IHG Holdings and IHG, and consequently a simplified group structure, as well as a substantial decrease in administrative costs and significantly less time and energy being required from the IHG Group's executives in ensuring compliance with the listed dual organisational structure in accordance with the listing requirements of CTSE (“**CTSE Listing Requirements**”).

3.6 IHG intends to give effect to the intention to delist by way of the Scheme. However, should the Scheme fail for any reason, the Offer will not be implemented and IHG will remain listed on CTSE.

3.7 Post the successful implementation of the Offer, including the delisting of IHG's shares from CTSE, IHG Holdings will continue with the IHG operations through trading in the healthcare industry by supplying medical products and solutions to the market. The IHG Group will continue to adapt with the intention of diversifying the IHG Group's future operations to include other segments within the healthcare industry.

4. APPOINTMENT OF INDEPENDENT BOARD AND AN INDEPENDENT EXPERT

4.1 In accordance with Regulation 108 of the Companies Regulations, IHG has constituted an independent board comprising Messrs KJM Moja, AP Coetzee and Dr FJ Potgieter ("**Independent Board**") to consider the terms and conditions, and the merits, of the Scheme.

4.2 The IHG Independent Board has appointed BDO Corporate Finance Proprietary Limited (the "**Independent Expert**") to act as Independent Expert in accordance with the requirements of the Companies Regulations, (and the CTSE Listing Requirements) to advise the Independent Board and report to the Independent Board on the Scheme by way of a fair and reasonable opinion. The Independent Expert's full report will be included in the Combined Offer Circular to be issued to IHG Shareholders.

5. CONDITIONS TO THE PROPOSED TRANSACTION AND REGULATORY FRAMEWORK

5.1 The Scheme shall be proposed by the IHG Board (on recommendation of the Independent Board), in accordance with section 114 of the Companies Act and the Companies Regulations and accordingly, constitutes an "*affected transaction*", as defined in section 117 of the Companies Act.

5.2 The implementation of the Proposed Transaction will be subject to, *inter alia*, the fulfilment and/or waiver (to the extent that any of such conditions are capable of being waived) of the following conditions precedent:

5.2.1 CTSE and Takeover Regulation Panel ("**TRP**") having approved the Combined Offer Circular;

5.2.2 the IHG Holdings Shareholders having passed all the IHG Holdings Requisite Resolutions as may be required in accordance with sections 41(1) and/or 41(3) of the Companies Act and the CTSE Listing Requirements authorising the allotment and issue of the Shares Consideration;

5.2.3 the financial surveillance department of South African Reserve Bank having approved the Offer to those IHG Shareholders who are not tax residents in South Africa, the Republic of Namibia and the Kingdoms of Lesotho and eSwatini (the "**Common Monetary Area**"), provided that if such approval is granted conditionally or on terms, this condition shall not be regarded as having been fulfilled unless IHG Holdings gives notice to IHG to the effect that such conditions and terms are acceptable to IHG Holdings and *vice versa*;

5.2.4 in relation to the Scheme:

5.2.4.1 by not later than 17h00 on 31 March 2022, the Scheme being approved by way of special resolution ("**Scheme Resolution**") adopted by the requisite majority of the IHG Shareholders at the Special General Meeting, as contemplated in section 115(2)(a) of the Companies Act, and in the event of the provisions of section 115(2)(c) of the Companies Act becoming applicable:

5.2.4.1.1 by no later than 17h00 on the 15th business day after the Scheme Resolution is adopted, (i) the High Court of South Africa approving the implementation of the Scheme Resolution and no appeal or review being

timeously lodged or, if timeously lodged, the appeal or review not being successful or (ii) the provisions of section 115(2)(c) of the Companies Act ceasing to be applicable; and

5.2.4.1.2 if applicable, IHG not treating the Scheme Resolution as a nullity as contemplated in section 115(5)(b) of the Companies Act; and

5.2.4.2 on the business day preceding the Scheme finalisation date, being the date on which the Scheme becomes unconditional, the company secretary of IHG Holdings and IHG confirming in writing that the aggregate value of (i) the fractions of IHG Holdings Shares which are to be settled by IHG Holdings in cash in circumstances where a IHG Shareholder's entitlement to the Shares Consideration gives rise to a fraction of an IHG Holdings Share; and (ii) the Scheme Shares, if any, which are to be settled by IHG in cash at their fair value by virtue of IHG Shareholders having validly exercised their appraisal rights in terms of section 164 of the Companies Act, will not exceed an amount of R4,500,000 (four million five hundred thousand); and

5.2.5 in the case of the Scheme by no later than 17h00 on 31 January 2022, all regulatory consents being received on an unconditional basis or, to the extent that any such regulatory consents are given subject to any condition or qualification, IHG and/or IHG Holdings (whichever one or both of them are being adversely affected by the condition or qualification) confirming in writing to the other of them that the condition is acceptable to it, which confirmation shall not be unreasonably withheld or delayed.

