OUE LIPPO HEALTHCARE LIMITED
Registration No.: 201304341E
(Incorporated in the Republic of Singapore)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE HALF YEAR ENDED 30 JUNE 2021

(A) Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	Group		
		6 Months ended 30.06.2021	6 Months ended 30.06.2020	Change
		$'000	$'000	%
Revenue	5	9,672	9,896	*(2)*
Cost of sales		(2,166)	(2,395)	*(10)*
Gross profit		7,506	7,501	*n.m.*
Administrative expenses		(5,310)	(6,752)	*(21)*
Other income, net	19	111,225	204	*n.m.*
Results from operating activities		113,421	953	*n.m.*
Finance income	7	175	1,688	*(90)*
Finance costs	7	(2,572)	(5,200)	*(51)*
Net finance costs		(2,397)	(3,512)	*(32)*
Share of results of equity-accounted investees, net of tax		3,790	2,246	*69*
Profit/(Loss) before tax		114,814	(313)	*n.m.*
Tax expense	9	(1,174)	(1,228)	*(4)*
Profit/(Loss) after tax for the period		113,640	(1,541)	*n.m.*
Other comprehensive income:				
Items that are or may be reclassified subsequently to profit or loss				
Foreign currency translation differences relating to foreign operations		(10,441)	6,735	*n.m.*
Share of foreign currency translation differences of an equity-accounted investee		1	38	*(97)*
Share of fair value reserve of an equity-accounted investee		2,453	(8,322)	*n.m.*
Other comprehensive income, net of tax		(7,987)	(1,549)	*n.m.*
Total comprehensive income for the period		105,653	(3,090)	*n.m.*
Profit/(Loss) attributable to:				
Owners of the Company		113,849	(1,261)	*n.m.*
Non-controlling interests		(209)	(280)	*(25)*
		113,640	(1,541)	*n.m.*
Total comprehensive income attributable to:				
Owners of the Company		105,862	(2,810)	*n.m.*
Non-controlling interests		(209)	(280)	*(25)*
		105,653	(3,090)	*n.m.*
Earnings per share				
Basic and diluted earnings per share (Cents)	10	2.562	(0.028)	*n.m.*

n.m. – Not meaningful

(B) Condensed Interim Statements of Financial Position

	Note	Group		Company	
		30.06.2021	31.12.2020	30.06.2021	31.12.2020
		$'000	$'000	$'000	$'000
ASSETS					
Property, plant and equipment	12	13,849	12,528	622	789
Intangible assets and goodwill	13	3,038	3,004	-	-
Investment properties	14	294,816	308,749	-	-
Investment properties under development	15	74,823	74,492	-	-
Associate and joint ventures	16	167,541	134,686	23,607	23,607
Subsidiaries		-	-	84,092	84,092
Trade and other receivables		-	-	9,955	10,445
Non-current assets		554,067	533,459	118,276	118,933
Inventories		470	219	-	-
Trade and other receivables		14,824	14,244	269,703	271,852
Cash and cash equivalents		31,818	68,973	528	33,117
Current assets		47,112	83,436	270,231	304,969
Total assets		601,179	616,895	388,507	423,902
LIABILITIES					
Loans and borrowings	17	129,837	137,012	-	-
Trade and other payables		7,543	7,914	-	159
Lease liabilities		1,292	495	390	390
Deferred tax liabilities		38,900	39,179	-	-
Non-current liabilities		177,572	184,600	390	549
Loans and borrowings	17	48,832	218,689	30,189	195,601
Trade and other payables		15,652	38,784	42,637	96,849
Provisions	20	32,347	33,220	26,603	27,601
Lease liabilities		232	338	126	250
Current tax liabilities		19	27	-	-
Current liabilities		97,082	291,058	99,555	320,301
Total liabilities		274,654	475,658	99,945	320,850
NET ASSETS		326,525	141,237	288,562	103,052
EQUITY					
Share capital	18	418,913	418,913	418,913	418,913
Perpetual securities	19	79,635	-	79,635	-
Merger reserve		(65,742)	(65,742)	-	-
Asset revaluation reserve		3,630	3,630	-	-
Foreign currency translation reserve		(4,539)	5,901	-	-
Fair value reserve		(25,409)	(27,862)	-	-
Accumulated losses		(79,754)	(193,603)	(209,986)	(315,861)
Equity attributable to owner of the Company		326,734	141,237	288,562	103,052
Non-controlling interests		(209)	*	-	-
Total equity		326,525	141,237	288,562	103,052

