

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR SECOND QUARTER ENDED 30 JUNE 2018
PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS
1 (a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group					
	Second Quarter ended	Second Quarter ended	Change	Six Months ended	Six Months ended	Change
	30.06.2018	30.06.2017		30.06.2018	30.06.2017	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	9,490	10,803	-12.2	19,333	21,281	-9.2
Less: Cost of sales	5,062	5,980	-15.4	10,461	11,834	-11.6
Gross profit	4,428	4,823	-8.2	8,872	9,447	-6.1
Less: Administrative expenses	4,785	4,026	+18.9	8,632	6,849	+26.0
Less: Other expenses, net	-	15,478	-100.0	-	17,408	-100.0
Share of losses of equity-accounted investees, net of tax	(104)	-	n.m.	(179)	-	n.m.
	(461)	(14,681)	-96.9	61	(14,810)	n.m.
Finance income	126	30	n.m.	162	135	+20.0
Finance costs	(1,938)	(5,775)	-66.4	(6,087)	(13,610)	-55.3
Net finance costs	(1,812)	(5,745)	-68.5	(5,925)	(13,475)	-56.0
Loss before tax	(2,273)	(20,426)	-88.9	(5,864)	(28,285)	-79.3
Tax (expense)/credit	(633)	(187)	n.m.	220	(3,496)	n.m.
Loss after tax	(2,906)	(20,613)	-85.9	(5,644)	(31,781)	-82.2
Other comprehensive income:						
<i>Items that are or may be reclassified subsequently to profit or loss</i>						
Foreign currency translation differences relating to foreign operations	(2,406)	887	n.m.	4,482	520	n.m.
Other comprehensive income, net of tax	(2,406)	887	n.m.	4,482	520	n.m.
Total comprehensive income for the period	(5,312)	(19,726)	-73.1	(1,162)	(31,261)	-96.3
Loss attributable to:						
Owners of the Company	(2,906)	(20,613)	-85.9	(5,644)	(31,781)	-82.2
Non-controlling interests	-	-	-	-	-	-
	(2,906)	(20,613)	-85.9	(5,644)	(31,781)	-82.2
Total comprehensive income attributable to:						
Owners of the Company	(5,312)	(19,726)	-73.1	(1,162)	(31,261)	-96.3
Non-controlling interests	-	-	-	-	-	-
	(5,312)	(19,726)	-73.1	(1,162)	(31,261)	-96.3

n.m. – Not meaningful

PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS (Continued)

1(b) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group			Company	
	30.06.2018	31.12.2017	01.01.2017	30.06.2018	31.12.2017
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
		(Restated)	(Restated)		
ASSETS					
Property, plant and equipment	5,828	6,520	7,631	345	321
Intangible assets and goodwill	3,376	467	715	-	-
Investment properties	292,738	287,784	296,588	-	-
Investment properties under development	127,079	123,712	123,012	-	-
Lease prepayments	5,677	5,540	5,932	-	-
Joint venture	1,572	-	-	-	-
Subsidiaries	-	-	-	120,700	120,700
Trade and other receivables	-	-	-	9,955	9,792
Non-current assets	436,270	424,023	433,878	131,000	130,813
Inventories	1,001	1,137	776	-	-
Trade and other receivables	41,236	41,751	58,333	190,801	166,316
Cash and cash equivalents	67,318	21,530	15,186	45,051	31
Current assets	109,555	64,418	74,295	235,852	166,347
Total assets	545,825	488,441	508,173	366,852	297,160
LIABILITIES					
Loans and borrowings	141,359	160,164	140,618	-	-
Trade and other payables	7,543	7,419	7,663	699	908
Deferred tax liabilities	37,251	36,715	29,494	-	-
Non-current liabilities	186,153	204,298	177,775	699	908
Loans and borrowings	171,036	173,814	170,336	165,931	171,681
Trade and other payables	27,281	25,243	27,214	45,826	42,407
Provisions	46,000	46,000	-	5,000	5,000
Current tax liabilities	1,032	1,051	1,080	-	-
Current liabilities	245,349	246,108	198,630	216,757	219,088
Total liabilities	431,502	450,406	376,405	217,456	219,996
NET ASSETS	114,323	38,035	131,768	149,396	77,164
EQUITY					
Share capital	270,157	192,707	192,707	270,157	192,707
Merger reserve	(65,742)	(65,742)	(65,742)	-	-
Asset revaluation reserve	3,630	3,630	3,630	-	-
Foreign currency translation reserve	731	(3,751)	-	-	-
Statutory surplus reserve	327	327	327	-	-
Accumulated (losses)/profits	(94,854)	(89,210)	1,490	(120,761)	(115,543)
Equity attributable to owner of the Company	114,249	37,961	132,412	149,396	77,164
Non-controlling interests	74	74	(644)	-	-
Total equity	114,323	38,035	131,768	149,396	77,164

