

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2021 (UNAUDITED)
(A) Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	Group					
		6 Months ended	6 Months ended	Change	12 Months ended	12 Months ended	Change
		31.12.2021	31.12.2020	%	31.12.2021	31.12.2020	%
		\$'000	\$'000		\$'000	\$'000	
						Restated [#]	
Revenue	5	9,993	10,084	(1)	19,665	19,980	(2)
Cost of sales		(2,926)	(2,421)	21	(5,092)	(4,815)	6
Gross profit		7,067	7,663	(8)	14,573	15,165	(4)
Administrative expenses		(7,675)	(8,700)	(12)	(12,985)	(15,452)	(16)
Other (expenses)/income, net	7	(13,401)	(53,964)	(75)	97,824	(53,761)	n.m.
Results from operating activities		(14,009)	(55,001)	(75)	99,412	(54,048)	n.m.
Finance income	7	138	169	(18)	260	1,341	(81)
Finance costs	7	(1,524)	(5,502)	(72)	(4,043)	(10,186)	(60)
Net finance costs		(1,386)	(5,333)	(74)	(3,783)	(8,845)	(57)
Share of results of equity-accounted Investees, net of tax		8,858	(41,418)	n.m.	12,648	(39,172)	n.m.
(Loss)/Profit before tax		(6,537)	(101,752)	(94)	108,277	(102,065)	n.m.
Tax credit	9	3,846	4,101	(6)	2,672	2,873	(7)
(Loss)/Profit after tax for the year		(2,691)	(97,651)	(97)	110,949	(99,192)	n.m.
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		1,622	35	n.m.	(8,819)	6,771	n.m.
Share of foreign currency translation differences of equity-accounted investees		(3,873)	2,745	n.m.	(3,873)	2,783	n.m.
Share of fair value reserve of equity-accounted investee		2,612	(14,067)	n.m.	5,065	(22,389)	n.m.
Other comprehensive income, net of tax		361	(11,287)	n.m.	(7,627)	(12,835)	(41)
Total comprehensive income for the year		(2,330)	(108,938)	(98)	103,322	(112,027)	n.m.
(Loss)/Profit attributable to:							
Owners of the Company		(2,471)	(97,465)	(97)	111,378	(98,726)	n.m.
Non-controlling interests		(220)	(186)	18	(429)	(466)	(8)
		(2,691)	(97,651)	(97)	110,949	(99,192)	n.m.
Total comprehensive income attributable to:							
Owners of the Company		(2,110)	(108,752)	(98)	103,751	(111,561)	n.m.
Non-controlling interests		(220)	(186)	18	(429)	(466)	(8)
		(2,330)	(108,938)	(98)	103,322	(112,027)	n.m.
Earnings per share							
Basic and diluted earnings per share (cents)	10	(0.056)	(2.194)	(97)	2.507	(2.222)	n.m.

n.m. – not meaningful

[#] See note 3.1 and 3.3 - The comparative information is restated on account of a change in accounting policy for merger reserve and classification of impairment of joint ventures. Comparative information has also been reclassified due to a change in the classification of impairment of joint venture expenses.

(B) Condensed Interim Statements of Financial Position

	Note	Group		Company	
		31.12.2021	31.12.2020	31.12.2021	31.12.2020
		\$'000	\$'000	\$'000	\$'000
			Restated #		
ASSETS					
Property, plant and equipment	12	7,460	12,528	453	789
Intangible assets and goodwill	13	3,066	3,004	-	-
Investment properties	14	290,556	308,749	-	-
Investment properties under development	15	57,691	74,492	-	-
Associate and joint ventures	16	175,711	134,686	23,607	23,607
Subsidiaries		-	-	84,092	84,092
Trade and other receivables		-	-	9,792	10,445
Non-current assets		534,484	533,459	117,944	118,933
Inventories		296	219	-	-
Trade and other receivables		15,794	14,244	215,458	271,852
Cash and cash equivalents		43,823	68,973	6,057	33,117
Current assets		59,913	83,436	221,515	304,969
Total assets		594,397	616,895	339,459	423,902
LIABILITIES					
Loans and borrowings	17	146,272	137,012	-	-
Trade and other payables		7,448	7,914	-	159
Lease liabilities		911	495	132	390
Deferred tax liabilities		34,597	39,179	-	-
Non-current liabilities		189,228	184,600	132	549
Loans and borrowings	17	40,847	218,689	30,189	195,601
Trade and other payables		17,161	38,784	51,564	96,849
Provisions	20	22,507	33,220	20,957	27,601
Lease liabilities		407	338	258	250
Current tax liabilities		53	27	-	-
Current liabilities		80,975	291,058	102,968	320,301
Total liabilities		270,203	475,658	103,100	320,850
NET ASSETS		324,194	141,237	236,359	103,052
EQUITY					
Share capital	18	418,913	418,913	418,913	418,913
Perpetual securities	19	79,635	-	79,635	-
Asset revaluation reserve		3,630	3,630	-	-
Foreign currency translation reserve		(6,791)	5,901	-	-
Fair value reserve		(22,797)	(27,862)	-	-
Accumulated losses		(147,967)	(259,345)	(262,189)	(315,861)
Equity attributable to owners of the Company		324,623	141,237	236,359	103,052
Non-controlling interests		(429)	*	-	-
Total equity		324,194	141,237	236,359	103,052

* Less than \$1,000

See note 3.1

(C) Condensed Interim Statement of Changes in Equity

		Attributable to owners of the Company								
GROUP	Note	Share capital \$'000	Perpetual securities \$'000	Asset revaluation reserve \$'000	Foreign currency translation reserve \$'000	Fair value reserve \$'000	Accumulated losses \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
		418,913	-	3,630	5,901	(27,862)	(259,345)	141,237	*	141,237
Total comprehensive income for the year										
		-	-	-	-	-	111,378	111,378	(429)	110,949
Other comprehensive income										
		-	-	-	(8,819)	-	-	(8,819)	-	(8,819)
		-	-	-	(3,873)	-	-	(3,873)	-	(3,873)
		-	-	-	-	5,065	-	5,065	-	5,065
		-	-	-	(12,692)	5,065	-	(7,627)	-	(7,627)
		-	-	-	(12,692)	5,065	111,378	103,751	(429)	103,322
Transactions with owners, recognised directly in equity										
	19	-	79,635	-	-	-	-	79,635	-	79,635
		-	79,635	-	-	-	-	79,635	-	79,635
		418,913	79,635	3,630	(6,791)	(22,797)	(147,967)	324,623	(429)	324,194

* Less than \$1,000

See note 3.1

(C) Condensed Interim Statement of Changes in Equity (Continued)

GROUP	Attributable to owners of the Company								
	Share capital \$'000	Merger reserve \$'000	Asset revaluation reserve \$'000	Foreign currency translation reserve \$'000	Fair value reserve \$'000	Accumulated losses \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
At 1 January 2020, as previously stated	418,913	(65,742)	3,630	(3,653)	(5,473)	(94,877)	252,798	304	253,102
Impact of change of accounting policy	-	65,742	-	-	-	(65,742)	-	-	-
At 1 January 2020, as restated[#]	418,913	-	3,630	(3,653)	(5,473)	(160,619)	252,798	304	253,102
Total comprehensive income for the year									
Loss for the year	-	-	-	-	-	(98,726)	(98,726)	(466)	(99,192)
Other comprehensive income									
Foreign currency translation differences relating to foreign operations	-	-	-	6,771	-	-	6,771	-	6,771
Share of foreign currency translation differences of equity-accounted investees	-	-	-	2,783	-	-	2,783	-	2,783
Share of fair value reserve of equity-accounted investee	-	-	-	-	(22,389)	-	(22,389)	-	(22,389)
Total other comprehensive income, net of tax	-	-	-	9,554	(22,389)	-	(12,835)	-	(12,835)
Total comprehensive income for the year	-	-	-	9,554	(22,389)	(98,726)	(111,561)	(466)	(112,027)
Transactions with owners, recognised directly in equity									
Contribution from non-controlling interests	-	-	-	-	-	-	-	162	162
Total transactions with owners	-	-	-	-	-	-	-	162	162
At 31 December 2020, restated [#]	418,913	-	3,630	5,901	(27,862)	(259,345)	141,237	*	141,237

* Less than \$1,000

[#] See note 3.1

(C) Condensed Interim Statement of Changes in Equity (Continued)

COMPANY	Note	Share capital \$'000	Perpetual securities \$'000	Accumulated losses \$'000	Total equity \$'000
At 1 January 2021		418,913	-	(315,861)	103,052
Total comprehensive income for the year					
Profit for the year		-	-	53,672	53,672
Total comprehensive income for the year		-	-	53,672	53,672
Transactions with owners, recognised directly in equity					
Issuance of perpetual securities	19	-	79,635	-	79,635
Total transactions with owners		-	79,635	-	79,635
At 31 December 2021		418,913	79,635	(262,189)	236,359
At 1 January 2020		418,913	-	(192,155)	226,758
Total comprehensive income for the year					
Loss for the year		-	-	(123,706)	(123,706)
Total comprehensive income for the year		-	-	(123,706)	(123,706)
At 31 December 2020		418,913	-	(315,861)	103,052