* Less than $1,000

(C) Condensed Interim Statement of Changes in Equity

GROUP	Note	Share capital $'000	Perpetual securities $'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
		Attributable to owners of the Company									
At 1 January 2021		**418,913**	**-**	**(65,742)**	**3,630**	**5,901**	**(27,862)**	**(193,603)**	**141,237**	*****	**141,237**
Total comprehensive income for the period											
Profit/(Loss) for the period		-	-	-	-	-	-	113,849	113,849	(209)	113,640
Other comprehensive income											
Foreign currency translation differences relating to foreign operations		-	-	-	-	(10,441)	-	-	(10,441)	-	(10,441)
Share of foreign currency translation differences of equity-accounted investee		-	-	-	-	1	-	-	1	-	1
Share of fair value reserve of equity-accounted investee		-	-	-	-	-	2,453	-	2,453	-	2,453
Total other comprehensive income, net of tax		-	-	-	-	(10,440)	2,453	-	(7,987)	-	(7,987)
Total comprehensive income for the period		**-**	**-**	**-**	**-**	**(10,440)**	**2,453**	**113,849**	**105,862**	**(209)**	**105,653**
Transactions with owners, recognised directly in equity											
Issuance of perpetual securities	19	-	79,635	-	-	-	-	-	79,635	-	79,635
Total transactions with owners		**-**	**79,635**	**-**	**-**	**-**	**-**	**-**	**79,635**	**-**	**79,635**
At 30 June 2021		**418,913**	**79,635**	**(65,742)**	**3,630**	**(4,539)**	**(25,409)**	**(79,754)**	**326,734**	**(209)**	**326,525**

* Less than $1,000

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

GROUP	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
	Attributable to owners of the Company								
At 1 January 2020	**418,913**	**(65,742)**	**3,630**	**(3,653)**	**(5,473)**	**(94,877)**	**252,798**	**304**	**253,102**
Total comprehensive income for the period									
Loss for the period	-	-	-	-	-	(1,261)	(1,261)	(280)	(1,541)
Other comprehensive income									
Foreign currency translation differences relating to foreign operations	-	-	-	6,735	-	-	6,735	-	6,735
Share of foreign currency translation differences of equity-accounted investee	-	-	-	38	-	-	38	-	38
Share of fair value reserve of equity-accounted investee	-	-	-	-	(8,322)	-	(8,322)	-	(8,322)
Total other comprehensive income, net of tax	-	-	-	6,773	(8,322)	-	(1,549)	-	(1,549)
Total comprehensive income for the period	**-**	**-**	**-**	**6,773**	**(8,322)**	**(1,261)**	**(2,810)**	**(280)**	**(3,090)**
Transactions with owners, recognised directly in equity									
Contribution from non-controlling interests	-	-	-	-	-	-	-	162	162
Total transactions with owners	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**162**	**162**
At 30 June 2020	**418,913**	**(65,742)**	**3,630**	**3,120**	**(13,795)**	**(96,138)**	**249,988**	**186**	**250,174**

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

COMPANY	Note	Share capital $'000	Perpetual securities S'000	Accumulated losses $'000	Total equity $'000
At 1 January 2021		**418,913**	**-**	**(315,861)**	**103,052**
Total comprehensive income for the period					
Profit for the period		-	-	105,875	105,875
Total comprehensive income for the period		**-**	**-**	**105,875**	**105,875**
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 30 June 2021		**418,913**	**79,635**	**(209,986)**	**288,562**
At 1 January 2020		**418,913**	**-**	**(192,155)**	**226,758**
Total comprehensive income for the period					
Loss for the period		-	-	(5,703)	(5,703)
Total comprehensive income for the period		**-**	**-**	**(5,703)**	**(5,703)**
At 30 June 2020		**418,913**	**-**	**(197,858)**	**221,055**