5.3 The Offer condition precedent as envisaged in paragraphs 5.2.4.2 (subject to TRP consent) above are capable of waiver and the time and/or date for fulfilment or waiver of such conditions precedent may be extended, on the basis that IHG Holdings and IHG are entitled to, by their written agreement prior to any such Offer condition precedent having failed (i) extend the time and/or date for fulfilment or waiver of any such Offer condition precedent from time to time, and/or (ii) waive fulfilment of any of such Offer condition precedent, in whole or in part.

5.4 Any other Offer conditions precedent are not capable of being waived. Despite this, IHG Holdings and IHG are entitled, by their written agreement prior to such Offer conditions precedent having failed, to extend the time and/or date for fulfilment of the Offer conditions precedent.

6. PRO FORMA FINANCIAL INFORMATION

6.1 In terms of Regulation 101(7)(b)(iv) of the Companies Regulations, a firm intention announcement must contain, *inter alia*, the pro forma earnings and asset value per offeree regulated company security if the offer consideration consists wholly or partly of offeror securities.

6.2 **Pro forma earnings and asset value per IHG Share equivalent and IHG Share where applicable**

6.2.1 The *pro forma* financial effects and notes thereto relating to the impact of the Proposed Transaction is contained in the table below. The *pro forma* financial effects are based on the latest consolidated audited financial statements for IHG for the 12 months ended 28 February 2021.

6.2.2 The *pro forma* financial effects of the Proposed Transaction on the IHG Shareholders, for which the IHG Independent Board is responsible, are provided and have been prepared for illustrative purposes only to provide information about how the Proposed Transaction may affect the financial position of the IHG Shareholders, and because of its nature, may not fairly present the actual financial position of the Proposed Transaction on the IHG Shareholders.

6.2.3 The pro forma financial effects are presented in a manner consistent with the basis on which the historical financial information has been prepared and in terms of IHG’s accounting policies that comply with IFRS for the year ended 28 February 2021. The *pro forma* financial effects of the Proposed Transaction has been prepared on the assumption that the aforementioned became effective on 1 March 2020 for the statement of profit and loss and 28 February 2021 in respect of the statement of financial position. The pro forma financial effects are presented in accordance with the CTSE Listing Requirements and the Guide on Pro Forma Financial Information issued by the South African Institute of Chartered Accountants and ISAE 3420: Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus.

6.2.4 The IHG Independent Board is responsible for the compilation, contents and preparation of the IHG *pro forma* financial effects. Their responsibility includes determining that the IHG *pro forma* financial effects have been properly compiled on the basis stated, which is consistent with the accounting policies of IHG and that the *pro forma* adjustments are appropriate for purposes of the *pro forma* financial effects disclosed pursuant to the CTSE Listing Requirements.

Pro forma financial effects on IHG Shareholders:

Per IHG equivalent share (cents)	Before Proposed Transaction (1)	Pro forma after the Proposed Transaction (2)	Percentage change from (1) to (2)
Earnings per IHG Share	71	40	-0.43%
Basic and diluted earnings per IHG Share	71	40	-0.43%
Net asset value per IHG Share	1,032	1,002	-0.03%
Net tangible asset value per IHG Share	1,032	1,002	-0.03%
Weighted number of IHG Shares in issue	2,359,675	2,359,675	-
Number of IHG Shares in issue	2,359,675	2,359,675	-
Weighted number of IHG Holding Shares in issue	1,547,278	2,471,478	60%
Number of IHG Holding Shares in issue	1,547,278	2,471,478	60%

Notes and assumptions:

1. The IHG information reflected in the “Before Proposed Transaction” column has been extracted without amendments from the IHG audited consolidated financial statements for the 12 (twelve) months ended 28 February 2021.
2. The IHG information reflected in the “Pro forma after the Proposed Transaction” column has been calculated on the basis that the Proposed Transaction has been implemented and based on the following assumptions:
 - a. The effects on basic and diluted earnings from continued and discontinued operations per IHG Share are calculated on the basis that the Proposed Transaction was effective 1 March 2020, whilst the effects on the net asset value and the net tangible asset value per IHG Share are calculated on the basis that the Proposed Transaction was effective 28 February 2021.