(D) Condensed Interim Consolidated Statement of Cash Flows

Note	Group	
	12 Months ended 31.12.2021 \$'000	12 Months ended 31.12.2020 \$'000 Restated #
Cash flows from operating activities		
Profit/(Loss) after tax	110,949	(99,192)
Adjustments for:		
Depreciation of property, plant and equipment	882	946
Fair value losses on investment properties	-	1,675
Fair value losses on investment properties under development	17,514	18,486
Impairment losses on goodwill	-	1,804
Impairment losses on property, plant and equipment	6,621	32,134
Interest income	7 (260)	(296)
Interest expense	7 3,950	10,186
Loss on disposal of property, plant and equipment	-	23
Reversal of provision for legal and related expenses	20 (5,000)	-
Reversal of provision for site restoration	20 (4,250)	-
Reversal of impairment for Crest entities receivables	(801)	-
Gain on shareholder loan conversion	19 (109,973)	-
Share of results of equity-accounted investees, net of tax	(12,648)	39,172
Tax credit	9 (2,672)	(2,873)
Trade and other receivables written off	-	610
	<hr/> 4,312	<hr/> 2,675
Changes in working capital:		
Inventories	(77)	106
Trade and other receivables	557	4,165
Trade and other payables	(1,202)	(5,815)
Cash generated from operations	<hr/> 3,590	<hr/> 1,131
Tax paid	(70)	(116)
Net cash from operating activities	<hr/> 3,520	<hr/> 1,015
Cash flows from investing activities		
Acquisition of equity-accounted investees	(32,651)	(24,889)
Additions to investment properties	(1,104)	(971)
Capital contribution in equity-accounted investees	-	(498)
Contribution for non-controlling interest	-	162
Dividends from an equity-accounted investee	5,516	5,364
Fund received from Crest litigation	4,821	28,939
Loan to joint ventures	(9,103)	-
Repayment of loan from joint venture	2,925	-
Interest received	584	-
Purchase of property, plant and equipment	(954)	(1,372)
Net cash (used in)/from investing activities	<hr/> (29,966)	<hr/> 6,735
Cash flows from financing activities		
Proceeds from borrowings	15,000	143,000
Repayment of borrowings	(9,194)	(131,946)
Payment of lease liabilities	(559)	(358)
Interest paid	(2,646)	(2,911)
Net cash from financing activities	<hr/> 2,601	<hr/> 7,785
Net (decrease)/increase in cash and cash equivalents	(23,845)	15,535
Cash and cash equivalents at beginning of financial year	68,973	52,709
Effect of exchange rate fluctuations on cash and cash equivalents	(1,305)	729
Cash and cash equivalents at end of financial year	<hr/> 43,823	<hr/> 68,973

See note 3.3

(E) Notes to the Condensed Interim Consolidated Financial Statements

1. Domicile and activities

OUE Lippo Healthcare Limited (the “**Company**”) is a company incorporated in Singapore. The address of the Company’s registered office is at 6 Shenton Way, #10-09A, OUE Downtown, Singapore 068809. Shares of the Company are publicly traded on the Catalist Board of the Singapore Exchange.

The Company’s immediate holding company is Treasure International Holdings Pte. Ltd. and the intermediate holding company is OUE Limited. Both companies are incorporated in Singapore. The Company’s ultimate holding company is Lippo ASM Asia Property Limited, a company incorporated in the Cayman Islands.

These condensed interim consolidated financial statements as at and for the six months and full year ended 31 December 2021 comprise the Company and its subsidiaries (collectively, the “**Group**”) and the Group’s interests in equity-accounted investees.

The principal activity of the Company is that of investment holding. The principal activities of the Group and its significant subsidiaries include healthcare operations and property investment. Please refer to note 5 for information on the Group’s business segments.

2. Going concern

The Group recorded a net profit of \$110,949,000 for the year ended 31 December 2021. The net profit included a one-off gain of \$109,973,000 arising from the completion of the Shareholder Loan Conversion. Please refer to note 19 for details of the Shareholder Loan Conversion. Excluding the one-off gain, the Group would have made a net profit of \$976,000.

As at 31 December 2021, the Group had total assets of \$594,397,000 (2020: \$616,895,000) and net current liabilities of \$21,062,000 (2020: \$207,622,000).

The Group’s net current liabilities included a loan and its accrued interest from a fellow subsidiary, OUE Treasury Pte. Ltd. (“**OJET**”) amounting to \$4,220,000 (“**Shareholder Loan**”) and provisions of \$22,507,000.

Notwithstanding the Group’s net current liability position as at 31 December 2021, the financial statements have been prepared on a going concern basis because management, having assessed the sources of liquidity and funding available to the Group, believes that the Group can continue as a going concern for the foreseeable future. These include unutilised loan facilities of \$20,000,000, the projected net operating cash inflows for the next 12 months and available cash reserves as at 31 December 2021 to finance the Group’s working capital and day-to-day operation requirements.

3. Basis of preparation

The condensed interim financial statements for the six months and full year ended 31 December 2021 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“**SFRS(I)**”) 1-34 Interim Financial Reporting issued by Accounting Standard Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2020.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 3.1.

The condensed interim financial statements are presented in Singapore dollar (“\$” or “S\$”) which is the Company’s functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

3.1 Changes in accounting policies

Accounting for merger reserve

On 1 January 2021, the Group changed its accounting policy with respect to merger reserve. The merger reserve represents the difference between the consideration paid net assets of entities acquired for acquisition of subsidiaries under common control. Under the change in accounting policy, the merger reserve was reclassified to accumulated losses. The change in accounting policy was applied retrospectively.

Except as disclosed above, 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 2020.

Summary of quantitative impact

The following tables summarise the material impacts on the Group's consolidated statements of financial position. There is no material impact on the consolidated profit or loss and comprehensive income and total operating, investing or financing cash flows for the years ended 31 December 2021 and 31 December 2020.

**Consolidated statement of financial position
1 January 2020**

	1 January 2020		
	As previously reported	Adjustments	As restated
	\$'000	\$'000	\$'000
ASSETS			
Property, plant and equipment	36,262	-	36,262
Intangible assets and goodwill	4,851	-	4,851
Investment properties	299,770	-	299,770
Investment properties under development	91,237	-	91,237
Associate and joint ventures	173,547	-	173,547
Non-current assets	605,667	-	605,667
Inventories	325	-	325
Trade and other receivables	50,815	-	50,815
Cash and cash equivalents	52,709	-	52,709
Current assets	103,849	-	103,849
Total assets	709,516	-	709,516
LIABILITIES			
Loans and borrowings	16,596	-	16,596
Trade and other payables	7,666	-	7,666
Deferred tax liabilities	40,792	-	40,792
Non-current liabilities	65,054	-	65,054
Loans and borrowings	324,855	-	324,855
Trade and other payables	36,586	-	36,586
Provisions	29,661	-	29,661
Lease liabilities	220	-	220
Current tax liabilities	38	-	38
Current liabilities	391,360	-	391,360
Total liabilities	456,414	-	456,414
NET ASSETS	253,102	-	253,102
EQUITY			
Share capital	418,913	-	418,913
Merger reserve	(65,742)	65,742	-
Asset revaluation reserve	3,630	-	3,630
Foreign currency translation reserve	(3,653)	-	(3,653)
Fair value reserve	(5,473)	-	(5,473)
Accumulated losses	(94,877)	(65,742)	(160,619)
Equity attributable to owner of the Company	252,798	-	252,798
Non-controlling interests	304	-	304
Total equity	253,102	-	253,102

1 January 2020

	Impact of change in accounting policy		
	As previously reported	Adjustments	As restated
	\$'000	\$'000	\$'000
Merger reserve	(65,742)	65,742	-
Accumulated losses	(94,877)	(65,742)	(160,619)
Impact in total equity	(160,619)	-	(160,619)

New standards and amendments

In addition to the above, the Group has adopted the following Singapore Financial Reporting Standards (International) (SFRS(I)) equivalent of the following new accounting standards and amendments that are effective for the financial year beginning 1 January 2021:

- Interest Rate Benchmark Reform – Phase 2 (Amendments to SFRS(I) 4, SFRS(I) 7, SFRS(I) 9, SFRS(I) 16, SFRS(I) 1-39)
- Covid-19 Related Rent Concessions (Amendments to SFRS(I) 16)
- Insurance Contracts (SFRS(I) 17)

The application of the new accounting standards and amendments does not have a material effect on the financial statements.

The Group will apply the following standards and/or amendments that are effective for the financial year beginning 1 January 2022:

- Subsidiary as a First-time Adopter (Amendments to SFRS(I) 1)
- Reference to the Conceptual Framework (Amendments to SFRS(I) 3)
- Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (Amendments to SFRS(I) 9)
- Lease Incentives (Amendments to illustrative examples accompanying SFRS(I) 16)
- Property, Plant and Equipment – Proceeds before Intended Use (Amendments to SFRS(I) 1-16)
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to SFRS(I) 1-37)
- Taxation in Fair Value Measurements (Amendments to SFRS(I) 1-41)
- Insurance Contracts (SFRS(I) 17)
- Classification of Liabilities as Current or Non-current (Amendments to SFRS(I) 1-1)

The application of these amendments to standards and interpretations does not have a material effect on the financial statements.

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

3.2 Use of estimates and judgements

The preparation of the condensed interim financial statements in conformity with SFRS(I) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgement made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the consolidated financial statements as at and for the year ended 31 December 2020.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in the following notes:

- note 15 – classification of investment properties under development; and
- notes 16 – assessment of ability to control or exert significant influence over partly owned investments.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following notes:

- notes 12 and 13 – measurement of recoverable amounts for property, plant and equipment and intangible assets and goodwill;
- notes 14 and 15 – determination of fair value of investment properties and investment properties under development;
- notes 16 – measurement of recoverable amounts for associate and joint ventures;
- notes 20 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

3.3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these condensed financial statements, except as explained in note 3.1, which addresses changes in accounting policies.