Notes to the Financial Statements

1(a)(i) Loss before tax of the Group is arrived at after charging/(crediting):

	Group					
	Second Quarter ended	Second Quarter ended	Change	Six Months ended	Six Months ended	Change
	30.06.2018	30.06.2017		30.06.2018	30.06.2017	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Amortisation of intangible assets	61	58	+5.2	120	117	+2.6
Amortisation of lease prepayments	11	75	-85.3	22	145	-84.8
Foreign exchange (gains)/losses, net	(1,060)	(105)	n.m.	(148)	1,256	n.m.
Depreciation of property, plant and equipment	493	271	+81.9	990	547	+81.0
Impairment losses on trade and other receivables	-	15,525	-100.0	-	17,450	-100.0
Interest income	(126)	(29)	n.m.	(162)	(134)	+20.9
Interest expenses	2,999	5,880	-49.0	6,235	12,354	-49.5

1(a)(ii) Tax (expense)/credit

	Group					
	Second Quarter ended	Second Quarter ended	Change	Six Months ended	Six Months ended	Change
	30.06.2018	30.06.2017		30.06.2018	30.06.2017	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Current tax (expense)/credit	(1)	(17)	-94.1	25	(15)	n.m.
Deferred tax (expense)/credit	(632)	(170)	n.m.	195	(3,481)	n.m.
Tax (expense)/credit for the period	(633)	(187)	n.m.	220	(3,496)	n.m.

1(b)(i) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year.

	Group			Group		
	As at 30.06.2018			As at 31.12.2017		
	Secured S\$'000	Unsecured S\$'000	Total S\$'000	Secured S\$'000	Unsecured S\$'000	Total S\$'000
Amount repayable within one year	128,923	42,113	171,036	125,987	47,827	173,814
Amount repayable after one year	141,359	-	141,359	160,164	-	160,164

The secured borrowings of the Group as at 30 June 2018 comprised of term loans and bonds secured by the following:

