TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS): RELATED PARTY TRANSACTIONS AWARD OF CONTRACT TO HIP HING-CHUN WO JOINT VENTURE (GH) BY GHK HOSPITAL LIMITED, AN INDIRECT 60% OWNED SUBSIDIARY OF IHH HEALTHCARE BERHAD

IHH HEALTHCARE BERHAD

Type	Announcement
Subject	TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS) RELATED PARTY TRANSACTIONS
Description	AWARD OF CONTRACT TO HIP HING-CHUN WO JOINT VENTURE (GH) BY GHK HOSPITAL LIMITED, AN INDIRECT 60% OWNED SUBSIDIARY OF IHH HEALTHCARE BERHAD

Pursuant to Paragraph 10.08(1) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements ("**MMLR**"), the Board of Directors of IHH Healthcare Berhad ("**IHH**" or "**the Company**") is pleased to announce that GHK Hospital Limited ("**GHK**"), an indirect 60% owned subsidiary of IHH, had awarded the main contract for superstructure works for GHK to Hip Hing-Chun Wo Joint Venture (GH) ("**HHCW**") at a contract sum of HKD2,484,033,064.31 (equivalent to RM1,070,846,782[1]) ("**Contract Sum**") upon the terms and conditions as set out in the Letter of Award dated 24 November 2014 ("**Contract**").

The superstructure works comprise the design, completion and maintenance of the main contract works for the development of a private hospital at Lot No. 458, Nam Fung Path, Aberdeen Inland, Hong Kong which was acquired via public tender on 13 March 2013.

Further details of the Award of the Contract are as per file attached.

Attachments

Announcement - award of contract - final.pdf
27 KB

Announcement Info

Company Name	IHH HEALTHCARE BERHAD
Stock Name	IHH
Date Announced	24 Nov 2014
Category	General Announcement
Reference No	IH-141121-40089

IHH Healthcare Berhad

Company No. 901914-V
(Incorporated in Malaysia)

GENERAL ANNOUNCEMENT
TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS): RELATED PARTY TRANSACTIONS

AWARD OF CONTRACT TO HIP HING-CHUN WO JOINT VENTURE (GH) BY GHK HOSPITAL LIMITED, AN INDIRECT 60% OWNED SUBSIDIARY OF IHH HEALTHCARE BERHAD

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1. Introduction

Pursuant to Paragraph 10.08(1) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements ("**MMLR**"), the Board of Directors of IHH Healthcare Berhad ("**IHH**" or "**the Company**") is pleased to announce that GHK Hospital Limited ("**GHK**"), an indirect 60% owned subsidiary of IHH, had awarded the main contract for superstructure works for GHK to Hip Hing-Chun Wo Joint Venture (GH) ("**HHCW**") at a contract sum of HKD2,484,033,064.31 (equivalent to RM1,070,846,782[1]) ("**Contract Sum**") upon the terms and conditions as set out in the Letter of Award dated 24 November 2014 ("**Contract**").

The superstructure works comprise the design, completion and maintenance of the main contract works for the development of a private hospital at Lot No. 458, Nam Fung Path, Aberdeen Inland, Hong Kong which was acquired via public tender on 13 March 2013.

2. Information of HHCW

HHCW is an unincorporated joint venture established in Hong Kong engaged in the provision of construction services. HHCW is 60% and 40% owned by NWS Holdings Limited ("**NWS**") and Chun Wo Construction & Engineering Company Limited respectively.

NWS owns 100% equity in Media Year Investments Limited ("**MYI**"), which in turn holds 40% of equity in GHK.

3. Salient Terms of Contract

The nature of the Contract is a lump sum contract with progressive payments upon works having been completed.

The duration of the Contract is 24 months.

4. Contract Sum

The Contract Sum was arrived at through a tender process, upon undergoing various processes such as tender interviews, clarifications, negotiations, and the advice and the participation of third party consultants such as the architect, civil and structural engineering consultant, mechanical and electrical engineering consultant, landscape consultant and quantity surveyor.

