

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THIRD QUARTER ENDED 30 SEPTEMBER 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					
	Third Quarter ended	Third Quarter ended	Change	Nine Months ended	Nine Months ended	Change
	30.09.2018	30.09.2017		30.09.2018	30.09.2017	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	4,850	11,697	-58.5	24,183	32,978	-26.7
Less: Cost of sales	1,104	7,075	-84.4	11,565	18,909	-38.8
Gross profit	3,746	4,622	-19.0	12,618	14,069	-10.3
Less: Administrative expenses	5,889	4,130	+42.6	14,521	10,979	+32.3
Less: Other expenses/(income), net	497	(455)	n.m.	497	16,953	-97.1
	(2,640)	947	n.m.	(2,400)	(13,863)	-82.7
Finance income	130	29	n.m.	292	164	+78.0
Finance costs	(2,177)	(4,039)	-46.1	(8,264)	(17,649)	-53.2
Net finance costs	(2,047)	(4,010)	-49.0	(7,972)	(17,485)	-54.4
Share of losses of equity-accounted investees, net of tax	(130)	-	n.m.	(309)	-	n.m.
Loss before tax	(4,817)	(3,063)	+57.3	(10,681)	(31,348)	-65.9
Tax (expense)/credit	(54)	(686)	-92.1	166	(4,182)	n.m.
Loss after tax	(4,871)	(3,749)	+29.9	(10,515)	(35,530)	-70.4
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	(5,492)	(4,103)	+33.9	(1,010)	(3,583)	-71.8
Foreign currency translation differences realised on deconsolidation of a subsidiary reclassified to profit or loss	(509)	-	n.m.	(509)	-	n.m.
Other comprehensive income, net of tax	(6,001)	(4,103)	+46.3	(1,519)	(3,583)	-57.6
Total comprehensive income for the period	(10,872)	(7,852)	+38.5	(12,034)	(39,113)	-69.2
Loss attributable to:						
Owners of the Company	(4,871)	(3,749)	+29.9	(10,515)	(35,530)	-70.4
Non-controlling interests	-	-	-	-	-	-
	(4,871)	(3,749)	+29.9	(10,515)	(35,530)	-70.4
Total comprehensive income attributable to:						
Owners of the Company	(10,872)	(7,852)	+38.5	(12,034)	(39,113)	-69.2
Non-controlling interests	-	-	-	-	-	-
	(10,872)	(7,852)	+38.5	(12,034)	(39,113)	-69.2

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	
	30.09.2018	31.12.2017	01.01.2017	30.09.2018	31.12.2017
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
		(Restated)	(Restated)		
ASSETS					
Property, plant and equipment	3,216	6,520	7,631	322	321
Intangible assets and goodwill	3,344	467	715	-	-
Investment properties	290,564	287,784	296,588	-	-
Investment properties under development	122,260	123,712	123,012	-	-
Lease prepayments	4,971	5,540	5,932	-	-
Joint venture	1,497	-	-	-	-
Subsidiaries	-	-	-	120,700	120,700
Trade and other receivables	-	-	-	9,874	9,792
Non-current assets	425,852	424,023	433,878	130,896	130,813
Inventories	367	1,137	776	-	-
Trade and other receivables	41,636	41,751	58,333	190,737	166,316
Cash and cash equivalents	64,073	21,530	15,186	43,120	31
Current assets	106,076	64,418	74,295	233,857	166,347
Total assets	531,928	488,441	508,173	364,753	297,160
LIABILITIES					
Loans and borrowings	138,865	160,164	140,618	-	-
Trade and other payables	7,481	7,419	7,663	651	908
Deferred tax liabilities	36,570	36,715	29,494	-	-
Non-current liabilities	182,916	204,298	177,775	651	908
Loans and borrowings	170,148	173,814	170,336	165,601	171,681
Trade and other payables	29,412	25,243	27,214	49,851	42,407
Provisions	46,000	46,000	-	5,000	5,000
Current tax liabilities	1	1,051	1,080	-	-
Current liabilities	245,561	246,108	198,630	220,452	219,088
Total liabilities	428,477	450,406	376,405	221,103	219,996
NET ASSETS	103,451	38,035	131,768	143,650	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	(5,270)	(3,751)	-	-	-
Statutory surplus reserve	-	327	327	-	-
Accumulated (losses)/profits	(99,403)	(89,210)	1,490	(126,507)	(115,543)
Equity attributable to owner of the Company	103,372	37,961	132,412	143,650	77,164
Non-controlling interests	79	74	(644)	-	-
Total equity	103,451	38,035	131,768	143,650	77,164

