
**UPDATE ON PROPOSED HOSPITAL PROJECT IN PRINCE BAY, SHENZHEN:
ENTRY INTO SHARE SUBSCRIPTION AGREEMENT**

1. INTRODUCTION

The Board of Directors (the “**Board**”) refers to the announcement made by the Company on 12 December 2018 and 31 May 2019 in relation to the entry into the 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 (the “**Proposed Hospital Project**”) (the “**Previous Announcements**”).

Unless otherwise defined, all capitalised items herein shall have the same meaning as ascribed to them in the Previous Announcements.

Further to the Previous Announcements, the Board wishes to inform shareholders that LCM (Prince Bay Development) Pte. Ltd., an indirect wholly-owned subsidiary of the Company (the “**Subscriber**”), has on 29 November 2019 entered into a share subscription agreement (the “**SSA**”) with the following parties:

- (i) Golden Pinnacle Enterprises Limited (“**Golden Pinnacle**”), an indirect wholly-owned subsidiary of CMSK;
- (ii) Riviera Quad International Limited 乐活置业国际有限公司 (the “**Offshore JV Co**”), a wholly-owned subsidiary of Golden Pinnacle; and
- (iii) Lekang Assets (Shenzhen) Co., Ltd. 乐康置业(深圳)有限公司 (“**Lekang**”), a wholly-owned subsidiary of the Offshore JV Co,

pursuant to which the Subscriber will subscribe for, and the Offshore JV Co will allot and issue to the Subscriber, an aggregate of 10,000 new ordinary shares in the capital of the Offshore JV Co (the “**Subscription**”).

The Offshore JV Co currently has HKD10,000 outstanding issued shares, all of which are held by Golden Pinnacle. Upon Subscription, each of the Subscriber and Golden Pinnacle will hold 50% of the total issued shares of the Offshore JV Co. and the Subscriber, Golden Pinnacle and Offshore JV Co shall enter into a shareholders’ agreement to set out the management and control of Offshore JV Co in accordance with the SSA.

2. INFORMATION ON THE OFFSHORE JV CO

The Offshore JV Co is a limited private company incorporated under the laws of Hong Kong on 26 October 2015. It is an investment holding company and wholly-owns Lekang, a company established in the People’s Republic of China with a registered capital of RMB 98 million.

OUE Lippo Healthcare Limited

Company Registration No. 201304341E

(in receivership over charged shares in certain subsidiaries)

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Lekang in turn owns the land use rights of a land parcel located at Prince Bay, Shekou, Shenzhen, the People's Republic of China (the "**Land Parcel**"). The Land Parcel comprises a site area of approximately 6246.75 sqm with a plot ratio of 4.8 and is intended to be used for the development of the Proposed Hospital Project. The land use rights is granted for a term of 50 years, effective from 26 December 2016 to 25 December 2066. Pursuant to the land use rights granted, the Land Parcel is to be used solely for medical purposes.

The Offshore JV Co had an unaudited net liability of RMB20,886.70 as at 30 September 2019 and an unaudited net loss before tax of RMB11,456.40 for the nine months ended 30 September 2019. The Offshore JV Co has been dormant, the net losses and net liabilities position of the Offshore JV Co have arisen due to corporate expenses.

Pursuant to the SSA, subject to approval by the relevant business registration department (商业登记部门), the parties agree to take all necessary actions to facilitate the change of the name of the Offshore JV Co to "China Merchants Lippo Property Holdings (Hong Kong) Co., Ltd. 招商力宝物业控股(香港)有限公司 within a reasonable time after completion of Subscription ("**Completion**").

3. THE SHARE SUBSCRIPTION

The aggregate consideration for the Subscription to be paid by the Subscriber is RMB126,338,880.38, amounting to approximately S\$24,579,548.71 (based on an exchange rate of S\$1: RMB5.14 as at 29 November 2019) (the "**Consideration**").

The Consideration was arrived at after arm's length negotiations and was on a willing-buyer willing-seller basis, taking into account various factors, including the market value of the Land Parcel, and the business prospects of the Offshore JV Co. In connection with the Subscription, the Company has commissioned JLL (Beijing) Real Estate Appraisal & Consultancy Co., Ltd. to conduct an independent valuation (the "**Valuation**") of the Land Parcel as at 31 October 2019. The Valuation values the Land Parcel at RMB 161,000,000.00.

The Consideration will be paid to the Offshore JV Co upon Completion and will be funded by external borrowings of the Group. Completion will take place on the date falling thirty (30) calendar days after the date on upon the fulfilment of all condition precedents set out in the SSA (unless otherwise waived in writing by the Subscriber) or at such other time and/or date as may be agreed between the parties, and is expected to occur within the fourth quarter of the current financial year ending 31 December 2019.

4. RATIONALE

The Subscription is pursuant to the non-binding letter of intent entered into by the Company with CMSK for the development of Proposed Hospital Project as announced by the Company on 12 December 2018 (the "**12 December Announcement**").

As set out in the 12 December Announcement, the Proposed Hospital Project, which will now be entered into through the Subscription, is expected to deepen the Group's collaboration with China Merchants Group and enable the Group to capture other healthcare opportunities in China with the partnership. The Proposed Hospital Project will also enable the Group to capitalise the growing demand for specialised and quality healthcare services within the Greater Bay Area.

Further information on the rationale for the Proposed Hospital Project is set out in the 12 December Announcement.

5. FINANCIAL EFFECTS

The Subscription is not expected to have any material effect on the earnings per share, net tangible assets per share and gearing of the Group in the current financial year ending 31 December 2019.

6. CHAPTER 10 OF THE CATALIST RULES

The Subscription is in the ordinary course of business and does not change the risk profile of the Group, and thus, does not fall under Chapter 10 of the Listing Manual of the Singapore Exchange Securities Trading Limited Section B: Rules of Catalist.

The Subscription will not change the risk profile of the Company for the following reasons:

- (a) the Subscription will not increase the scale of the Company's existing operations significantly;
- (b) the Subscription will not result in change in control of the Company;
- (c) the Subscription is intended to be funded by external borrowings. Notwithstanding a slight increase in the net gearing of the Group, the Company believes that the Subscription will not have a material impact on the Group's earnings, working capital and gearing following the Completion; and
- (d) the Company is currently in the business of acquiring, developing, managing and operating healthcare facilities across Asia, including the People's Republic of China. Therefore, the Company is of the view that the Subscription will not result in an expansion of the Company's business to a new geographical market or a new business.

7. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Subscription and/or the Proposed Hospital Project, other than through their respective shareholding interests (if any) in the Company.

By Order of the Board
OUE Lippo Healthcare Limited

Mr Yet Kum Meng
Chief Executive Officer and Executive Director
2 December 2019

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**"), in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalyst.*

This announcement has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Gillian Goh, Director, Head of Continuing Sponsorship (Mailing address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).