Certain comparative amounts have been restated, reclassified or re-presented, as a result of either changes in accounting policies (see note 3.1) and a change in the classification of impairment of joint ventures during the year (see note 16).

The following tables summarise the material impacts on the Group's consolidated statement of profit or loss.

Consolidated statement of profit or loss Year ended 31 December 2020

	Impact of change in reclassification		
	As previously reported	Reclassification	As restated
	\$'000	\$'000	\$'000
Other expenses	(57,896)	4,135	(53,761)
Share of results of equity-accounted investees, net of tax	(35,037)	(4,135)	(39,172)
Impact in (loss)/profit before tax	(92,933)	-	(92,933)

During 2021, the Group modified the classification of impairment of joint ventures to reflect more appropriately the nature of the transaction. Comparative amounts in the statement of profit or loss were reclassified for consistency. As a result, \$4,135,000 was reclassified from "other expenses" to "share of results of equity-accounted investees".

4. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial year.

5. Segment and revenue information

The Group has the following strategic divisions, which are its reportable segments. These divisions offer different products and services and are managed separately because they require different technology and marketing strategies. The Group's Chief Executive Officer ("CEO") reviews internal management reports of each division at least quarterly.

- (i) Healthcare operations – Operation of hospitals and supply of medical equipment and pharmaceutical products. The Group currently has operations in the People's Republic of China ("PRC") and Myanmar.
- (ii) Healthcare assets – Rental of investment properties and assets owned by the Group. The Group currently has assets in the PRC and Japan¹.
- (iii) Properties under development – Development of medical facilities, healthcare-related assets and integrated mixed-used projects. The Group currently has development properties in the PRC and Malaysia.
- (iv) Investments – Investments in real estate investment trust ("REIT") and REIT manager.

Others mainly comprise head office and corporate functions, including investment holding related activities.

The revenue from external parties reported to the Board of Directors is presented in a manner consistent with that in the condensed interim consolidated statement of profit and loss.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit/(loss) before tax, as included in the internal management reports that are reviewed by the key management. Segment profit/(loss) is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

¹Please refer to Note 22 for further details on the Proposed Disposal of the Group's 12 nursing homes in Japan.

5.1 Information about reportable segments

	Healthcare operations \$'000	Healthcare assets \$'000	Properties under development \$'000	Investments \$'000	Others \$'000	Total \$'000
Group						
1 July 2021 to 31 December 2021						
Revenue						
External revenue	1,706	8,287	-	-	-	9,993
Inter-segment revenue	-	-	-	-	737	737
Segment revenue (including inter-segment revenue)	1,706	8,287	-	-	737	10,730
Segment (loss)/profit before tax	(396)	4,618	(20,520)	8,365	1,396	(6,537)
Depreciation	(118)	(42)	(1)	-	(223)	(384)
Finance expenses	(36)	(804)	(252)	-	(286)	(1,378)
Interest income	-	-	1	-	137	138
Share of results of equity-accounted investees, net of tax	493	-	-	8,365	-	8,858
Other material non-cash items						
Reversal of provision for legal and related expenses	-	-	-	-	5000	5,000
Reversal of provision for site restoration	-	-	4,250	-	-	4,250
Reversal of impairment for Crest entities receivables	-	-	-	-	801	801
Fair value losses on investment properties under development	-	-	(17,514)	-	-	(17,514)
Impairment losses on property, plant and equipment	-	-	(6,621)	-	-	(6,621)
Reportable segment assets	31,747	335,981	37,797	130,322	58,550	594,397
Additions to:						
- Property, plant and equipment	1,057	-	392	-	11	1,460
- Investment properties	-	564	-	-	-	564
Reportable segment liabilities	29,778	139,698	11,838	-	54,239	235,553
Current tax liabilities						53
Deferred tax liabilities						34,597
						<u>270,203</u>

5.1 Information about reportable segments (continued)

	Healthcare operations \$'000	Healthcare assets \$'000	Properties under development \$'000	Investments \$'000	Others \$'000	Total \$'000
Group						
1 July 2020 to 31 December 2020						
Revenue						
External revenue	1,389	8,695	-	-	-	10,084
Inter-segment revenue	-	-	-	-	775	775
Segment revenue (including inter-segment revenue)	1,389	8,695	-	-	775	10,859
Segment (loss)/profit before tax	(2,405)	3,280	(49,674)	(36,562)	(16,391)	(101,752)
Depreciation	(47)	(140)	(2)	-	(235)	(424)
Finance expenses	(17)	(915)	(432)	-	(3,622)	(4,986)
Interest income	-	1	1	-	167	169
Share of results of equity-accounted investees, net of tax	(4,856)	-	-	(36,562)	-	(41,418)
Other material non-cash items						
Fair value losses on investment properties	-	(1,675)	-	-	-	(1,675)
Fair value losses on investment properties under development	-	-	(18,486)	-	-	(18,486)
Impairment losses on goodwill	(1,804)	-	-	-	-	(1,804)
Impairment losses on property, plant and equipment	-	(175)	(31,959)	-	-	(32,134)
Trade and other receivables written off	-	(391)	-	-	(219)	(610)
Reportable segment assets	29,049	356,757	63,840	85,392	81,857	616,895
Additions to:						
- Property, plant and equipment	162	1	6,216	-	936	7,315
- Investment properties	-	971	-	-	-	971
Reportable segment liabilities	25,852	149,609	24,338	-	236,653	436,452
Current tax liabilities						27
Deferred tax liabilities						39,179
						<u>475,658</u>

5.1 Information about reportable segments (continued)

	Healthcare operations \$'000	Healthcare assets \$'000	Properties under development \$'000	Investments \$'000	Others \$'000	Total \$'000
Group						
1 January 2021 to 31 December 2021						
Revenue						
External revenue	2,954	16,711	-	-	-	19,665
Inter-segment revenue	-	-	-	-	1,486	1,486
Segment revenue (including inter-segment revenue)	2,954	16,711	-	-	1,486	21,151
Segment (loss)/profit before tax	(1,288)	11,169	(21,475)	12,163	106,907	107,476
Depreciation	(354)	(84)	(3)	-	(441)	(882)
Finance expenses	(108)	(1,611)	(602)	-	(1,629)	(3,950)
Interest income	-	-	1	-	259	260
Gain on shareholder loan conversion	-	-	-	-	109,973	109,973
Share of results of equity-accounted investees, net of tax	485	-	-	12,163	-	12,648
Other material non-cash items						
Reversal of provision for legal and related expenses	-	-	-	-	5000	5,000
Reversal of provision for site restoration	-	-	4,250	-	-	4,250
Reversal of impairment for Crest entities receivables	-	-	-	-	801	801
Fair value losses on investment properties under development	-	-	(17,514)	-	-	(17,514)
Impairment losses on property, plant and equipment	-	-	(6,621)	-	-	(6,621)
Reportable segment assets	31,747	335,981	37,797	130,322	58,550	594,397
Additions to:						
- Property, plant and equipment	1,109	-	867	-	28	2,004
- Investment properties	-	1,104	-	-	-	1,104
- Investment in equity-accounted investees	-	-	-	32,651	-	32,651
Reportable segment liabilities	29,778	139,698	11,838	-	54,239	235,553
Current tax liabilities						53
Deferred tax liabilities						34,597
						<u>270,203</u>

5.1 Information about reportable segments (continued)

	Healthcare operations \$'000	Healthcare assets \$'000	Properties under development \$'000	Investments \$'000	Others \$'000	Total \$'000
Group						
1 January 2020 to 31 December 2020						
Revenue						
External revenue	2,454	17,526	-	-	-	19,980
Inter-segment revenue	-	-	-	-	1,558	1,558
Segment revenue (including inter-segment revenue)	2,454	17,526	-	-	1,558	21,538
Segment (loss)/profit before tax	(4,505)	8,874	(50,773)	(33,287)	(22,374)	(102,065)
Depreciation	(81)	(404)	(4)	-	(457)	(946)
Finance expenses	(30)	(1,871)	(973)	-	(7,312)	(10,186)
Interest income	1	1	2	-	292	296
Share of results of equity-accounted investees, net of tax	(5,885)	-	-	(33,287)	-	(39,172)
Other material non-cash items						
Fair value losses on investment properties	-	(1,675)	-	-	-	(1,675)
Fair value losses on investment properties under development	-	-	(18,486)	-	-	(18,486)
Impairment losses on goodwill	(1,804)	-	-	-	-	(1,804)
Impairment losses on property, plant and equipment	-	(175)	(31,959)	-	-	(32,134)
Trade and other receivables written off	-	(391)	-	-	(219)	(610)
Reportable segment assets	29,049	356,757	63,840	85,392	81,857	616,895
Additions to:						
- Property, plant and equipment	206	4	6,773	-	950	7,933
- Investment properties	-	971	-	-	-	971
- Investment in equity-accounted investees	24,889	-	-	-	-	24,889
- Capital contribution in equity-accounted investees	498	-	-	-	-	498
Reportable segment liabilities	25,852	149,609	24,338	-	236,653	436,452
Current tax liabilities						27
Deferred tax liabilities						39,179
						<u>475,658</u>