- corporate guarantees from the Company;
- personal, joint and several guarantees by certain shareholders;
- a fixed charge over the total assets of a subsidiary of the Group which mainly comprised of investment properties and cash and cash equivalents;
- a charge created over an investment property under development of the Group;
- a debenture over the assets and rights of a subsidiary pertaining to a development project of the Group; and
- debenture over the Company's real property, tangible moveable property, the accounts, intellectual property, goodwill and rights in relation to the uncalled capital of the Company, investments, the shares, all dividends, interest and other monies payable in respect of the shares, all monetary claims other than any claims which are otherwise subject to a fixed charge or assignment pursuant to this debenture and all chattels hired, leased or rented from the Company by any other person.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group			
	Second Quarter ended 30.06.2018 S\$'000	Second Quarter ended 30.06.2017 S\$'000	Six Months ended 30.06.2018 S\$'000	Six Months ended 30.06.2017 S\$'000
Cash flows from operating activities				
Loss after tax	(2,906)	(20,613)	(5,644)	(31,781)
Adjustments for:				
Depreciation of property, plant and equipment	493	271	990	547
Amortisation of lease prepayments	11	75	22	145
Amortisation of intangible assets	61	58	120	117
Impairment losses on trade and other receivables	-	15,525	-	17,450
Loss on disposal of property, plant and equipment	1	3	1	11
Interest income	(126)	(29)	(162)	(134)
Interest expense	2,999	5,880	6,235	12,354
Share of losses of equity-accounted investees, net of tax	104	-	179	-
Tax expense/(credit)	633	187	(220)	3,496
	1,270	1,357	1,521	2,205
Changes in working capital:				
Inventories	321	(383)	152	(547)
Trade and other receivables	717	(1,700)	883	(2,433)
Trade and other payables	(2,476)	(2,396)	(4,008)	(748)
Cash used in operations	(168)	(3,122)	(1,452)	(1,523)
Tax paid	-	-	(23)	-
Net cash used in operating activities	(168)	(3,122)	(1,475)	(1,523)
Cash flows from investing activities				
Acquisition of subsidiaries, net of cash acquired	-	-	(2,120)	-
Additions to investment properties	(157)	-	(157)	(3)
Additions to investment properties under development	-	(12)	(86)	(12)
Interest received	126	29	162	134
Purchase of property, plant and equipment	(89)	(195)	(121)	(349)
Net cash used in investing activities	(120)	(178)	(2,322)	(230)
Cash flows from financing activities				
Interest paid	(1,427)	(7,045)	(3,004)	(11,666)
Issuance costs	-	-	(1,300)	-
Payment of finance lease liability	-	(154)	(106)	(328)
Proceeds from borrowings	-	119,900	6,653	136,602
Proceeds from issuance of shares	-	-	78,750	-
Repayment of borrowings	(19,825)	(106,080)	(31,809)	(118,132)
Net cash (used in)/generated from financing activities	(21,252)	6,621	49,184	6,476
Net (decrease)/increase in cash and cash equivalents	(21,540)	3,321	45,387	4,723
Cash and cash equivalents at beginning of financial period	89,066	16,644	21,530	15,186
Effect of exchange rate fluctuations on cash and cash equivalents	(208)	40	401	96
Cash and cash equivalents at end of financial period	67,318	20,005	67,318	20,005

- 1(d) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

GROUP	Attributable to owners of the Company							Non-controlling interests S\$'000	Total equity S\$'000
	Share capital S\$'000	Foreign currency translation reserve S\$'000	Merger reserve S\$'000	Asset revaluation reserve S\$'000	Statutory surplus reserve S\$'000	Accumulated profits/(losses) S\$'000	Total S\$'000		
At 31 December 2017, as previously stated	192,707	(6,538)	(65,742)	3,630	327	(86,423)	37,961	74	38,035
Adoption of SFRS (I) 1	-	2,787	-	-	-	(2,787)	-	-	-
At 31 December 2017, as restated	192,707	(3,751)	(65,742)	3,630	327	(89,210)	37,961	74	38,035
Total comprehensive income for the period									
Loss for the period	-	-	-	-	-	(2,738)	(2,738)	-	(2,738)
Other comprehensive income									
Foreign currency translation differences relating to foreign operations	-	6,888	-	-	-	-	6,888	-	6,888
Total other comprehensive income	-	6,888	-	-	-	-	6,888	-	6,888
Total comprehensive income for the period	-	6,888	-	-	-	(2,738)	4,150	-	4,150
Transaction with owners, recognized directly in equity									
Contributions by and distributions to owners									
Issue of ordinary shares, net of issuance costs	77,450	-	-	-	-	-	77,450	-	77,450
Total contributions by and distributions to owners	77,450	-	-	-	-	-	77,450	-	77,450
Total transactions with owners	77,450	-	-	-	-	-	77,450	-	77,450
At 31 March 2018	270,157	3,137	(65,742)	3,630	327	(91,948)	119,561	74	119,635
At 1 April 2018	270,157	3,137	(65,742)	3,630	327	(91,948)	119,561	74	119,635
Total comprehensive income for the period									
Loss for the period	-	-	-	-	-	(2,906)	(2,906)	-	(2,906)
Other comprehensive income									
Foreign currency translation differences relating to foreign operations	-	(2,406)	-	-	-	-	(2,406)	-	(2,406)
Total other comprehensive income	-	(2,406)	-	-	-	(2,906)	(2,406)	-	(2,406)
Total comprehensive income for the period	-	(2,406)	-	-	-	(2,906)	(5,312)	-	(5,312)
At 30 June 2018	270,157	731	(65,742)	3,630	327	(94,854)	114,249	74	114,323