- b. All income and expenses are deemed to have a continuing effect.
- c. The estimated transaction costs of R0.7 million relating to the Proposed Transaction is not expected to have a continuing impact on the statement of comprehensive income.
- d. There was no change to the number of IHG Shares in issue as a result of the Proposed Transaction.
- e. Distributable reserves decreased by R0.7 million, being the estimated non-recurring transaction costs associated with the Proposed Transaction.

6.3 ***Pro forma earnings and asset value per IHG Holdings Share***

- 6.3.1 The pro forma financial effects and notes thereto relating to the impact of the Proposed Transaction is contained in the table below. The pro forma financial effects are based on the latest consolidated audited financial statements for IHG Holdings for the 12 months ended 28 February 2021.
- 6.3.2 The pro forma financial effects on IHG Holdings Shareholders, for which the IHG Holdings Board is responsible, are provided for illustrative purposes only to provide information about how the Proposed Transaction may affect the financial position of IHG Holdings Shareholders, and because of their nature, may not fairly present the actual financial position of the Proposed Transaction on IHG Holdings Shareholders.
- 6.3.3 The pro forma financial effects are presented in a manner consistent with the basis on which the historical financial information has been prepared and in terms of IHG Holdings' accounting policies that comply with IFRS for the year ended 28 February 2021. The *pro forma* financial effects of the Proposed Transaction has been prepared on the assumption that the aforementioned became effective on 1 March 2020 for the statement of profit and loss and 28 February 2021 in respect of the statement of financial position. The pro forma financial effects are presented in accordance with the CTSE Listing Requirements and the Guide on Pro Forma Financial Information issued by the South African Institute of Chartered Accountants and ISAE 3420: Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus.
- 6.3.4 The IHG Holdings Board is responsible for the compilation, contents and preparation of the IHG Holdings *pro forma* financial effects. Their responsibility includes determining that the IHG Holdings *pro forma* financial effects have been properly compiled on the basis stated, which is consistent with the accounting policies of IHG Holdings and that the *pro forma* adjustments are appropriate for purposes of the *pro forma* financial effects disclosed pursuant to the CTSE Listing Requirements.

Pro forma financial effects on IHG Holdings Shareholders:

Per IHG Holdings Share (cents)	Before Proposed Transaction (1)	Pro forma after the Proposed Transaction (2)	Percentage change from (1) to (2)
Earnings per IHG Holdings Share	76	71	-7.06%
Basic and diluted earnings per IHG Holdings Share	76	71	-7.06%
Net asset value per IHG Holding Share	960	942	-1.86%
Net tangible asset value per IHG Holding Share	960	942	-1.86%
Weighted number of IHG Holding Shares in issue	1,547,278	2,471,478	59.7%
Number of IHG Holding Shares in issue	1,547,278	2,471,478	59.7%

Notes and assumptions:

1. The IHG Holdings information reflected in the “Before Proposed Transaction” column has been extracted without amendments from the IHG Holdings audited consolidated financial statements for the 12 (twelve) months ended 28 February 2021.
2. The IHG Holdings information reflected in the “Pro forma after the Proposed Transaction” column has been calculated on the basis that the Proposed Transaction has been implemented and based on the following assumptions:
 - a. The effects on basic and diluted earnings from continued and discontinued operations per IHG Holdings Share are calculated on the basis that the Proposed Transaction was effective 1 March 2020, whilst the effects on the net asset value and the net tangible asset value per IHG Holdings Share are calculated on the basis that the Proposed Transaction was effective 28 February 2021.
 - b. The Proposed Transaction results in a 34.74% decrease in the non-controlling interest balance as at 28 February 2021.
 - c. The number of IHG Holding Shares in issue are increased by an assumed 924 200 IHG Holding Shares to be issued as part of the Shares Consideration.
 - d. Profit attributable to non-controlling interests is reversed on the basis that IHG becomes a wholly-owned Subsidiary of IHG Holdings.
 - e. Unless otherwise stated, all adjustments are expected to have a continuing impact on the statement of comprehensive income.
 - f. Share capital is increased by R26.1 million, being the Shares Consideration (the issue of 924 200 IHG Holdings Shares) based on the Shares Consideration at an assumed price of R28.28 (twenty eight Rand and twenty eight Cents) per IHG Holdings Share. In terms of IFRS, the issue price of the IHG Holdings Shares will be determined on the effective date of the Proposed Transaction and may differ from the assumptions underlying these pro forma effects.