5.2 Disaggregation of Revenue

	Group		
	6 Months ended 31 December 2021		
	Healthcare operations	Healthcare assets	Total
	\$'000	\$'000	\$'000
Type of goods or service:			
Medical services	535	-	535
Sale of medicine and medical equipment	1,171	-	1,171
Rental income	-	8,287	8,287
Total revenue	1,706	8,287	9,993
Timing of revenue recognition:			
At a point in time	1,706	8,287	9,993
Total revenue	1,706	8,287	9,993
Geographical information:			
PRC	1,706	-	1,706
Japan	-	8,287	8,287
Total revenue	1,706	8,287	9,993

	Group		
	6 Months ended 31 December 2020		
	Healthcare operations	Healthcare assets	Total
	\$'000	\$'000	\$'000
Type of goods or service:			
Medical services	359	-	359
Sale of medicine and medical equipment	1,030	-	1,030
Rental income	-	8,695	8,695
Total revenue	1,389	8,695	10,084
Timing of revenue recognition:			
At a point in time	1,389	8,695	10,084
Total revenue	1,389	8,695	10,084
Geographical information:			
PRC	1,389	-	1,389
Japan	-	8,695	8,695
Total revenue	1,389	8,695	10,084

5.2 Disaggregation of Revenue (continued)

	Group		
	12 Months ended 31 December 2021		
	Healthcare operations	Healthcare assets	Total
	\$'000	\$'000	\$'000
Type of goods or service:			
Medical services	1,080	-	1,080
Sale of medicine and medical equipment	1,874	-	1,874
Rental income	-	16,711	16,711
Total revenue	2,954	16,711	19,665
Timing of revenue recognition:			
At a point in time	2,954	16,711	19,665
Total revenue	2,954	16,711	19,665
Geographical information:			
PRC	2,954	-	2,954
Japan	-	16,711	16,711
Total revenue	2,954	16,711	19,665

	Group		
	12 Months ended 31 December 2020		
	Healthcare operations	Healthcare assets	Total
	\$'000	\$'000	\$'000
Type of goods or service:			
Medical services	591	-	591
Sale of medicine and medical equipment	1,863	-	1,863
Rental income	-	17,526	17,526
Total revenue	2,454	17,526	19,980
Timing of revenue recognition:			
At a point in time	2,454	17,526	19,980
Total revenue	2,454	17,526	19,980
Geographical information:			
PRC	2,454	-	2,454
Japan	-	17,526	17,526
Total revenue	2,454	17,526	19,980

A breakdown of sales:

	Group		
	Financial year ending 31 December 2021	Financial year ending 31 December 2020	Increase / (Decrease)
	\$'000	\$'000	%
Sales reported for the first half year	9,672	9,896	(2)
Operating profit/(loss) after tax before deducting non-controlling interests reported for first half year	113,640	(1,541)	<i>n.m.</i>
Sales reported for second half year	9,993	10,084	(1)
Operating loss after tax before deducting non- controlling interests reported for second half year	(2,691)	(97,651)	(97)

6. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 December 2021 and 31 December 2020.

	Group		Company	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	\$'000	\$'000	\$'000	\$'000
Financial assets not measured at fair value				
Loan to subsidiaries	-	-	14,513	14,513
Trade and other receivables*	15,464	13,833	225,058	282,114
Cash and cash equivalents	43,823	68,973	6,057	33,117
Financial assets at amortised costs	59,287	82,806	245,628	329,744
Financial liabilities not measured at fair value				
Loan and borrowing	(187,119)	(355,701)	(30,189)	(195,601)
Trade and other payables #	(15,717)	(37,230)	(51,564)	(97,008)
Rental deposits received	(7,448)	(7,914)	-	-
Financial liabilities at amortised costs	(210,284)	(400,845)	(81,753)	(292,609)

* Excluding prepayments

Excluding rental deposits received and deferred revenue

7. Profit/(Loss) before tax

	Group					
	6 Months ended	6 Months ended	Change	12 Months ended	12 Months ended	Change
	31.12.2021	31.12.2020	%	31.12.2021	31.12.2020	%
	\$'000	\$'000	%	\$'000	\$'000	%
Depreciation of property, plant and equipment	(384)	(424)	(9)	(882)	(946)	(7)
Trade and other receivables written off	-	(610)	<i>n.m.</i>	-	(610)	<i>n.m.</i>
					Restated #	
<u>Other expenses</u>						
Fair value losses on investment properties	-	(1,675)	<i>n.m.</i>	-	(1,675)	<i>n.m.</i>
Fair value losses on investment properties under development	(17,514)	(18,486)	(5)	(17,514)	(18,486)	(5)
Impairment losses on goodwill	-	(1,804)	<i>n.m.</i>	-	(1,804)	<i>n.m.</i>
Impairment losses on property, plant and equipment	(6,621)	(32,134)	(79)	(6,621)	(32,134)	(79)
Others	(51)	-	<i>n.m.</i>	(48)	-	<i>n.m.</i>
	<u>(24,186)</u>	<u>(54,099)</u>	<u>(55)</u>	<u>(24,183)</u>	<u>(54,099)</u>	<u>(55)</u>
<u>Other income</u>						
Gain in shareholder loan conversion	-	-	<i>n.m.</i>	109,973	-	<i>n.m.</i>
Reversal of provisions for legal and related expenses	5,000	-	<i>n.m.</i>	5,000	-	<i>n.m.</i>
Reversal of provision for site restoration	4,250	-	<i>n.m.</i>	4,250	-	<i>n.m.</i>
Reversal of impairment for Crest entities receivables	801	-	<i>n.m.</i>	801	-	<i>n.m.</i>
Litigation fund received	648	-	<i>n.m.</i>	1,677	-	<i>n.m.</i>
Government grants	19	124	(85)	95	320	(70)
Others	67	11	<i>n.m.</i>	211	18	<i>n.m.</i>
	<u>10,785</u>	<u>135</u>	<u><i>n.m.</i></u>	<u>122,007</u>	<u>338</u>	<u><i>n.m.</i></u>
Other (expenses)/income, net	<u>(13,401)</u>	<u>(53,964)</u>	<u>(75)</u>	<u>97,824</u>	<u>(53,761)</u>	<u><i>n.m.</i></u>
<u>Finance Income</u>						
Interest income	138	169	(18)	260	296	(12)
Foreign exchange gains	-	-	<i>n.m.</i>	-	1,045	<i>n.m.</i>
	<u>138</u>	<u>169</u>	<u>(18)</u>	<u>260</u>	<u>1,341</u>	<u>(81)</u>
<u>Finance costs</u>						
Interest expense	(1,378)	(4,986)	(72)	(3,950)	(10,186)	(61)
Foreign exchange losses	(146)	(516)	(72)	(93)	-	<i>n.m.</i>
	<u>(1,524)</u>	<u>(5,502)</u>	<u>(72)</u>	<u>(4,043)</u>	<u>(10,186)</u>	<u>(60)</u>

See note 3.3

8. Related party transactions

Loan to First REIT Management Limited (“First REIT Manager”)

The Company granted an interest-free loan of \$5,924,957 to First REIT Manager on 11 February 2021. The First REIT Manager is a joint venture between the Company and OUE Limited, who hold 40% and 60% of the total issued and paid-up share capital of the First REIT Manager respectively.

The loan was to fund the First REIT Manager’s subscription to its pro rata entitlement of the First Real Estate Investment Trust rights issue.

During FY2021, First REIT Manager repaid \$2,924,957 of the loan.

Loan to Riviera Quad International Limited (“Riviera Quad”)

On 1 November 2021, the Company granted an interest-free loan of \$3,177,996.10 (equivalent to RMB15,000,000) to Riviera Quad. The Riviera Quad is a joint venture between the Company and Golden Pinnacle Enterprises Limited (“Golden Pinnacle”), both the Group and Golden Pinnacle hold 50% of the total issued share of Riviera Quad respectively. Golden Pinnacle is an indirect wholly-owned subsidiary of China Merchants Shekou Industrial Zone Holdings Co., Ltd. The loan was for the Prince Bay project.

For additional information, please refer to the Group’s announcements on 12 December 2018, 31 May 2019, 2 December 2019 and 20 January 2020.

Shareholder Loan from OUE Treasury

The Shareholder Loan of \$4,150,000 from OUE Treasury Pte Ltd (“**OUE Treasury**”) to OUE Medical Assets Pte Ltd (“**OMA**”) was extended for an aggregate of fifteen months on 22 January 2021, 25 June 2021, 29 December 2021 and 29 March 2022. OUE Treasury is a wholly-owned subsidiary of OUE Limited, which is a controlling shareholder of the Company. OMA is a subsidiary of the Company. The interest on the loan is 4% per annum.

Secondment agreement with Brownly Healthcare Pte. Ltd. (“Brownly”), ITOCHU Singapore Pte Ltd (“ITOCHU SG”) and ITOCHU Corporation (“ITOCHU Corp”) (collectively, the “ITOCHU Entities”)

On 15 February 2018, the Company entered into a secondment agreement with the ITOCHU Entities, pursuant to which the ITOCHU Entities have the right to second up to three employees to the Company (“**Secondment Agreement**”). Pursuant to the Secondment Agreement and related documentation, the Company is obliged to make remuneration-related payments either directly to the seconded employees and/or in the form of secondment fees payable to ITOCHU SG.

On 23 March 2021, the Company entered into a letter supplemental to the Secondment Agreement with the ITOCHU Entities (“**Supplemental Letter**”). Pursuant to the Supplemental Letter, the number of employees in relation to the secondment arrangement with the ITOCHU Entities is reduced to two.

The total remuneration-related payments expected for FY2021 is \$401,261 (FY2020: \$414,160).

Save as disclosed above, there are no other material related party transactions as at 31 December 2021.