- 1(d) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year. (Continued)

GROUP	Attributable to owners of the Company							Non-controlling interests S\$'000	Total equity S\$'000
	Share capital S\$'000	Foreign currency translation reserve S\$'000	Merger reserve S\$'000	Asset revaluation reserve S\$'000	Statutory surplus reserve S\$'000	Accumulated profits/(losses) S\$'000	Total S\$'000		
At 1 January 2017, as previously stated	192,707	(2,787)	(65,742)	3,630	327	4,277	132,412	(644)	131,768
Adoption of SFRS (I) 1	-	2,787	-	-	-	(2,787)	-	-	-
At 1 January 2017, as restated	192,707	-	(65,742)	3,630	327	1,490	132,412	(644)	131,768
Total comprehensive income for the period									
Loss for the period	-	-	-	-	-	(11,168)	(11,168)	-	(11,168)
Other comprehensive income									
Foreign currency translation differences relating to foreign operations	-	(367)	-	-	-	-	(367)	-	(367)
Total other comprehensive income	-	(367)	-	-	-	-	(367)	-	(367)
Total comprehensive income for the period	-	(367)	-	-	-	(11,168)	(11,535)	-	(11,535)
At 31 March 2017	192,707	(367)	(65,742)	3,630	327	(9,678)	120,877	(644)	120,233
At 1 April 2017	192,707	(367)	(65,742)	3,630	327	(9,678)	120,877	(644)	120,233
Total comprehensive income for the period									
Loss for the period	-	-	-	-	-	(20,613)	(20,613)	-	(20,613)
Other comprehensive income									
Foreign currency translation differences relating to foreign operations	-	887	-	-	-	-	887	-	887
Total other comprehensive income	-	887	-	-	-	-	887	-	887
Total comprehensive income for the period	-	887	-	-	-	-	(19,726)	-	(19,726)
At 30 June 2017	192,707	520	(65,742)	3,630	327	(30,291)	101,151	(644)	100,507

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year. (Continued)

COMPANY	Share capital S\$'000	Accumulated losses S\$'000	Total equity S\$'000
At 1 January 2018	192,707	(115,543)	77,164
Total comprehensive income for the period			
Loss for the period	-	(2,107)	(2,107)
Total comprehensive income for the period	-	(2,107)	(2,107)
Transactions with owners, recognized directly in equity			
Contributions by and distributions to owners			
Issue of company shares, net of issuance costs	77,450	-	77,450
Total contributions by and distributions to owners	77,450	-	77,450
Total transactions with owners	77,450	-	77,450
At 31 March 2018	270,157	(117,650)	152,507
At 1 April 2018	270,157	(117,650)	152,507
Total comprehensive income for the period			
Loss for the period	-	(3,111)	(3,111)
Total comprehensive income for the period	-	(3,111)	(3,111)
At 30 June 2018	270,157	(120,761)	149,396
At 1 January 2017	192,707	(50,802)	141,905
Total comprehensive income for the period			
Loss for the period	-	(9,656)	(9,656)
Total comprehensive income for the period	-	(9,656)	(9,656)
At 31 March 2017	192,707	(60,458)	132,249
At 1 April 2017	192,707	(60,458)	132,249
Total comprehensive income for the period			
Loss for the period	-	(3,775)	(3,775)
Total comprehensive income for the period	-	(3,775)	(3,775)
At 30 June 2017	192,707	(64,233)	128,474

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

<u>Ordinary shares issued and fully paid-up</u>	Number of shares	Paid-up share capital S\$
Balance as at 31 March 2018 and 30 June 2018	<u>2,221,564,603</u>	<u>270,156,969</u>

There were no outstanding convertibles, treasury shares or subsidiary holdings as at 30 June 2018 and 30 June 2017.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

As at 30 June 2018, the Company had 2,221,564,603 issued and fully paid-up ordinary shares.

As at 31 December 2017, the Company had 1,659,064,603 issued and fully paid-up ordinary shares.

The Company did not have treasury shares as at the end of the respective period.

