

OUE Lippo's JV to manage three medical facilities in China

31 December 2018 | News

This collaboration further strengthens partnership with China Merchants Group through joint management of three medical facilities as well as expands healthcare network into Shanghai, Chongqing, and Nanjing.



Singapore – OUE Lippo Healthcare Limited announced that its 50:50 joint venture company with China Merchants Group, namely China Merchants Lippo Hospital Management (Shenzhen) Limited, has entered into management agreements with the member companies of CMG to manage three medical facilities (each a “**Medical Facility**” and collectively the “**Medical Facilities**”) in Shanghai, Chongqing, and Nanjing (collectively, the “**Management Agreements**”).

CMLHM is a 50:50 joint venture company between Lippo Healthcare Limited, an indirect wholly-owned subsidiary of OUELH, and China Merchants Landmark (Shenzhen) Co., Ltd, a member of CMG.

Mr Lee Yi Shyan, Chairman of OUELH said, “The three healthcare facilities are in prime locations within their respective cities, and present opportunities for us to leverage. We believe that with our expertise in healthcare management and operations, we will be able to optimise their performance to their full potential.”

Dr Stephen Riady, Executive Chairman of OUE Group, and Director of OUELH said, “On the back of strong growing demand for quality healthcare in China, we are steadily expanding our healthcare network with our partner, China Merchants Group. In addition to our presence in Duijiangyan, Chengdu, and the recently announced new hospital project in Shenzhen, we now have expanded into another three high-growth cities viz Shanghai, Chongqing, and Nanjing.”

Under the Management Agreements, CMLHM will manage the Medical Facilities for one year commencing from 1 February 2019, and is extendable for a further term of one year on substantially the same terms and conditions at the option of CMLHM. In consideration of its services, CMLHM will be paid a management fee equivalent to 5% of the annual revenue of each Medical Facility for each fiscal year.

After the completion of regulatory restructuring of each Medical Facility within the Management Period, CMLHM also has a right to acquire an interest in the business of each Medical Facility.

China's healthcare market has continued to develop at double-digit rates and is the fastest-growing healthcare market of all large emerging economies. Since the Chinese government's announcement of healthcare reforms in 2009, China's healthcare market has had a compounded annual growth rate of approximately 17% over a five-year period. As the second largest healthcare market globally, total healthcare expenditure in China reached US\$594 billion in 2015, and is further

projected to grow to US\$1.1 trillion by 2020. Given strong government initiatives, and a rapidly growing demand for quality and specialised healthcare services, the Chinese healthcare sector presents vast opportunities for multinational healthcare operators like OUELH.

In November 2017, OUELH announced the acquisition of Brainy World Holdings Limited, which indirectly owns CMLHM. Since then, the strategic partnership with CMG group to grow the Group's healthcare business in China has kickstarted. Thus far, the partnership has embarked on negotiations to jointly develop and manage an international hospital in Prince Bay, Shenzhen.