9. Tax credit

The Group calculated the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax credit/(expense) in the condensed interim consolidated statement of profit and loss are:

	Group					
	6 Months ended	6 Months ended	Change	12 Months ended	12 Months ended	Change
	31.12.2021	31.12.2020		31.12.2021	31.12.2020	
	\$'000	\$'000	%	\$'000	\$'000	%
Current income tax expense	(77)	(97)	(21)	(83)	(105)	(21)
Deferred income tax relating to origination and reversal of temporary differences	3,923	4,198	(7)	2,755	2,978	(7)
Tax credit for the year	<u>3,846</u>	<u>4,101</u>	(6)	<u>2,672</u>	<u>2,873</u>	(7)

10. Earnings per ordinary share ("EPS")

	Group			
	6 Months ended 31.12.2021	6 Months ended 31.12.2020	12 Months ended 31.12.2021	12 Months ended 31.12.2020
Net (loss)/profit attributable to owners of the Company (\$'000)	(2,471)	(97,465)	111,378	(98,726)
Weighted average number of ordinary shares in issue	4,443,129,206	4,443,129,206	4,443,129,206	4,443,129,206
Basic and Diluted earnings per ordinary share (Singapore cents)	(0.056)	(2.194)	2.507	(2.222)

The Diluted EPS is the same as the Basic EPS as there are no dilutive instruments in issue at the reporting date.

On 16 March 2021, the Company issued perpetual securities of a principal amount of \$189,607,700 to Treasure International Holdings Pte Ltd. ("TIHPL"). Please refer to Note 19 for information on the perpetual securities.

The perpetual securities can be converted into ordinary shares at a conversion price of \$0.07 per ordinary share. Pursuant to the conversion agreement, the perpetual securities can only be converted into ordinary shares of the Company at the discretion of TIHPL on or after 31 August 2026. Assuming all perpetual securities are converted into ordinary shares at the conversion price of \$0.07 and assuming no adjustments to the conversion price are made, a total of 2,708,681,428 ordinary shares would be issued and will impact the EPS upon conversion.

11. Net asset value

	Group		Company	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Net asset value attributable to owners of the Company (\$'000)	324,623	141,237	236,359	103,052
Number of ordinary shares in issue	4,443,129,206	4,443,129,206	4,443,129,206	4,443,129,206
Net asset value per ordinary share (Singapore cents)	7.31	3.18	5.32	2.32

12. Property, plant and equipment

During the year ended 31 December 2021 the Group acquired assets amounting to \$2,004,000 (31 December 2020: \$7,933,000). There were no disposals (31 December 2020: \$70,000).

Impairment test for property, plant and equipment

The Group reviews the carrying amounts of the assets at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. When considering impairment indicators, the Group considers both internal (such as changes in operating and financial performance) and external factors (such as changes in the business environment and economic conditions). Where potential indicators of impairment are noted, management's judgment and estimate are made to determine the amount of impairment, if any. The recoverable amount of the Group's property, plant and equipment was determined based on the higher of fair value less costs to sell and value-in-use calculation.

Determining the value-in-use of property, plant and equipment, which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Group to make estimates and assumptions that can materially affect the financial statements. Any resulting impairment losses could have a material adverse impact on the Group's financial condition and results of operations.

Leasehold property under development

For the year ended 31 December 2021, the Group recorded a further impairment of \$6,621,000 (2020: \$31,959,000) on its land located at Dujiangyan, Chengdu, People's Republic of China. After this impairment, the carrying value of the land is nil. The impairment was based on management's assessment of the current status of the land and the legal advice obtained in relation to the Group's contractual obligations.

13. Intangible assets and goodwill

	Goodwill	Medical distribution licences	Total
	\$'000	\$'000	\$'000
Group			
At 30 June 2021			
Cost	5,230	1,108	6,338
Accumulated amortisation and impairment	(2,192)	(1,108)	(3,300)
Net book amount	<u>3,038</u>	<u>-</u>	<u>3,038</u>
6 months ended 31 December 2021			
Opening net book amount	3,038	-	3,038
Effect of movements in exchange rates	28	-	28
Closing net book amount	<u>3,066</u>	<u>-</u>	<u>3,066</u>
At 31 December 2021			
Cost	5,230	1,108	6,338
Accumulated amortisation and impairment	(2,192)	(1,108)	(3,300)
Effect of movements in exchange rates	28	-	28
Net book amount	<u>3,066</u>	<u>-</u>	<u>3,066</u>

Amortisation

The amortisation of medical distribution licences is allocated to the cost of inventory and was included in 'cost of sales' as inventory is sold.

Impairment test for goodwill

Goodwill arising from business combinations have been allocated to the following cash-generating unit ("CGU") for impairment testing:

	Group	
	31.12.2021	31.12.2020
	\$'000	\$'000
Brainy World Holdings Limited ("BWH")	<u>3,066</u>	<u>3,004</u>

The Group estimated the recoverable amount of the CGU based on its value-in-use.

BWH

In 2018, the Group acquired 100% equity interests in BWH, a limited company incorporated in the British Virgin Islands. BWH is an investment holding company which owns 50% equity interest in a joint venture company that is authorised to provide healthcare-related services. The acquisition provides the Group with the opportunity to grow its business in the PRC where the demand for specialised and quality healthcare services is expected to increase. Goodwill from the acquisition relate mainly to the synergies expected to be achieved from integrating the company into the Group's existing healthcare business.

The recoverable amount is determined based on value-in-use calculation using a discounted cash flow projection covering an 8-year-period (31 December 2020: 8-year-period), including a construction period of 3 years (31 December 2020: 3 years). Management considers the 8-year-period used in discounted cash flow is appropriate considering the investment cycle of the healthcare industry.

Management assessed the value-in-use for indicators of potential impairment, taking into account the prevailing economic conditions and market outlook, as well as the status of the on-going development. Based on management's assessment, no impairment is required.

14. Investment properties

	Group	
	31.12.2021	31.12.2020
	\$'000	\$'000
At 1 January	308,749	299,770
Additions	1,104	971
Fair value losses recognised in profit or loss	-	(1,675)
Effect of movements in exchange rates	(19,297)	9,683
At end of year	290,556	308,749

As at 31 December 2021, the details of investment properties held by the Group are set out below:

Investment Property	Tenure	Principal activity	Location
Hikari Heights Varus Fujino	Freehold	Skilled nursing facility	Hokkaido, Japan
Hikari Heights Varus Ishiyama	Freehold	Skilled nursing facility	Hokkaido, Japan
Hikari Heights Varus Kotoni	Freehold	Skilled nursing facility	Hokkaido, Japan
Hikari Heights Varus Makomanai-Koen	Freehold	Skilled nursing facility	Hokkaido, Japan
Hikari Heights Varus Tsukisamu-Koen	Freehold	Skilled nursing facility	Hokkaido, Japan
Varus Cuore Yamanote	Freehold	Skilled nursing facility	Hokkaido, Japan
Varus Cuore Sapporo-Kita & Varus Cuore Sapporo-Kita Annex	Freehold	Skilled nursing facility	Hokkaido, Japan
ElySION Gakuenmae	Freehold	Skilled nursing facility	Nara, Japan
ElySION Mamigaoka & ElySION Mamigaoka Annex	Freehold	Skilled nursing facility	Nara, Japan
Orchard Amanohashidate	Freehold	Skilled nursing facility	Kyoto, Japan
Orchard Kaichi North	Freehold	Skilled nursing facility	Nagano, Japan
Orchard Kaichi West	Freehold	Skilled nursing facility	Nagano, Japan

As at 31 December 2021, investment properties of the Group with carrying amounts of \$290,556,000 (31 December 2020: \$308,749,000) are mortgaged to banks to secure the related borrowings.

Measurement of fair value

The fair values of investment properties were determined by external independent valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The independent valuers provide the fair value of the Group's investment property portfolio every year.

The fair value measurement of all of the investment properties of \$290,556,000 (31 December 2020: \$308,749,000) has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used.

15. Investment properties under development

	Group	
	31.12.2021	31.12.2020
	\$'000	\$'000
At 1 January	74,492	91,237
Fair value losses recognised in profit or loss	(17,514)	(18,486)
Effect of movements in exchange rates	713	1,741
At end of year	57,691	74,492

The details of investment properties under development held by the Group are set out below:

Description	Unexpired term of leasehold land
Land - Wuxi land	34 years
Land - Kuala Lumpur, Malaysia	86 years

An investment property under development with carrying amount of \$41,421,000 (31 December 2020: \$41,920,000) is mortgaged to secure bank borrowings (see note 17(d)).

Classification of investment properties under development

The classification of the land as owner-occupied property or investment property is a matter of judgement, involving consideration of the purpose and usage of the land, and future development plans. Portion of land to be redeveloped for future rental or capital appreciations are held as investment properties under development while portion of land to be redeveloped for own use are held as property, plant and equipment. The relevant portion of the land continue to be classified as investment properties under development based on management's assessment of the above factors which is in line with the Group's existing plans.

Measurement of fair value

The fair value of investment properties under development were determined annually by external independent valuers having appropriate recognised professional qualifications and recent experience in the location and category of property being valued.

The fair value measurement of all of the investment properties under development of \$57,691,000 (31 December 2020: \$74,492,000) has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

For the land in Kuala Lumpur, Malaysia, management continues to adopt the forced sale value as determined by independent valuer as the fair value instead of the market value based on direct comparison method. This is in view of the impact of COVID-19 on the Malaysian economy and the property market outlook. The forced sale value is computed at a discount of 20% of the market value. Management assessed that the forced sale value is a better representation of fair value of the asset as at reporting date, based on on-going negotiations with various interested parties and available market data.