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed in paragraph 5 below, the accounting policies and methods of computation adopted in the financial statements for the current reporting period are consistent with those disclosed in the audited consolidated financial statements for the financial year ended 31 December 2017.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group has adopted a new financial reporting framework, Singapore Financial Reporting Standards (International) (SFRS(I)s), on 1 January 2018 and has prepared its first set of financial information under SFRS(I)s for the quarter ended 31 March 2018.

In adopting SFRS(I)s, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*. The Group's opening balance sheet under SFRS(I)s has been prepared as at 1 January 2017, which is the Group's date of transition to SFRS(I)s.

a) Application of SFRS(I) 1

The Group has elected for the optional exemption to reset its cumulative foreign currency translation reserve for all foreign operations to nil at the date of transition at 1 January 2017. As a result, cumulative foreign currency translation losses of \$2,787,000 was reclassified from foreign currency translation reserve to retained earnings as at 1 January 2017. After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before the date of transition.

The effects of the adoption of SFRS(I)1 are as follows:

	Group	
	As at 31.12.2017 S\$'000	As at 01.01.2017 S\$'000
Statement of financial position		
Increase in foreign currency translation reserve	2,787	2,787
Decrease in accumulated profits	(2,787)	(2,787)

b) Adoption of SFRS(I)s

In addition, during the current financial year, the Group and the Company have adopted the following new SFRS(I)s, amendments and interpretations of SFRS(I)s which took effect from financial year beginning 1 January 2018:

- SFRS(I) 15 *Revenue from Contracts with Customers* and Amendments to SFRS(I) 15 *Clarifications to SFRS(I) 15*
- SFRS(I) 9 *Financial Instruments*
- Amendments to SFRS(I) 1-40 *Transfers of Investment Property*
- Amendments to SFRS(I) 1 *Deletion of short-term exemptions for first-time adopters*
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*

The adoption of these SFRS(I)s, amendments and interpretations of SFRS(I)s did not have any significant impact on the financial statements of the Group.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:**

	Group			
	Second Quarter ended 30.06.2018	Second Quarter ended 30.06.2017	Six Months ended 30.06.2018	Six Months ended 30.06.2017
Net loss attributable to owners of the Company (S\$'000)	(2,906)	(20,613)	(5,644)	(31,781)
Weighted average number of ordinary shares in issue	2,080,939,603	1,659,064,603	2,080,939,603	1,659,064,603
Basic earnings per share (Singapore cents)	(0.14)	(1.24)	(0.27)	(1.92)

Basic and diluted earnings per share were the same as there were no potentially dilutive ordinary shares in issue as at 30 June 2018 and 30 June 2017 respectively.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	As at 30.06.2018	As at 31.12.2017	As at 30.06.2018	As at 31.12.2017
Net asset value attributable to owners of the Company (S\$'000)	114,249	37,961	149,396	77,164
Number of ordinary shares in issue	2,221,564,603	1,659,064,603	2,221,564,603	1,659,064,603
Net asset value per ordinary share (Singapore cents)	5.14	2.29	6.72	4.65

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of financial performance for second quarter ended 30 June 2018 ("2Q2018")

2Q2018 vs 2Q2017

(a) Revenue

Revenue for 2Q2018 decreased by S\$1.3 million to S\$9.5 million as compared to S\$10.8 million for 2Q2017.

The decrease was due mainly to lower revenue recorded by the Wuxi New District Phoenix Hospital and the China pharmaceutical distribution business. Revenue from rental of the Japan nursing facilities was stable in Japanese Yen ("JPY") terms but was lower when translated to the Singapore dollar ("SGD") due to lower 2Q2018 average exchange rate as compared with the average exchange rate for 2Q2017.

(b) Cost of sales

Cost of sales for 2Q2018 decreased by S\$0.9 million to S\$5.1 million as compared to S\$6.0 million for 2Q2017. The decrease is in line with the decrease in revenue for the Wuxi New District Phoenix Hospital and the China pharmaceutical distribution business.

(c) Gross profit

Gross profit for 2Q2018 decreased by S\$0.4 million to S\$4.4 million due mainly to the decrease in revenue.