Notes to the Financial Statements

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

	Group					
	Third Quarter ended	Third Quarter ended	Change	Nine Months ended	Nine Months ended	Change
	30.09.2018	30.09.2017	%	30.09.2018	30.09.2017	%
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Amortisation of intangible assets	57	58	-1.7	177	175	+1.1
Amortisation of lease prepayments	4	73	-94.5	26	218	-88.1
Foreign exchange (gains)/losses, net	(294)	380	n.m.	(442)	1,636	n.m.
Depreciation of property, plant and equipment	164	298	-45.0	1,154	845	+36.6
Impairment losses on trade and other receivables	-	104	-100.0	-	17,554	-100.0
Interest income	(130)	(30)	n.m.	(292)	(164)	+78.0
Interest expenses	2,471	3,659	-32.5	8,706	16,013	-45.6
Loss on deconsolidation of a subsidiary	497	-	n.m.	497	-	n.m.

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

	Group					
	Third Quarter ended	Third Quarter ended	Change	Nine Months ended	Nine Months ended	Change
	30.09.2018	30.09.2017	%	30.09.2018	30.09.2017	%
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Current tax expense	-	(17)	-100.0	25	(32)	n.m.
Deferred tax (expense)/credit	(54)	(669)	-91.9	141	(4,150)	n.m.
Tax (expense)/credit for the period	(54)	(686)	-92.1	166	(4,182)	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 30.09.2018			As at 31.12.2017		
	Secured	Unsecured	Total	Secured	Unsecured	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Amount repayable within one year	129,625	40,523	170,148	125,987	47,827	173,814
Amount repayable after one year	138,865	-	138,865	160,164	-	160,164

The secured borrowings of the Group as at 30 September 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			
	Third Quarter ended 30.09.2018 S\$'000	Third Quarter ended 30.09.2017 S\$'000	Nine Months ended 30.09.2018 S\$'000	Nine Months ended 30.09.2017 S\$'000
Cash flows from operating activities				
Loss after tax	(4,871)	(3,749)	(10,515)	(35,530)
Adjustments for:				
Depreciation of property, plant and equipment	164	298	1,154	845
Amortisation of lease prepayments	4	73	26	218
Amortisation of intangible assets	57	58	177	175
Impairment losses on trade and other receivables	-	104	-	17,554
Loss on disposal of a subsidiary	497	-	497	-
Loss on disposal of property, plant and equipment	-	40	1	51
Interest income	(130)	(30)	(292)	(164)
Interest expense	2,471	3,659	8,706	16,013
Share of losses of equity-accounted investees, net of tax	130	-	309	-
Tax expense/(credit)	54	686	(166)	4,182
	(1,624)	1,139	(103)	3,344
Changes in working capital:				
Inventories	292	(187)	444	(734)
Trade and other receivables	(4,125)	(1,913)	(3,242)	(4,346)
Trade and other payables	4,553	(222)	545	(970)
Cash used in operations	(904)	(1,183)	(2,356)	(2,706)
Tax paid	-	(57)	(23)	(57)
Net cash used in operating activities	(904)	(1,240)	(2,379)	(2,763)
Cash flows from investing activities				
Acquisition of subsidiaries, net of cash acquired	-	-	(2,120)	-
Additions to investment properties	(225)	(44)	(382)	(47)
Additions to investment properties under development	(244)	(35)	(330)	(47)
Disposal of a subsidiary, net of cash disposed of	(294)	-	(294)	-
Interest received	130	30	292	164
Purchase of property, plant and equipment	(9)	(138)	(130)	(487)
Net cash used in investing activities	(642)	(187)	(2,964)	(417)
Cash flows from financing activities				
Interest paid	(676)	(1,863)	(3,680)	(13,529)
Issuance costs	-	-	(1,300)	-
Payment of finance lease liability	-	(149)	(106)	(477)
Proceeds from borrowings	-	21,770	6,653	158,372
Proceeds from issuance of shares	-	-	78,750	-
Repayment of borrowings	(632)	(21,045)	(32,441)	(139,177)
Net cash (used in)/generated from financing activities	(1,308)	(1,287)	47,876	5,189
Net (decrease)/increase in cash and cash equivalents	(2,854)	(2,714)	42,533	2,009
Cash and cash equivalents at beginning of financial period	67,318	20,005	21,530	15,186
Effect of exchange rate fluctuations on cash and cash equivalents	(391)	(561)	10	(465)
Cash and cash equivalents at end of financial period	64,073	16,730	64,073	16,730