For the land in Wuxi, People's Republic of China, the valuation included critical assumptions made by management. The key assumptions include the development plot ratio, the type of hospital license that will be granted and the proposed development plans. Based on management's assessment of the current market conditions and outlook, including the impact of COVID-19, management revised the development plot ratio from 4.5 to 2.0 and also, revised the development plans. Consequently, a fair value loss of \$17,514,000 (2020: \$1,404,000) was recorded.

16. Associate and joint ventures

	Group		Company	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	\$'000	\$'000	\$'000	\$'000
Interest in an associate	110,645	61,785	-	-
Interests in joint ventures	81,455	77,036	40,553	40,553
Less: Allowance for impairment loss	(4,135)	(4,135)	(16,946)	(16,946)
Less: Allowance for impairment goodwill	(12,254)	-	-	-
	175,711	134,686	23,607	23,607

Recoverable amounts of interests in associate and joint ventures

The Group's interest in an associate refers to its investment in First REIT and its interests in joint ventures refer to its investments in First REIT Manager and Yoma OUE Pun Hlaing Hospital Limited (formerly known as: Yoma Siloam Hospital Pun Hlaing) and Pun Hlaing International Hospital (collectively, the "**Myanmar Group**"), China Merchants Lippo Hospital Management (Shenzhen) Limited ("**CMLHM**") and Riviera Quad International Limited ("**Riviera Quad**").

In January 2021, First REIT announced the launch of a non-underwritten rights issue of 791,062,223 units at an issue price of \$0.20 per rights unit to raise gross proceeds of approximately \$158.2 million. In February 2021, the Group subscribed for its pro-rata rights entitlement of 81,921,809 rights units and 81,334,795 excess rights units for an aggregate consideration of \$32,651,000. Upon completion of the subscription to the rights issue, the Group's direct stake in First REIT was 15.44%.

The following table summarises the non-underwritten rights issue consideration transferred and the proportionate share of fair value of net assets of First REIT as at the date of subscription:

	First REIT 2021 \$'000
Total non-underwritten right issue consideration transferred	32,651
Less: Proportionate share of fair value of net assets	44,905
Negative goodwill	<u>(12,254)</u>

As at 31 December 2021, the carrying amount was determined to be higher than its recoverable amount and goodwill amounting to \$12,254,000 was fully impaired. The impairment loss was recognised in “share of results of equity-accounted investees”.

In 2020, the Group recorded an impairment loss of \$4,135,000 for its investment in the Myanmar Group. In 2021, the Group modified the classification of impairment of joint ventures to reflect more appropriately the nature of the transaction. Comparative amounts in the statement of profit or loss were reclassified for consistency. As a result, the 2020 impairment of \$4,135,000 was reclassified from “other expenses” to “share of results of equity-accounted investees”.

For the year ended 31 December 2021, the Group assessed the recoverable amounts for each cash generating unit (CGU) based on the value-in-use, taking into consideration the potential impact from the prevailing economic conditions and market outlook on the projected cash flows and discount rates. Based on management’s assessment, no material changes to the underlying assumptions were noted. Other than as disclosed above, there were no indications of additional impairment or reversal of previously recognised impairment loss.

17. Loans and borrowings

The following sets out the aggregate amount of the group’s borrowings and debt securities as at the end of the current financial year reported on with comparative figures as at the end of the immediately preceding financial year.

	<u>Group</u>			<u>Group</u>		
	<u>Secured</u>	<u>Unsecured</u>	<u>Total</u>	<u>Secured</u>	<u>Unsecured</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Amount repayable within one year	40,658	189	40,847	178,165	40,524	218,689
Amount repayable after one year	146,272	-	146,272	137,012	-	137,012

The secured borrowings of the Group as at 31 December 2021 comprised term loans and bonds secured by the following:

- (a) corporate guarantees from the Company;
- (b) personal, joint and several guarantees by certain shareholders;
- (c) a fixed charge over the total assets of a subsidiary of the Group which mainly comprised of investment properties and cash and cash equivalents;
- (d) a charge created over an investment property under development of the Group;
- (e) a debenture over the assets and rights of a subsidiary pertaining to a development project of the Group; and
- (f) 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.
- (g) Memorandum of charge over units in an associate held by a subsidiary of the Company.

Site restoration

Provision of \$5,619,000 was made in 2020 for site restoration costs to be incurred to restore the Group's leasehold property under development located in Dujiangyan, Chengdu, People's Republic of China. In 2021, a reversal of provision of \$4,250,000 was recorded as the actual restoration costs required were lower based on actual contracts awarded for the restoration works.

21. Litigation cases

The Group is exposed to several litigation cases as at 31 December 2021.

(a) Litigation cases with David Lin, a non-controlling shareholder of certain subsidiaries

In 2013, the Group acquired a 74.97% effective interest and control over Health Kind International Limited ("**HKIL**") and its subsidiaries, Health Kind International (Shanghai) Co., Ltd. ("**Health Kind Shanghai**") and Wuxi New District Phoenix Hospital Co., Ltd. ("**Wuxi Co**").

In 2017, Weixin Hospital Investment Management (Shanghai) Co. Ltd ("**Weixin**"), a company controlled by David Lin, sought a court order for the shares in Wuxi Co to be transferred to Weixin. The Shanghai Courts have rendered a judgement and appeal judgement in favour of Weixin.

Arbitration Proceedings against David Lin

In 2018, the Company commenced arbitration proceedings in Singapore against David Lin. The Tribunal issued the final arbitration award against David Lin on 7 January 2019. The Company has obtained a Singapore judgement in terms of the arbitration award on 28 November 2019.

Recognition and Enforcement Proceedings

In 2019, the Company commenced recognition and enforcement proceedings in Hong Kong, Taiwan and Shanghai against David Lin to enforce the said award. As at 31 December 2021, the Company has obtained permission to enforce the award in Hong Kong, Taiwan and Shanghai.

As at 31 December 2021, the Company continues to hold a charging order absolute over David Lin's shares in Healthcare Solution Investment Limited ("**HSIL**") and Hong Kong Life Sciences and Technologies Group Limited. The Company has also obtained an order to appoint Receivers over David Lin's interest in the HSIL shares. HSIL is the sole shareholder of Weixin.

As at 31 December 2021, the Company was informed by its PRC and Taiwan counsels that:

- The Shanghai No. 1 Court has received approximately RMB3.25 million as part of the Shanghai enforcement proceedings in November 2020. The funds have been transferred to a subsidiary of the Company in March 2021.
- On 18 January 2021, David Lin's ¼ share in a real estate property in New Taipei City was sold during a public auction for the sum of NTD 5,880,000 as part of the enforcement proceedings in Taiwan. In August 2021, the Company's Taiwan counsel received a sum of NTD5,775,026 (after deduction of costs and expenses) from the Taiwanese Court from the sale of the property, and remitted the funds to the Company. The Company has received the sum of SGD 279,846.51 on or around 24 September 2021.
- On or around 12 March 2021, the Company has received the sum of SGD710,913.50 (after conversion from the sum of NTD14,991,033), being the deposit and trust assets held by David Lin in his bank accounts in Taiwan.

Land Litigation

In 2018, Weixin commenced proceedings against Wuxi Yilin Real Estate Development Co Ltd ("**Wuxi Yilin Real Estate**"), a subsidiary of the Group, for a return of 20 Chang Jiang North Road (i.e. the land on which the Wuxi New District Phoenix Hospital is situated) (the "**Land Litigation**").

- In 2019, the Wuxi Xinwu District Court dismissed Weixin's application. Weixin appealed to the Wuxi Intermediate District Court.
- On 22 May 2020, Weixin (under control of the Receivers of HSIL) applied to withdraw the Land Litigation appeal.
- The Land Litigation appeal was stayed pending separate proceedings commenced by Weixin (which is now under control of the Receivers of HSIL), against David Lin and Chiang Hui-Hua (the "**Weixin Control Dispute**"). As we will elaborate below, the Company was informed by the Receivers on 15 March 2021 that the Shanghai First Intermediate Court has dismissed David Lin's appeal in the Weixin Control Dispute.
- On 22 March 2021, the Company was informed by the Receivers that the Wuxi Intermediate Court has issued a judgement on 18 March 2021 accepting Weixin's application to withdraw the Land Litigation appeal.

- The effect of the withdrawal of the Land Litigation appeal is that the decision of the Wuxi Xinwu District Court is final and binding on all parties. In that judgement, the Court found that the land transfer agreement between Wuxi Yilin Real Estate and Wuxi Co. dated 15 January 2015, in relation to the Wuxi land at 20 Chang Jiang North Road, is legitimate and binding on all parties. Thus, the Company's subsidiary, Wuxi Yilin Real Estate, is the rightful and legal owner of the Wuxi land. There are currently no pending legal challenges in relation to the ownership of Wuxi land.

Weixin Control Dispute

In 2020, Weixin (which is now controlled by the Receivers of HSIL), commenced proceedings against David Lin and Chiang Hui-Hua in the Weixin Control Dispute for a return of *inter alia* Weixin's business license and company stamp on the basis that Chiang Hui-Hua is no longer the legal representative of Weixin.