(d) Administrative expenses

Administrative expenses increased by S\$0.8 million to S\$4.8 million as compared to S\$4.0 million in 2Q2017. The increase was due mainly to higher staff and related cost incurred in 2Q2018.

(e) Other expenses, net

The other expenses incurred in 2Q2017 related mainly to the impairment loss of S\$15.5 million on trade and other receivables. There was no impairment in 2Q2018.

(f) Share of losses of equity-accounted investees, net of tax

The share of losses of equity-accounted investees of S\$0.1 million related to the Group's share of loss of the Group's 50% interest in a Sino-foreign joint venture company, China Merchants Lippo Hospital Management (Shenzhen) Limited.

(g) Finance costs

Finance costs decreased by S\$3.8 million to S\$1.9 million in 2Q2018. The decrease was due mainly to:

- (i) interest savings of S\$2.0 million and lower amortisation costs of S\$0.4 million following the refinancing of the Japan TMK bonds in July 2017;
- (ii) interest savings of S\$0.4 million and lower amortisation costs of S\$0.7 million relating to the redemption of the S\$50.0 million 6% Medium Term Notes Series 001 ("**MTN-001**") and the S\$50.0 million 7% Medium Term Notes Series 002 ("**MTN-002**");
- (iii) interest savings of S\$0.1 million from the repayment of various high interest borrowings; and
- (iv) foreign exchange gains of S\$1.0 million.

The decrease was partially offset by an increase in interest cost of S\$0.8 million incurred on loans from Treasure International Holdings Pte. Ltd. ("**TIHPL**") and OUE Treasury Pte. Ltd. ("**OUE Treasury**"), which are wholly-owned subsidiaries of OUE Limited ("**OUE**"). Please refer to the circular to shareholders dated 29 June 2017, notice of Extraordinary General Meeting ("**EGM**") dated 29 June 2017 and results of EGM dated 14 July 2017 for further details on the loans.

(h) Loss after tax

The Group recorded a loss after tax of S\$2.9 million in 2Q2018.

Review of Statement of Financial Position as at 30 June 2018

- (a) Non-current assets increased by S\$12.2 million from S\$424.0 million as at 31 December 2017 to S\$436.3 million as at 30 June 2018. The increase was due mainly to:
- (i) a S\$5.0 million increase in the carrying value of investment properties arising from the strengthening of the JPY exchange rate as at 30 June 2018 compared with the closing exchange rate as at 31 December 2017 for the Japan nursing facilities;
 - (ii) a S\$3.4 million increase in the carrying value of investment properties under development arising from the strengthening of the Chinese Renminbi and Malaysian Ringgit exchange rates as at 30 June 2018 compared with the closing exchange rates as at 31 December 2017 for the properties in China and Malaysia; and
 - (iii) recognition of goodwill of S\$2.9 million and investment in joint venture of S\$1.6 million arising from the acquisition of 100% equity interest in Brainy World Holdings Limited ("**BWH**"), which indirectly holds a 50% interest in a Sino-foreign joint venture company, China Merchants Lippo Hospital Management (Shenzhen) Limited. The Group is currently performing a purchase price allocation ("**PPA**") exercise on its investment in BWH and accordingly, the fair value of the assets acquired and the liabilities assumed at the acquisition date may be adjusted subsequently when the PPA exercise is completed by the end of the financial year.

The increase was partially offset by depreciation recorded on property, plant and equipment of S\$1.0 million.

- (b) Current assets increased by S\$45.1 million from S\$64.4 million as at 31 December 2017 to S\$109.6 million as at 30 June 2018. Cash and cash equivalents increased by S\$45.8 million mainly as a result of the balance proceeds from the placement of 562,500,000 new ordinary shares to Browny Healthcare Pte Ltd.