- 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	-	-	-	-	-	(5,644)	(5,644)	-	(5,644)	
Other comprehensive income										
Foreign currency translation differences relating to foreign operations	-	4,482	-	-	-	-	4,482	-	4,482	
Total other comprehensive income	-	4,482	-	-	-	-	4,482	-	4,482	
Total comprehensive income for the period	-	4,482	-	-	-	(5,644)	(1,162)	-	(1,162)	
Transaction with owners, recognised 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 30 June 2018	270,157	731	(65,742)	3,630	327	(94,854)	114,249	74	114,323	
At 1 July 2018	270,157	731	(65,742)	3,630	327	(94,854)	114,249	74	114,323	
Total comprehensive income for the period										
Loss for the period	-	-	-	-	-	(4,871)	(4,871)	-	(4,871)	
Other comprehensive income										
Foreign currency translation differences relating to foreign operations	-	(5,492)	-	-	-	-	(5,492)	-	(5,492)	
Foreign currency translation differences realised on deconsolidation of a subsidiary reclassified to profit or loss	-	(509)	-	-	-	-	(509)	-	(509)	
Total other comprehensive income	-	(6,001)	-	-	-	-	(6,001)	-	(6,001)	
Total comprehensive income for the period	-	(6,001)	-	-	-	(4,871)	(10,872)	-	(10,872)	
Transaction with owners, recognised directly in equity										
Changes in ownership interests in a subsidiary										
Disposal of interests in a subsidiary	-	-	-	-	(327)	322	(5)	5	-	
Total changes in ownership interests in a subsidiary	-	-	-	-	(327)	322	(5)	5	-	
Total transactions with owners	-	-	-	-	(327)	322	(5)	5	-	
At 30 September 2018	270,157	(5,270)	(65,742)	3,630	-	(99,403)	103,372	79	103,451	

- 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	-	-	-	-	-	(31,781)	(31,781)	-	(31,781)
Other comprehensive income									
Foreign currency translation differences relating to foreign operations	-	520	-	-	-	-	520	-	520
Total other comprehensive income	-	520	-	-	-	-	520	-	520
Total comprehensive income for the period	-	520	-	-	-	(31,781)	(31,261)	-	(31,261)
At 30 June 2017	192,707	520	(65,742)	3,630	327	(30,291)	101,151	(644)	100,507
At 1 July 2017	192,707	520	(65,742)	3,630	327	(30,291)	101,151	(644)	100,507
Total comprehensive income for the period									
Loss for the period	-	-	-	-	-	(3,749)	(3,749)	-	(3,749)
Other comprehensive income									
Foreign currency translation differences relating to foreign operations	-	(4,103)	-	-	-	-	(4,103)	-	(4,103)
Total other comprehensive income	-	(4,103)	-	-	-	-	(4,103)	-	(4,103)
Total comprehensive income for the period	-	(4,103)	-	-	-	(3,749)	(7,852)	-	(7,852)
At 30 September 2017	192,707	(3,583)	(65,742)	3,630	327	(34,040)	93,299	(644)	92,655

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	-	(5,218)	(5,218)
Total comprehensive income for the period	-	(5,218)	(5,218)
Transactions with owners, recognised 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 30 June 2018	270,157	(120,761)	149,396
At 1 July 2018	270,157	(120,761)	149,396
Total comprehensive income for the period			
Loss for the period	-	(5,746)	(5,746)
Total comprehensive income for the period	-	(5,746)	(5,746)
At 30 September 2018	270,157	(126,507)	143,650
At 1 January 2017	192,707	(50,802)	141,905
Total comprehensive income for the period			
Loss for the period	-	(13,431)	(13,431)
Total comprehensive income for the period	-	(13,431)	(13,431)
At 30 June 2017	192,707	(64,233)	128,474
At 1 July 2017	192,707	(64,233)	128,474
Total comprehensive income for the period			
Loss for the period	-	(12,971)	(12,971)
Total comprehensive income for the period	-	(12,971)	(12,971)
At 30 September 2017	192,707	(77,204)	115,503