(D) Condensed Interim Consolidated Statements of Cash Flows

		Group	
	Note	**6 Months ended 30.06.2021**	**6 Months ended 30.06.2020**
		$'000	$'000
Cash flows from operating activities			
Profit/(Loss) after tax		113,640	(1,541)
Adjustments for:			
Depreciation of property, plant and equipment		498	522
Loss on disposal of property, plant and equipment		-	23
Gain on shareholder loan conversion	19	(109,973)	-
Interest income	7	(122)	(127)
Interest expense	7	2,572	5,200
Share of results of equity-accounted investees, net of tax		(3,790)	(2,246)
Tax expense	9	1,174	1,228
		3,999	3,059
Changes in working capital:			
Inventories		(251)	86
Trade and other receivables		583	1,379
Trade and other payables		(4,127)	(7,373)
Cash generated from/(used in) operations		204	(2,849)
Tax paid		(29)	(47)
Net cash generated from/(used in) operating activities		175	(2,896)
Cash flows from investing activities			
Additions to investment properties		(540)	-
Dividends from an equity-accounted investee		2,307	4,152
Fund received from Crest litigation		4,821	-
Acquisition of equity-accounted investees		(32,651)	(24,889)
Capital contribution in equity-accounted investees		-	(498)
Interest received		576	127
Purchase of property, plant and equipment		(544)	(618)
Loan to joint venture		(5,925)	-
Contribution for non-controlling interest		-	162
Net cash used in investing activities		(31,956)	(21,564)
Cash flows from financing activities			
Proceeds from borrowings		-	143,000
Repayment of borrowings		(2,819)	(129,026)
Payment of lease liabilities		(329)	(173)
Interest paid		(1,214)	(1,433)
Net cash (used in)/generated from financing activities		(4,362)	12,368
Net decrease in cash and cash equivalents		(36,143)	(12,092)
Cash and cash equivalents at beginning of financial period		68,973	52,709
Effect of exchange rate fluctuations on cash and cash equivalents		(1,012)	897
Cash and cash equivalents at end of financial period		31,818	41,514

(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 half year ended 30 June 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 $113,640,000 for the half year ended 30 June 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 $3,667,000.

As at 30 June 2021, the Group had total assets of $601,179,000 (31 December 2020: $616,895,000) and net current liabilities of $49,970,000 (31 December 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. ("**OUET**") amounting to $4,462,000 ("**Shareholder Loan**") and provisions of $32,347,000.

Notwithstanding the Group's net current liability position as at 30 June 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 $35,000,000, the projected net operating cash inflows for the next 12 months and available cash reserves as at 30 June 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 half year ended 30 June 2021 have been prepared in accordance with 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 which is the Company's functional currency.

3.1 Changes in accounting policies

New standards and amendments

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 Adopted (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)

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.

4. Seasonal operations

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

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 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 Japan.

(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 measured 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.

5.1 Information about reportable segments

	Healthcare operations $'000	Healthcare assets $'000	Properties under development $'000	Investments $'000	Others $'000	Total $'000
Group						
30 June 2021						
Revenue						
External revenue	1,248	8,424	-	-	-	9,672
Inter-segment revenue	-	-	-	-	749	749
Segment revenue (including inter-segment revenue)	1,248	8,424	-	-	749	10,421
Segment (loss)/profit before tax	(892)	6,551	(955)	3,798	106,312	114,814
Depreciation	(236)	(42)	(2)	-	(218)	(498)
Finance expenses	(72)	(807)	(350)	-	(1,343)	(2,572)
Interest income	-	-	-	-	122	122
Gain on shareholder loan conversion	-	-	-	-	109,973	109,973
Share of results of equity-accounted investees, net of tax	(8)	-	-	3,798	-	3,790
Reportable segment assets	30,139	340,113	62,920	121,988	46,019	601,179
Additions to:						
- Property, plant and equipment	52	-	475	-	17	544
- Investment properties	-	540	-	-	-	540
- Investment in equity-accounted investees	-	-	-	32,651	-	32,651
Reportable segment liabilities	27,084	141,920	20,097	-	46,634	235,735
Current tax liabilities						19
Deferred tax liabilities						38,900
						274,654

