
**ENTRY INTO A NON-BINDING LETTER OF INTENT WITH
CHINA MERCHANTS SHEKOU INDUSTRIAL ZONE HOLDINGS CO., LTD.**

1. INTRODUCTION

- 1.1 The Board of Directors (the “**Board**”) of OUE Lippo Healthcare Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) wishes to inform shareholders that the Company has today entered into a non-binding letter of intent (the “**LOI**”) with China Merchants Shekou Industrial Zone Holdings Co., Ltd. 招商局蛇口工业区控股股份有限公司 (“**CMSK**”) to jointly develop, operate and manage a high-end international hospital in Prince Bay, Shekou, Shenzhen, the People’s Republic of China (“**PRC**”) (the “**Proposed Hospital Project**”).
- 1.2 The Proposed Hospital Project is subject to due diligence, the entry into definitive agreement(s) and the obtaining of relevant regulatory approvals by both the Company and CMSK.

2. INFORMATION ON CMSK

CMSK is listed on the Shenzhen Stock Exchange, and is involved in industrial park development and management, community development and management, and cruise infrastructure development and management. CMSK is a member company of the China Merchants Group (“**CMG**”), which is a PRC state-owned conglomerate based in Hong Kong.

3. KEY PROVISIONS OF THE LOI

- 3.1 The LOI sets out some provisions for further discussion in respect of the Proposed Hospital Project. The LOI is not legally binding, save for certain provisions relating to the validity period of the LOI, confidentiality, costs and expenses and governing law and dispute resolution.
- 3.2 Some of the key provisions of the LOI are set out below, which remain subject to due diligence, the entry into definitive agreement(s) and the obtaining of relevant regulatory approvals by both the Company and CMSK:

(a) The Offshore JV Co

Both the Company and CMSK plan to set up an offshore joint venture company (the “**Offshore JV Co**”) of which each of the Company and CMSK shall directly or indirectly hold 50% shareholding interest. The Offshore JV Co shall in turn hold 100% shareholding interest in an onshore company which shall hold the land use rights to the land for the development of the Proposed Hospital Project.

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(In receivership over charged shares in certain subsidiaries)

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(b) Negotiation and Validity Period

Both parties would, upon the signing of the LOI, negotiate the terms of the definitive agreement(s) within a non-exclusive negotiation period ending on 30 June 2019 or such later date as may be mutually agreed in writing by the parties ("**Expiry Date**").

The LOI shall terminate on the earlier of (i) the entry into the definitive agreement(s) which shall supersede this LOI; or (ii) the Expiry Date.

4. RATIONALE

4.1 Deepening collaboration with CMG

The Proposed Hospital Project is expected to have more than 200 beds serving the local community, and potentially tapping into the medical tourism industry in the Guangdong-Hong Kong-Macao Greater Bay Area (the "**Greater Bay Area**"). It will be a significant milestone in the partnership between the Company and CMG¹, as it enhances and demonstrates the commitment level and further develops the working relationship of both parties in China. The Company believes that it is also poised to capture other healthcare opportunities in China with CMG as the partnership matures.

4.2 Capitalising healthcare opportunities in China's Greater Bay Area

The Proposed Hospital Project is located in the Greater Bay Area of China, which spans across 11 cities² in the Guangdong-Hong Kong-Macao region. The 11 cities of the Greater Bay Area account for approximately 5% of the total population in China but 12% of the Gross Domestic Product of China³.

The Group believes that as the Greater Bay Area develops into a key region of China, the Proposed Hospital Project would be able to capitalise the growing demand for specialised and quality healthcare services within the Greater Bay Area.

5. FINANCIAL EFFECTS

The entry into the LOI is not expected to have any material impact on the net tangible assets per share and earnings per share of the Group for the current financial year ending 31 December 2018.

6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company has any interests, direct or indirect, in the Proposed Hospital Project, other than through their respective shareholding interests in the Company.

¹ On 2 January 2018, the Company announced that it has acquired 100% equity interest in Brainy World Holdings Limited ("BWH"), which has a 50% shareholding interest in the joint venture company, China Merchants Lippo Hospital Management (Shenzhen) Limited. The remaining 50% shareholding interest is held by China Merchants Landmark (Shenzhen) Co. Ltd, which is part of CMG.

² The Guangdong-Hong Kong-Macao Greater Bay Area (Greater Bay Area) comprises the two Special Administrative Regions of Hong Kong and Macao, and the nine municipalities of Guangzhou, Shenzhen, Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen and Zhaoqing in Guangdong Province.

³ Source: <https://www.cbre.com.hk/en/about/media-centre/the-rise-of-the-greater-bay-area-as-the-worlds-largest-bay-area-economy>

7. FURTHER ANNOUNCEMENTS

The Company will make further announcement(s) as and when there are any material updates or developments in relation to the Proposed Hospital Project.

8. CAUTIONARY STATEMENT

Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully and to exercise caution when dealing in the shares of the Company. Shareholders and potential investors should note that the Proposed Hospital Project is subject to, *inter alia*, the execution of the definitive agreement(s). Persons who are in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

By Order of the Board
OUE Lippo Healthcare Limited

Dr Wong Weng Hong
Chief Executive Officer and Executive Director
12 December 2018

*This announcement has been prepared by the Company and its contents have been reviewed by PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**"), for compliance with the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement. This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.*

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