- The Shanghai Pudong Court issued a decision in favour of Weixin in August 2020.
- David Lin appealed against the Shanghai Pudong Court's decision.
- On 15 March 2021, the Company was informed by the Receivers that the Shanghai First Intermediate Court has dismissed David Lin's appeal, with costs to be borne by David Lin. The Shanghai First Intermediate Court noted that the board of directors of HSIL (i.e. the sole shareholder of Weixin) had passed a valid board resolution to remove Chiang Hui-Hua as Weixin's legal representative, executive director and general manager. As such, Chiang Hui-Hua no longer had the legal right since 27 November 2019 to retain Weixin's business license and company stamp.
- The Company was informed by the Receivers that, as David Lin and Chiang Hui Hua subsequently refused to comply with the Court's order, the Receivers had to apply to Court for an enforcement order. Their application to enforce the Court's order above was approved by the Shanghai Pudong Court and execution was completed on 23 April 2021. Further, on 21 April 2021, as a result of Chiang Hui Hua's failure to comply with the Court's order, the Shanghai Pudong Court issued an order restricting Chiang Hui Hua's expenditures and access to high-end amenities.
- On 24 May 2021, the Company was informed by the Receivers that Weixin's company records have been updated to register Chan Pui Sze of Briscoe Wong Advisory Limited, one of the Receivers, as the legal representative, executive director and general manager of Weixin, wherein Chan Pui Sze is legally authorised to represent and act on behalf of Weixin.
- On 8 July 2021, the Company was informed by the Receivers of HSIL that they have obtained Weixin's new business license, which reflects Chan Pui Sze as the legal representative of Weixin. On 20 July 2021, the Company was also informed by the Receivers of HSIL that they have obtained Weixin's new company seal, invoice seal, legal representative seal and special financial seal. The issuance of Weixin's new business license and company seals gives Chan Pui Sze of Briscoe Wong Advisory Limited, one of the Receivers, effective control of Weixin as the legal representative, executive director and general manager of Weixin.

Breach of fiduciary duties claim

In 2018, Wuxi Yilin Health Management Co Ltd ("**Wuxi Yilin Health**"), a subsidiary of the Group, commenced proceedings against David Lin for damages in relation to the breaches of his duties to Wuxi Yilin Health. In 2019, the Wuxi Intermediate Court dismissed Wuxi Yilin Health's claim against David Lin. Wuxi Yilin Health appealed against the Wuxi Intermediate Court's decision. On 12 April 2021, Wuxi Yilin Health applied to withdraw the appeal on the advice of its PRC counsel. On 7 May 2021, the Jiangsu Higher Court accepted Wuxi Yilin Health's application to withdraw the appeal.

In February 2021, Health Kind Shanghai a subsidiary of the Company, filed a claim before the People's Court of Pudong District against Weixin and Wuxi Co. for the sum of RMB 50 million. In these proceedings, Health Kind Shanghai contends that Weixin was unjustly enriched in the sum of RMB 50 million, being the increase in equity value of Wuxi New District Phoenix Hospital from 2010 to 2018 pursuant to manpower, resources and funds invested by Health Kind Shanghai. On 15 October 2021, the People's Court of Pudong District issued a judgement dismissing Health Kind Shanghai's claims. On the advice of its PRC counsel, Health Kind Shanghai did not appeal against the Court's decision.

Claim by Wuxi Hongshen

In 2021, Wuxi Hongshen Pharmacy Co., Ltd ("**Wuxi Hongshen**") commenced a creditor subrogation claim against Wuxi Yilin Real Estate, a subsidiary of the Group, before the People's Court of Xinwu District, Wuxi (the "**Subrogation Claim**"). The Subrogation Claim was commenced by Wuxi Hongshen on the allegation that:

- (i) Wuxi Hongshen was owed an outstanding sum of RMB 1.5 million by Wuxi Co pursuant to a PRC judgement based on a contractual dispute case between the two parties (which does not involve the Group);
- (ii) Wuxi Yilin Real Estate did not pay the consideration for the land and building at No. 20 Changjiang North Road, New District, Wuxi Jiangsu Province acquired from Wuxi Co; and

- (iii) Wuxi Hongshen was therefore entitled to recover the outstanding sum of RMB 1.5 million (as a creditor of Wuxi Co.) directly from Wuxi Yilin Real Estate (as a subrogated debtor of Wuxi Co.) under PRC law.

On 14 December 2021, the People's Court of Xinwu District, Wuxi released its judgement, agreeing with the points raised by Wuxi Hongshen, and ordering Wuxi Yilin Real Estate to pay the sum of RMB 1,513,284.18 plus interest and costs to Wuxi Hongshen.

On 24 December 2021, Wuxi Yilin Real Estate filed an appeal to the Intermediate Court of Wuxi City against the People's Court of Xinwu District, Wuxi's decision. Parties are waiting for the Court to schedule a hearing date for the appeal.

(b) *Other claim(s) against the Company*

The Company received a letter of demand from Fan's Private Trustees dated 25 June 2021, demanding payment of the sum of S\$850,182.40 allegedly owing to Fan pursuant to shareholder advances, expense claims and a Management Advisory Service Agreement between Fan and a wholly owned subsidiary of the Company dated 1 February 2016.

This letter demanded payment of the same sums previously claimed by Fan in his letter of demand to the Company dated 27 January 2017. In 2017, the Company responded to Fan to seek further particulars and supporting documents in support of his claims, however, no response was forthcoming. Similarly, in June 2021, the Company responded to Fan's Private trustees to seek further particulars and supporting documents in support of their claims, however, no response was forthcoming.

No litigation has developed from these claims.

22. Subsequent event

Divestment of 100% interests in OUELH Japan Medical Facilities Pte Ltd and OUELH Japan Medical Assets Pte Ltd

Shareholders of the Company approved the proposed divestment of 100% of the issued and paid-up share capital of each of OUELH Japan Medical Facilities Pte Ltd ("JMF") and OUELH Japan Medical Assets Pte Ltd to First Real Estate Investment Trust ("First REIT") at an Extraordinary General Meeting held on 28 January 2022.

The Group's 12 nursing homes in Japan are held by JMF. The nursing homes are leased to independent nursing home operators.

The consideration for the divestment comprised 431,147,541 new First REIT units at an issue price of S\$0.305 per unit, S\$16.2 million in intercompany balances which shall be assumed by First REIT and S\$15.8 million in cash. Please refer to the circular to shareholders dated 5 January 2022 for further details.

Following the divestment, the Group's interests, including deemed interests of units held by First REIT's manager, in First REIT will increase from 19.4% to 36.4%. The Company holds a 40% stake in First REIT's manager. In accordance with the requirements of FRS 110 (Consolidated Financial Statements), First REIT will be consolidated as a subsidiary of the Group.

Further disclosures will be provided upon completion of the transaction.

(F) Other information required by Appendix 7C of the Catalyst Rules

- 1(i) 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 December 2021 and 31 December 2020	4,443,129,206	418,912,580

There were no outstanding convertibles, treasury shares or subsidiary holdings as at 31 December 2021 and 31 December 2020.

- 1(ii) 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 31 December 2021 and 31 December 2020, the Company had 4,443,129,206 issued and fully paid-up ordinary shares.

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

- 1(iii) 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(iv) 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.

- 3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion (this is not required for any audit issue that is a material uncertainty relating to going concern):**

- (a) Updates on the efforts taken to resolve each outstanding audit issue.**

Not applicable.

- (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

Not applicable

4. **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 of Continuing Operations for the financial year ended 31 December 2021

(a) Revenue

The Group's revenue comprised mainly rental income from the 12 nursing homes in Japan as well as revenue from the pharmaceutical distribution business and the Wuxi Lippo Xi Nan hospital in China. Revenue decreased marginally due to weaker Yen to SGD exchange rates.

(b) Cost of sales

The increase was due mainly to higher cost of sales incurred by Wuxi Lippo Xi Nan hospital as the hospital ramped up its sales during the year as the hospital adapted its services to the on-going Covid-19 pandemic.

(c) Gross profit

The decrease in gross profit was due mainly to the impact of a weaker Yen.

(d) Administrative expenses

The decrease in administrative expenses was due mainly to stringent cost management and lower costs incurred in relation to corporate, merger and acquisition activities.

(e) Other (expenses)/income

Other (expenses)/income comprised mainly the following.

- (i) one-off gain arising from the Shareholder Loan Conversion of \$110 million;
- (ii) fair value loss and asset impairment totaling \$24.1 million;
- (iii) writeback of provision and litigation recoveries of \$6.7 million; and
- (iv) writeback of provision for site restoration of \$4.2 million.

(f) Finance income

Finance income comprised interests from bank deposits and advance to a joint venture partner. The advance to the joint venture partner was made in the third quarter of FY2019. The decrease in finance income was due mainly to the absence of unrealised net foreign exchange gains of \$1.0 million recorded in 2020.

(g) Finance costs

The decrease in finance costs was due mainly to interest savings arising from the Shareholder Loan Conversion.

(h) Share of results of equity-accounted investees, net of tax

The Group's share of results of equity-accounted investees relates to the Group's investments in First Real Estate Investment Trust ("**First REIT**"), First REIT Management Limited ("**First REIT Manager**"), China Merchants Lippo Hospital Management (Shenzhen) Limited ("**CMLHM**"), and Yoma OUE Pun Hlaing Hospital Limited ("**YOPH**") (formerly known as Yoma Siloam Hospital Pun Hlaing Limited) and Pun Hlaing International Hospital Limited ("**PHIH**").

First REIT Manager, formerly known as Bowsprit Capital Corporation Limited, is the manager of First REIT ("**Manager**"). CMLHM is the 50/50 joint venture with the China Merchants Group.