5.1 Information about reportable segments (continued)

	Healthcare operations $'000	Healthcare assets $'000	Properties under development $'000	Investments $'000	Others $'000	Total $'000
Group						
30 June 2020						
Revenue						
External revenue	1,065	8,831	-	-	-	9,896
Inter-segment revenue	-	-	-	-	783	783
Segment revenue (including inter-segment revenue)	1,065	8,831	-	-	783	10,679
Segment (loss)/profit before tax	(2,100)	5,594	(1,099)	3,275	(5,983)	(313)
Depreciation	(34)	(264)	(2)	-	(222)	(522)
Finance expenses	(13)	(956)	(541)	-	(3,690)	(5,200)
Interest income	1	-	1	-	125	127
Share of results of equity-accounted investees, net of tax	(1,029)	-	-	3,275	-	2,246
Reportable segment assets	29,180	358,909	107,456	137,289	96,247	729,081
Additions to:						
- Property, plant and equipment	44	3	557	-	14	618
- Investment in equity-accounted investees	24,889	-	-	-	-	24,889
- Capital contribution in equity-accounted investees	498	-	-	-	-	498
Reportable segment liabilities	25,798	153,389	20,814	-	235,316	435,317
Current tax liabilities						-
Deferred tax liabilities						43,590
						478,907

5.2 Disaggregation of Revenue

	Group 6 months ended 30 June 2021		
	Healthcare operations	Healthcare assets	Total
	$'000	$'000	$'000
Type of goods or service:			
Medical services	545	-	545
Sale of medicine and medical equipment	703	-	703
Rental income	-	8,424	8,424
Total revenue	1,248	8,424	9,672
Timing of revenue recognition:			
At a point in time	1,248	8,424	9,672
Total revenue	1,248	8,424	9,672
Geographical information:			
PRC	1,248	-	1,248
Japan	-	8,424	8,424
Total revenue	1,248	8,424	9,672

	Group 6 months ended 30 June 2020		
	Healthcare operations	Healthcare assets	Total
	$'000	$'000	$'000
Type of goods or service:			
Medical services	232	-	232
Sale of medicine and medical equipment	833	-	833
Rental income	-	8,831	8,831
Total revenue	1,065	8,831	9,896
Timing of revenue recognition:			
At a point in time	1,065	8,831	9,896
Total revenue	1,065	8,831	9,896
Geographical information:			
PRC	1,065	-	1,065
Japan	-	8,831	8,831
Total revenue	1,065	8,831	9,896

6. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2021 and 31 December 2020.

	Group		Company	
	30.06.2021	**31.12.2020**	**30.06.2021**	**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*	14,352	13,833	279,479	282,114
Cash and cash equivalents	31,818	68,973	528	33,117
Financial assets at amortised costs	46,170	82,806	294,520	329,744
Financial liabilities not measured at fair value				
Loan and borrowing	(178,669)	(355,701)	(30,189)	(195,601)
Trade and other payables #	(14,186)	(37,230)	(42,637)	(97,008)
Rental deposits received	(7,543)	(7,914)	-	-
Financial liabilities at amortised costs	(200,398)	(400,845)	(72,826)	(292,609)

* *Excluding prepayments*
\# *Excluding rental deposits received and deferred revenue*

7. Profit before taxation

	Group		
	6 Months ended 30.06.2021	**6 Months ended 30.06.2020**	**Change**
Depreciation of property, plant and equipment	498	522	*(5)*
Gain on shareholder loan conversion	(109,973)	-	*n.m.*
Finance Income			
Interest income	(122)	(127)	*(4)*
Foreign exchange gains, net	(53)	(1,561)	*(97)*
	(175)	(1,688)	*(90)*
Finance costs			
Interest expense	2,572	5,200	*(51)*

8. Related party transactions

Loan to First REIT Management Limited ("First REIT Manager")

The Company granted an interest-free loan of S$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.

Shareholder Loan from OUE Treasury

The Shareholder Loan of S$4,150,000 from OUE Treasury Pte Ltd ("**OUE Treasury**") to OUELH Medical Assets Pte Ltd ("**OMA**") was extended for six months on 22 January 2021 and 25 June 2021. 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 Browny Healthcare Pte. Ltd. ("Browny"), 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 $353,023 (FY2020: $414,160).

Save as disclosed above, there are no other material related party transactions as at 30 June 2021.