The Contract Sum will be funded by IHH Group and MYI in equal proportion to their shareholding in GHK. The IHH Group portion will be funded by bank borrowing.

5. Rationale for the award of Contract

HHCW has the necessary experience and capability to undertake the Contract, submitted a technically acceptable and viable tender and submitted the lowest tender offer.

6. Effects of the Contract

6.1. Earnings

The Contract is not expected to have any material effect on the earnings of IHH for the financial year ending 31 December 2014.

6.2. Net Assets

The Contract will have no material impact or changes to the Net Asset of IHH at the time of completion.

6.3. Gearing

The impact of the gearing ratio of IHH Group based on its audited consolidated financial statements for the financial year ended 31 December 2013 is set out below:

	Audited 31 Dec 2013 RM'000	After the Contract RM'000
Total borrowings	4,461,281	5,103,789
Total equity attributable to owners of Company	18,075,145	18,075,145
Gearing ratio	0.25	0.28

6.4. Share capital and Substantial shareholders' shareholding

The Contract will not have any effect on the issued and paid-up capital and substantial shareholders' shareholdings of IHH.

7. Directors' and Major Shareholders' Interest

Save as disclosed below, none of the Directors and/or major shareholders or persons connected to them, have any interest, direct or indirect, in connection with the Contract:-

(i) MYI is a major shareholder of GHK, which in turn is a wholly owned subsidiary of NWS
(ii) Mr Tsang Yam Pui, a director of GHK, is also a director of NWS
(iii) Mr Lam Wai Hon Patrick, a director of GHK, is also a director of NWS
(iv) Mr Cheng Chi Ming Brian, the alternate director to Tsang Yam Pui in GHK, is also a director of NWS

Mr Tsang Yam Pui, Mr Lam Wai Hon Patrick and Mr Cheng Chi Ming Brian have abstained from deliberation and voting at the GHK Board.

8. Board of Directors' Statement

After having considered the rationale and all other aspects of the Contract, the Board of Directors of IHH is of the opinion that the Contract is in the best interests of IHH and is fair, reasonable and on normal commercial terms and not detrimental to the interests of the minority shareholders of IHH.

9. Audit Committee's Statement

The Audit and Risk Management Committee of IHH is of the opinion that the award of the Contract is in the best interests of IHH and is fair, reasonable and on normal commercial terms and not detrimental to the interests of the minority shareholders of IHH on the grounds that:-

(i) the tender submitted is the lowest tender offer received;
(ii) the tender submitted is technically acceptable and viable; and
(iii) HHCW has the necessary experience and capability.

10. Approvals required

Pursuant to the Paragraph 10.08 (9) of the MMLR, the Contract is conditional upon approval being obtained from the Board of Directors of the Company, which was obtained on 18 November 2014.

11. Highest Percentage Ratio

The highest percentage ratio applicable to the Contract pursuant to paragraph 10.02(g) of Chapter 10 of the MMLR is 3.6%, computed based on the aggregate value of the Contract Sum attributable to IHH as compared to the audited consolidated net assets attributable to IHH as at 31 December 2013.

12. The total amount transacted with the same related party for the preceding 12 months

The total amount transacted between IHH Group and NWS for the preceding 12 months from the date of this announcement is HKD729,056.73 (equivalent to RM314,291[1])

13. Document for Inspection

A copy of the Letter of Award dated 24 November 2014 is available for inspection at the registered office of the Company at Level 28, Mercu UEM, Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50450 Kuala Lumpur during the normal office hours (9.00 a.m. to 6.00 p.m.) on any weekday (except public holidays) for a period of 3 months from the date of this announcement.

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[1] Based on the exchange rate of HKD100: RM43.1092 on 24 November 2014 as set out in the Bank Negara website, subject to rounding