- (c) Non-current liabilities decreased by S\$18.1 million from S\$204.3 million as at 31 December 2017 to S\$186.2 million as at 30 June 2018. The decrease was due mainly to a net decrease in loans and borrowings of S\$18.6 million arising from the repayment of loan and borrowings. The decrease is partially offset by an increase in provision for deferred tax liabilities of S\$0.5 million.
- (d) Current liabilities decreased by S\$0.8 million from S\$246.1 million as at 31 December 2017 to S\$245.3 million as at 30 June 2018. The decrease was due mainly to:
 - (i) a net decrease of S\$2.8 million in loans and borrowings as a result of the full redemption of the balance of S\$5.8 million owing under MTN-001 in 2Q2018, which was partially offset by the reclassification of S\$2.3 million from non-current liabilities and the drawdown of working capital loan of S\$0.7 million by the China pharmaceutical distribution business; and
 - (ii) partially offset by an increase in trade and other payables of S\$2.0 million mainly due to accrued interest payable arising from the loans from TIHPL and OUE Treasury.

Review of 2Q2018 Cashflows and Working Capital

- (a) Operating activities utilised net cash of S\$0.2 million, mainly for the payment of trade and other payables.
- (b) Investing activities utilised net cash of S\$0.1 million, which was due mainly to capitalized capital expenditures relating to investment properties and purchase of property, plant and equipment.
- (c) Financing activities utilised net cash of S\$21.3 million, which was due mainly to a loan repayment.
- (d) As at 30 June 2018, the Group's net current liabilities amounted to S\$135.8 million. The current liabilities include shareholders' loans and interest of S\$173.0 million from TIHPL and OUE Treasury.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable. No forecast or prospect statement has been previously disclosed.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Company had put in place various strategic initiatives to enable the Group to rebuild its financial health and also, to develop and expand its business network in Asia. The key initiatives included the refinancing of existing loans at lower interest rates, repayment of high interest bearing loans and the strategic partnerships with ITOCHU Corporation and China Merchants Group.

On 22 June 2018, China Merchants Lippo Hospital Management (Shenzhen) Limited ("**CMLH**"), a 50:50 joint venture with China Merchants Group, entered into a framework agreement with China Changjiang National Shipping Group Co., Ltd ("**China Changjiang**") and Shanghai Changjiang Shipping Co., Ltd ("**Shanghai Changjiang**"). Under the framework agreement, CMLH will form a new joint venture company in China with China Changjiang to manage the operation of Shanghai Changhang Hospital, which is currently operated by Shanghai Changjiang. Shanghai Changjiang is a wholly-owned subsidiary of China Changjiang.

On 15 February 2018, the Company welcomed ITOCHU Corporation as its strategic investor through the placement of 562,500,000 new ordinary shares to Brownly Healthcare Pte Ltd, which is an indirect wholly owned subsidiary of ITOCHU Corporation.

The Group will continue to focus on rebuilding its financial position, developing its pan-Asian healthcare business network and building up its core competencies to deliver high quality and sustainable healthcare services by leveraging on the strengths of its major shareholders as well as strategic partnerships with local and industry leaders.

11. If a decision regarding dividend has been made:-

(a) Whether an interim/final ordinary dividend has been declared/recommended; and

None.

(b)(i) Amount per share (cents)

Not applicable.

(b)(ii) Previous corresponding period (cents)

Not applicable.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of the shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable

Not applicable.

(e) Books closure date

Not applicable.

12. If no dividend has been declared/recommendeded, a statement to that effect

Not applicable.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate from shareholders for any Interested Person Transactions.

14. Use of Proceeds

There is no update to the announcement dated 12 April 2018 on the use of proceeds arising from the Placement of 562,500,000 new ordinary shares in the share capital of the Company. The Company will make further announcement(s) on the use of the remaining net proceeds as and when they are materially disbursed.

15. Confirmation Pursuant to Rule 720(1)

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7H under Rule 720(1) of the Catalist Rules.

16. Negative Confirmation by the Board pursuant to Rule 705(5) of Catalist Rules

We, Mr Eric Sho Kian Hin and Dr Wong Weng Hong, being two directors of OUE Lippo Healthcare Limited, do hereby confirm on behalf of the Board of Directors of the Company (the “**Board**”) that, to the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited financial statements for the financial period ended 30 June 2018 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD OF DIRECTORS

Dr. Wong Weng Hong
Executive Director

1 August 2018

This announcement has been prepared by OUE Lippo Healthcare Limited (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 ("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.

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 049418 and Email: sponsorship@ppcf.com.sg).