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 30 June 2018 and 30 September 2018	2,221,564,603	270,156,969

There were no outstanding convertibles, treasury shares or subsidiary holdings as at 30 September 2018 and 30 September 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 September 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			
	Third Quarter ended 30.09.2018	Third Quarter ended 30.09.2017	Nine Months ended 30.09.2018	Nine Months ended 30.09.2017
Net loss attributable to owners of the Company (S\$'000)	(4,871)	(3,749)	(10,515)	(35,530)
Weighted average number of ordinary shares in issue	2,221,564,603	1,659,064,603	2,128,844,823	1,659,064,603
Basic earnings per share (Singapore cents)	(0.22)	(0.23)	(0.49)	(2.14)

Basic and diluted earnings per share were the same as there were no potentially dilutive ordinary shares in issue as at 30 September 2018 and 30 September 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 30.09.2018	As at 31.12.2017	As at 30.09.2018	As at 31.12.2017
Net asset value attributable to owners of the Company (S\$'000)	103,372	37,961	143,650	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)	4.65	2.29	6.47	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 third quarter ended 30 September 2018 ("3Q2018")

3Q2018 vs 3Q2017

Deconsolidation Event

Following the events described in the announcements dated 6 August 2018 and 23 August 2018, the Company was deemed to have lost control of Wuxi New District Phoenix Hospital Co., Ltd ("**Wuxi Co.**"). Therefore, the Company deconsolidated the assets and liabilities of Wuxi Co in accordance with Singapore Financial Reporting Standards 110 ("**Deconsolidation Event**"). The impact of the Deconsolidation Event is presented in the Group income statement for the third quarter and the nine months ended 30 September 2018 under "Other expenses".

(a) Revenue

Revenue for 3Q2018 decreased by S\$6.8 million to S\$4.9 million as compared to S\$11.7 million for 3Q2017.

The decrease was due mainly to the Deconsolidation Event and lower revenue from the China pharmaceutical distribution business. Revenue from rental of the Japan nursing facilities was stable as compared to 3Q2017.

(b) Cost of sales

Cost of sales for 3Q2018 decreased by S\$6.0 million to S\$1.1 million as compared to S\$7.1 million for 3Q2017. The decrease was due to the Deconsolidation Event and lower revenue from the China pharmaceutical distribution business.

(c) Gross profit

Gross profit for 3Q2018 decreased by S\$0.9 million to S\$3.7 million due to the Deconsolidation Event and lower revenue from the China pharmaceutical distribution business.

(d) Administrative expenses

Administrative expenses increased by S\$1.8 million to S\$5.9 million as compared to S\$4.1 million in 3Q2017. The increase was due mainly to higher legal and professional fees incurred in 3Q2018.

(e) Other expenses/(income), net

The other expenses incurred in 3Q2018 related to the loss arising from the Deconsolidated Event. The other income recorded in 3Q2017 was due mainly to the reversal of over-accrual of termination expense relating to the early termination of the asset management contract for the Japan nursing facilities.

(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\$1.9 million to S\$2.2 million in 3Q2018. The decrease was due mainly to:

- (i) interest savings and reduction in amortisation expenses amounting to S\$0.1 million following the refinancing of the Japan TMK bonds in July 2017;
- (ii) interest savings of S\$0.2 million relating to the redemption of the S\$50.0 million 6% Medium Term Notes Series 001 ("MTN-001");
- (iii) interest savings of S\$0.8 million from the repayment of various high interest borrowings; and
- (iv) foreign exchange gains of S\$0.7 million.

(h) Loss after tax

The Group recorded a loss after tax of S\$4.9 million in 3Q2018.

Review of Statement of Financial Position as at 30 September 2018

- (a) Non-current assets increased by S\$1.8 million from S\$424.0 million as at 31 December 2017 to S\$425.9 million as at 30 September 2018. The increase was due mainly to:

- (i) recognition of goodwill of S\$2.9 million and investment in joint venture of S\$1.5 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; and
- (ii) a S\$2.8 million increase in the carrying value of investment properties arising from the strengthening of the JPY exchange rate as at 30 September 2018 compared with the closing exchange rate as at 31 December 2017 for the Japan nursing facilities.

