

M & A COMPANY SECRETARIES (PRIVATE) LIMITED

Company Reg No. PV 87018

An Associate of
NITHI MURUGESU
& ASSOCIATES
Attorneys at Law & Notaries Public | Patent & Trademark Attorneys
55 YEARS OF INSPIRATION

Corporate Secretaries

Date: 30th December 2021.

Our Ref: - NM/SW - Cg.27(128) & M & A 242

BY HAND/UPLOAD

Copy by Telefax to No. 2448925

Mr. Renuka Wijewardena,
Chief Operating Officer,
Colombo Stock Exchange,
Level 04, West Block,
World Trade Centre,
Colombo - 00100.

Dear Sir,

NAWALOKA HOSPITALS PLC- PQ.78

IMMEDIATE DISCLOSURE IN TERMS OF SECTION 9.3.1

In terms of section 9.3.1 of the Listing Rules of the Colombo Stock Exchange, we write to disclose the following Corporate Disclosure pertaining to a Non-Recurrent Related Party Transaction of Nawaloka Hospitals PLC which requires immediate disclosure:

- i) **Date of the transaction or the period where applicable:**
Immediately upon the execution of a Share Sale and Purchase Agreement after the disclosure.
- ii) **Name of the relevant Related Party:**
Prospective Buyer - Nawaloka Care (Private) Limited.
- iii) **Relationship between the Entity and the Related Party:**
The Spouse and the Son of one of the Director's of the Entity are the Directors of the Related Party.
- iv) **Details of the transaction including the amount, relevant terms of the transaction and the basis on which the terms arrived at:**
 - (a) **Details of the transaction** - Sale of 100% shareholding which Nawaloka Hospitals PLC holds in Nawaloka Medicare (Private) Limited.
 - (b) **Amount of the transaction** - Rs.1,407 Mn.
 - (c) **Relevant Terms of the Transaction** - Normal commercial terms, which includes the payment within 7 working days of Rs. 717,570,000/=; within 14 working days of Rs. 351,750,000/= and the balance sum of Rs. 337,680,000/= with interest at 9% per annum in 3 installments of Rs. 95,195,600/= (6th month), Rs. 140,435,600/= (12th month) and Rs. 134,637,800/= (18th month).

Nithi Murugesu
Attorney-at-Law

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(d) Basis on which the terms were arrived at:

Valuation for the proposed sale of shares has been carried out by an Independent Valuer to ascertain the fair value and reasonable return on the Company's investment. Legal opinion was also sought from an Independent Lawyer. Accordingly, the terms were arrived at based upon the two opinions, which was also independently reviewed by the Related Party Transactions Review Committee.

(v) **Rational for entering into the transaction:**

(a) The Articles of Association of Nawaloka Medicare (Private) Limited (of which 100% shares are to be transferred from Nawaloka Hospitals PLC to Nawaloka Care (Private) Limited) states "*any invitation to the public to subscribe to the shares or other securities of the company is prohibited*" [vide Article 3(2)]. Thus, the shares of Nawaloka Medicare (Pvt) Limited cannot be freely sold to any outsiders/third party. Therefore the Company believes that it is best to make a sale to a Company within the Group.

(b) The value proposed for the sale of the said shares provides a reasonable return on the Company's investment.

(vi) **The Related Party Transactions Review Committee of the Entity is of the view that the transaction is on normal commercial terms and is not prejudicial to the interests of the Entity and its minority Shareholders and the Related Party Transaction Review Committee has obtained opinions from Independent Experts prior to forming its view on the transaction.**

(vii) (a) **Aggregate value of all the Transaction with Nawaloka Care (Private) Limited within the current financial year from 1st April 2021 to 30th November 2021 (excluding this transaction):-**

Recurrent	- Rs.15,221,252/=;
Non Recurrent	- Zero

(b) **Aggregate value of all Related Party Transactions within the current financial year from 1st April 2021 to 30th November 2021 (excluding this transaction) :-**

Recurrent	- Rs.304,305,207/=;
Non Recurrent	- Rs.140,410,078/=.

Thanking you,

Yours faithfully,

M & A Company Secretaries (Pvt) Ltd.


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Director
Secretaries to the Company