- g. Non-controlling interest is reversed on the basis that IHG becomes a wholly-owned Subsidiary of IHG Holdings.
- h. Distributable reserves decreased by R17.7 million, being the difference between the fair value of the consideration transferred and the adjustment to non-controlling interest.
- i. The consideration transferred comprises the assumed Shares Consideration of R26.1 million.

7. FUNDING OF THE OFFER CONSIDERATION

7.1 Shares Consideration

IHG Holdings confirms that it will have sufficient authorised ordinary shares available to issue the maximum number of IHG Holdings Shares which may be required to implement the Proposed Transaction fully and that it has the necessary authority to issue such IHG Holdings Shares, subject to the IHG Holdings Requisite Resolutions being passed at the IHG Holdings Special General Meeting (to be held on or about 13 January 2022).

7.2 Cash Consideration

The TRP has provided its approval in terms of the exemption application made by IHG and IHG Holdings (“Parties”), in terms of which the Parties have stated that the cash in relation to the fractional entitlement is of *de minimis* nature and included a cash confirmation in relation thereto.

8. STATEMENTS OF BENEFICIAL INTERESTS

8.1 IHG Holdings is the controlling shareholder of IHG which currently owns 1 540 000 IHG Shares, representing approximately 65.26% of the total issued Shares in IHG.

8.2 The following directors of IHG Holdings and IHG hold the beneficial interests in the issued share capital of IHG as detailed below:

Directors of IHG Holdings	Direct Holding	Indirect Holding	Total	% of IHG issued Shares
Dr PJL Odendaal	30 000	-	30 000	1.27
Dr A Jacobsz ¹	-	30 000	30 000	1.27
Total	30 000	30 000	60 000	1.27

Directors of IHG	Direct Holding	Indirect Holding	Total	% of IHG issued Shares
Dr PJL Odendaal	30 000	-	30 000	1.27
Dr A Jacobsz ¹	-	30 000	30 000	1.27
Total	30 000	30 000	60 000	2.54

Notes:

1. The IHG Shares are indirectly held by an Associate of Dr A Jacobsz, being *Olia Investments Proprietary Limited*.

9. RESPONSIBILITY STATEMENTS

9.1 The IHG Independent Board accepts responsibility for the information contained in this announcement insofar as it relates to IHG, accepts responsibility for the accuracy of such information and certifies that, to the best of its knowledge and belief, the information contained in this announcement is true and nothing has been omitted which is likely to affect the importance of the information.

9.2 The IHG Holdings Board accepts responsibility for the information contained in this announcement insofar as it relates to IHG Holdings, accepts responsibility for the accuracy of such information and certifies that, to the best of its knowledge and belief, the information contained in this announcement is true and nothing has been omitted which is likely to affect the importance of the information.

10. POSTING OF THE COMBINED OFFER CIRCULAR

IHG Holdings and IHG intend to post the Combined Offer Circular on or about 8 December 2021, and in any event within 20 business days from the date of this announcement as specified in the Companies Regulations. It is expected that the Special General Meetings to be convened to consider the resolutions necessary to implement the Proposed Transaction will be held on or about 13 January 2022. The Combined Offer Circular will confirm the date of the Special General Meetings and provide detail of all other pertinent dates.

11. WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

Following the release of this Firm Intention Announcement, the shareholders of IHG and IHG Holdings are advised that they are no longer required to exercise caution when dealing in their shares.

SIGNED AT PRETORIA FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF IHG HOLDINGS ON 25 NOVEMBER 2021

By order of the IHG Holdings Board



KJM Moja
Chairman

SIGNED AT PRETORIA FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF IHG ON 25 NOVEMBER 2021

By order of the IHG Board



D Prinsloo
Chief Executive Officer

iHealthcare Group Holdings Limited

Sappi Technology Centre

The Innovation Hub

Cnr Aaron Klug and Max Theiler Street

Persequor

Pretoria

Gauteng

0020

iHealthcare Group Limited

Sappi Technology Centre

The Innovation Hub

Cnr Aaron Klug and Max Theiler Street

Persequor

Pretoria

Gauteng

0020

TRANSACTION ADVISOR AND CTSE EXTERNAL ISSUER AGENT:

Pallidus Capital Proprietary Limited

LEGAL ADVISORS TO THE IHG GROUP:

Van Huyssteens Commercial Attorneys