YOPH and PHIH, collectively the "**Myanmar JV**", refers to the 40/60 joint venture with First Myanmar Investment Public Company Limited ("**FMI**"). The Group holds a 40% stake in the Myanmar JV that currently operates 3 hospitals and 4 clinics in Myanmar.

The Group recorded an aggregate share of net profits of \$12.6 million compared with a net share of loss of \$35.0 million in FY2020. The share of loss in FY2020 was due mainly to net fair value losses recorded by First REIT arising from the restructuring of its master leases.

(i) Tax credit

The tax credit related mainly to adjustments to deferred tax provisions.

(j) Profit/(Loss) after tax

The Group recorded a profit after tax of \$111 million compared to a loss of \$99 million for 2020, mainly attributable to the aforementioned factors.

Review of Statement of Financial Position

(a) Non-current assets

The decrease in non-current assets was due mainly to:

- (i) Decrease in property, plant and equipment due mainly to the impairment of the Dujiangyan land;
- (ii) Decrease in investment properties due mainly to the Impact of a weaker Yen on the carrying value of the Group's nursing homes in Japan; and
- (iii) Decrease in investment properties under development due mainly to fair value loss on the Group's Wuxi land.

The decrease was partly offset by increase in investment in associate and joint ventures. The increase was due mainly to the Group's subscription to First REIT's rights issue and share of results of equity accounted investees.

(b) Current assets

The decrease in cash and cash equivalents was due mainly to funds utilised for the Group's subscription to First REIT's rights issue.

(c) Non-current liabilities

The increase in loans and borrowings was due mainly to the net increase in borrowings. The increase was partly offset by decrease in trade and other payables, and deferred tax liabilities. The decrease in deferred tax liabilities was due mainly to adjustments relating to the fair value loss on investment properties under development. The decrease in trade and other payables was due to foreign exchange translation due to a weaker Japanese Yen.

(d) Current liabilities

The decrease in current liabilities was due mainly to the decrease in loans and borrowings, trade and other payables, and provisions.

The decrease in loans and borrowings was due mainly to the completion of the Shareholder Loan Conversion. The decrease in provisions was due mainly to the writeback of the provision for legal costs and site restoration costs. Please see Note 20 – Provisions.

The decrease in trade and other payables was due to the decrease in interest payable upon completion of the Shareholder Loan Conversion.

Review of Cashflows and Working Capital

a) Cash flows from operating activities

Operating activities generated net cash of \$4.3 million before working capital changes. After taking into account the movement in working capital, operating activities generated net cash of \$3.5 million.

The decrease in interest expense was due mainly to interest savings arising from the Shareholder Loan Conversion.

b) Cash flows from investing activities

Investing activities utilised net cash of \$30.0 million. The Group utilised \$32.7 million as part of the subscription to First REIT's rights issue.

c) Cash flows from financing activities

Financing activities generated net cash of \$2.6 million. In December 2021, the Group received proceeds from borrowings of \$15 million. Total repayment of borrowings and interest amounted to \$11.8 million.

d) Working capital

As at 31 December 2021, the Group's net current liabilities amounted to \$21.1 million.

The negative working capital was due mainly to:

- (i) Shareholder's loan totaling \$4.15 million that was accounted for as current liabilities; and
- (ii) provisions of \$22.5 million.

The Board confirms that the Group is able to meet its debt obligations as and when they fall due in view of the continuing efforts by management to improve the financial position of the Group.

5. 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 was previously disclosed to shareholders.

6. 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 COVID-19 pandemic continues to present challenges and uncertainties for the global economy, particularly with the recent emergence of the Omicron variant. Furthermore, restrictions arising from COVID-19 have also brought about disruptions to the global supply chain¹, resulting in rising inflation. This might lead to central banks increasing interest rates to curtail inflation², which would then complicate the fragile economic recovery process in a post-pandemic world.

Nevertheless, more and more countries are adopting a "co-exist" approach towards COVID-19 as global vaccination rates increase³. As a result, some countries are also starting to ease their social restrictions and beginning to open up their borders⁴. These developments are likely to bode well for the global economic recovery.

While we are hopeful that the global economy will eventually recover, we remain cautious and will continue to monitor the global pandemic situation.

First Real Estate Investment Trust ("First REIT")

At the Extraordinary General Meeting held on 28 January 2022, the Group received overwhelming support from its shareholders for the divestment of the Group's 12 nursing homes in Japan to First REIT.

The divestment is part of the Group's on-going strategy to enhance its capital structure and to improve its gearing position so as to position the Group for further growth and expansion. The divestment is also aligned with the Group's asset-light strategy so as to focus on the provision of quality healthcare services.

The consideration for the divestment includes 431,147,541 new First REIT units at an issue price of S\$0.305 per unit. Upon completion of the transaction, the Group's direct stake in First REIT will increase to 33.2% and including its 40% indirect stake held through First REIT Management Limited, the manager of First REIT, the Group's deemed interests will increase to 36.4%. Arising from the increase in the Group's interests in First REIT, the financial performance of First REIT will be consolidated into the Group's results post completion of the transaction.

From First REIT's perspective, the addition of the sizeable portfolio of quality nursing homes in Japan will increase its assets under management to S\$1.2 billion and diversify its geographical and tenant concentration risks. The transaction is also yield accretive and is aligned with First REIT's strategy to reposition itself for growth.

China

China continues to pursue a "Zero-Covid" policy towards the management of COVID-19. This policy has significant implications on the opening of its borders, its economic recovery and on local businesses, including hospital operations. Since the end of 2021, China has been impacted by a new wave of COVID-19 in some of its cities⁵.

The development of the Group's hospitals in Changshu and Prince Bay continues to progress as planned. The two hospitals, with total capacity of approximately 340 beds, will be operated by the Group's joint venture with China Merchants Group and are expected to be commissioned in 2023 and 2024 respectively.

Myanmar

Myanmar's outlook continues to be affected by the political situation, COVID-19 and the depreciation of the Myanmar Kyat. Despite these challenges, our Myanmar joint venture that operates Pun Hlaing Hospitals ("PHH"), has been agile in repositioning its services. As announced on 18 November 2021, PHH was the first private hospital group in Myanmar to be permitted by the Myanmar's National Central Committee for COVID-19 Protection, Control and Treatment to test, treat and care for COVID-19 patients. It is also the first private hospital group in Myanmar to receive approval from the Myanmar's Ministry of Health and Food & Drug Administration to import up to 400,000 doses of Sinopharm vaccine, and have procured 200,000 doses in November 2021.

The proactive efforts of the local management team resulted in its improved performance in 2021 despite the various challenges. Moving forward, PHH will continue to strengthen its specialist services to meet rising demand. We are cautiously optimistic of our operations in Myanmar and will respond nimbly to the evolving situation.

¹ <https://www.straitstimes.com/business/economy/supply-chains-interrupted-how-singapore-and-the-world-are-coping-with-disruptions>

² <https://www.reuters.com/business/finance/inflation-fighting-fed-likely-flag-march-interest-rate-hike-2022-01-26/>

³ <https://apnews.com/article/coronavirus-pandemic-boris-johnson-health-europe-spain-1ab95ea43fa30bcb36f068c9a8664d12>

⁴ <https://www.straitstimes.com/asia/australianz/borders-reopen-gradually-in-fortress-australia-but-travellers-remain-wary>

⁵ <https://www.scmp.com/news/china/politics/article/3163525/china-braces-omicron-variant-extends-its-reach-and-lunar-new>

7. 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.

8. Dividends

No dividends were paid or declared during the financial year ended 31 December 2021 and during the corresponding financial year ended 31 December 2020 after taking into consideration of the Group's cash flow requirements.

9. 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.

10. 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.

11. Report of person occupying managerial positions who are related to a director, CEO or substantial shareholder

Pursuant to Rule 704(10) of Catalyst Rules, the Company confirms that none of the persons occupying managerial positions in the Company or any of its principal subsidiaries is a relative of a director or Chief Executive Officer or substantial shareholder of the Company.

12. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as per appendix 7C Part II (19) of the Catalyst Rules:

No dividends were issued in FY2020 and FY2021. Please refer to Section 8

13. Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year

Please refer to Section 5.

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

Please refer to Section 5.

15. A breakdown of sales as per appendix 7C Part II (18) of the Catalyst Rules:

Please refer to Section 5.2.

16. Additional information required pursuant to Rule 706A (if any)

Not applicable. The Company did not acquire and/or dispose of shares in any companies during the year ended 31 December 2021.

17. Others

The Group has investments in First REIT and in its Manager. First REIT is listed on the Main Board of Singapore Exchange Securities Trading Limited (the "SGX-ST") and is an associate of the Company. The Manager is an associated company of the Company.

The Manager releases public announcements in relation to and on behalf of First REIT ("FR Announcements") via SGXNET, from time to time in compliance with the Listing Manual of the SGX-ST. **The Company wishes to advise shareholders and potential investors of the Company to check the SGX-ST's website, www.sgx.com, for the latest FR Announcements made by the Manager from time to time, when dealing in the shares of the Company.**

The Company no longer releases announcements notifying its own shareholders of the release of certain FR Announcements, unless the Company has determined that there is, or becomes aware of, any material impact on the Group (which has not already been disclosed in the FR Announcements) and/or if the Company has determined that there is, or becomes made aware of, any undisclosed material information concerning the Group (including First REIT and the Manager) in accordance with the requirements under the applicable Catalyst Rules.

BY ORDER OF THE BOARD OF DIRECTORS

Mr. Yet Kum Meng
Chief Executive Officer and Executive Director
15 February 2022

This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

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