The increase was partially offset by the following:

- (i) a S\$3.3 million and S\$0.6 million decrease in property, plant and equipment and lease prepayments respectively due mainly to the adjustments arising from the Deconsolidation Event; and
- (ii) a S\$1.5 million decrease in the carrying value of investment properties under development arising from the weakening of the Chinese Renminbi exchange rate as at 30 September 2018 compared with the closing exchange rate as at 31 December 2017.

- (b) Current assets increased by S\$41.7 million from S\$64.4 million as at 31 December 2017 to S\$106.1 million as at 30 September 2018. Cash and cash equivalents increased by S\$42.5 million mainly as a result of the balance proceeds from the placement of 562,500,000 new ordinary shares to Brownly Healthcare Pte Ltd. The increase was partially offset by a S\$0.8 million decrease in inventories due mainly to the Deconsolidation Event.
- (c) Non-current liabilities decreased by S\$21.4 million from S\$204.3 million as at 31 December 2017 to S\$182.9 million as at 30 September 2018. The decrease was due mainly to a net decrease in loans and borrowings of S\$21.3 million arising from the repayment of loan and borrowings.
- (d) Current liabilities decreased by S\$0.5 million from S\$246.1 million as at 31 December 2017 to S\$245.6 million as at 30 September 2018. The decrease was due mainly to:
 - (i) a net decrease of S\$3.7 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 1Q2018 and a S\$1.2 million decrease due to the Deconsolidation Event, which was partially offset by the reclassification of S\$2.6 million from non-current liabilities and the drawdown of working capital loan of S\$0.7 million by the China pharmaceutical distribution business;
 - (ii) a decrease of S\$1.1 million in current tax liabilities due to the Deconsolidation Event; and
 - (iii) partially offset by an increase in trade and other payables of S\$4.2 million mainly due to accrued interest payable arising from the loans from Treasure International Holdings Pte Ltd (“**THIPL**”) and OUE Treasury Pte. Ltd. (“**OUE Treasury**”).

Review of 3Q2018 Cashflows and Working Capital

- (a) Operating activities utilised net cash of S\$0.9 million, mainly due to operating expenses incurred.
- (b) Investing activities utilised net cash of S\$0.6 million, which was due mainly to capitalised capital expenditures relating to investment properties and investment properties under development, and disposal of a subsidiary (related to the Deconsolidation Event).
- (c) Financing activities utilised net cash of S\$1.3 million, which was due mainly to repayment of loans and interest.
- (d) As at 30 September 2018, the Group’s net current liabilities amounted to S\$139.5 million. The current liabilities include shareholders’ loans and interest of S\$174.7 million from THIPL 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.

Following the announcement dated 18 September 2018, the Company has successfully completed its acquisitions of 10.60% of the total issued units of First Real Estate Investment Trust (“First REIT”), and 40% of the total issued share capital of Bowsprit Capital Corporation Limited (“Bowsprit”), the manager of First REIT, (the “Acquisitions”) on 26 October 2018. The Company has also completed a one-for-one rights issue that raised net proceeds of S\$148.8 million to fund the Acquisitions.

The Company is on track to move towards its strategic objectives of enhancing shareholders value through yield-accretive acquisitions, growing its Pan-Asia’s presence, and transitioning to an asset-light business model through capital recycling via First REIT.

Moving forward, the Group will continue to focus on rebuilding its financial position and building up its core competencies to deliver high quality and sustainable healthcare services. Leveraging on the strategic partnerships with OUE Limited, ITOCHU Corporation and China Merchants Group, the Group will continually seek to expand its healthcare network across Pan-Asia.

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

(A) Placement of 562,500,000 new ordinary shares in the capital of the Company to Brownly Healthcare Pte Ltd ("Placement")

There is no update to the announcement dated 3 October 2018 on the use of proceeds arising from the Placement.

(B) Renounceable underwritten rights issue of 2,221,564,603 new ordinary shares in the capital of the Company ("Rights Issue")

There is no update to the announcement dated 26 October 2018 on the use of proceeds arising from the Rights Issue.

The Company will make further announcement(s) on the use of the remaining net proceeds from the Placements and/or the Rights Issue 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 September 2018 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD OF DIRECTORS

Dr. Wong Weng Hong
Executive Director
8 November 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).