9. Tax expense

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 expense in the condensed interim consolidated statement of profit and loss are:

	Group	
	6 Months ended 30.06.2021 $'000	**6 Months ended 30.06.2020** $'000
Current income tax expense	(6)	(8)
Deferred income tax expense relating to origination and reversal of temporary differences	(1,168)	(1,220)
Tax expense for the period	(1,174)	(1,228)

10. Earnings per ordinary share ("EPS")

	Group	
	6 Months ended 30.06.2021	**6 Months ended 30.06.2020**
Net profit/(loss) attributable to owners of the Company (S$'000)	113,849	(1,261)
Weighted average number of ordinary shares in issue	4,443,129,206	4,443,129,206
Basic and Diluted earnings per ordinary share (Cents)	2.562	(0.028)

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	
	30.06.2021	**31.12.2020**	**30.06.2021**	**31.12.2020**
Net asset value attributable to owners of the Company ($'000)	326,734	141,237	288,562	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)	7.35	3.18	6.49	2.32

12. Property, plant and equipment

During the half year ended 30 June 2021 the Group acquired assets amounting to $544,000 (30 June 2020: $618,000). There were no disposals (30 June 2020: $23,000).

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

In 2020, the Group engaged an external, independent and qualified valuer to determine the fair value of the leasehold property under development on a bare land basis as there were indicators of impairment due to delay in the progress of construction, weak economic conditions and outlook, and management's continuing reassessment of the development plans. Based on the fair value of the property, the Group recorded an impairment loss of $31,959,000 in 2020.

For the period ended 30 June 2021, the Group engaged an external, independent and qualified valuer to provide an update to the fair value of the leasehold property under development on the same basis. The valuer took into consideration factors including the current status of the land, the current economic, market and other conditions. Based on the valuer's assessment, there were no indications of additional impairment or reversal of previously recognised impairment loss required.

13. Intangible assets and goodwill

	Goodwill $'000	Medical distribution licences $'000	Total $'000
Group			
At 31 December 2020			
Cost	5,273	1,108	6,381
Accumulated amortisation and impairment	(2,269)	(1,108)	(3,377)
Net book amount	3,004	-	3,004
6 months ended 30 June 2021			
Opening net book amount	3,004	-	3,004
Effect of movements in exchange rates	34	-	34
Closing net book amount	3,038	-	3,038
At 30 June 2021			
Cost	5,230	1,108	6,338
Accumulated amortisation and impairment	(2,192)	(1,108)	(3,300)
Net book amount	3,038	-	3,038

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	
	30.06.2021 $'000	**31.12.2020** $'000
Brainy World Holdings Limited ("**BWH**")	3,038	3,004

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	
	30.06.2021	**31.12.2020**
	$'000	$'000
At 1 January	308,749	299,770
Additions	540	971
Fair value losses recognised in profit or loss	-	(1,675)
Effect of movements in exchange rates	(14,473)	9,683
At end of period/year	294,816	308,749

As at 30 June 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 30 June 2021, investment properties of the Group with carrying amounts of $294,816,000 (31 December 2020: $308,749,000) are mortgaged to banks to secure the related borrowings.

Measurement of fair value

A desktop valuation was prepared by an external, independent and qualified valuer to determine the fair values of investment properties as of 30 June 2021. The desktop valuation was based mainly on the terms of the leasing contracts and current market conditions. There were no changes to the terms of the leasing contracts and there were also no material changes to the condition of the properties. Based on these factors, there were no changes to the fair values of the investment properties.

15. Investment properties under development

	Group	
	30.06.2021	**31.12.2020**
	$'000	$'000
At 1 January	74,492	91,237
Fair value losses recognised in profit or loss	-	(18,486)
Effect of movements in exchange rates	331	1,741
At end of period/year	74,823	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	34.5 years
Land - Kuala Lumpur, Malaysia	86.5 years

An investment property under development with carrying amount of $41,536,000 (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

In 2020, management adopted the force sale value determined by an external, independent and qualified valuer as the fair value of the land in Kuala Lumpur and recognised a fair value loss.

For the period ended 30 June 2021, valuation updates were obtained from external, independent and qualified valuers to assess the fair values as of 30 June 2021. The valuers took into consideration the current status and plans for the properties, the prevailing economic conditions and market outlook. As there were no material changes to the underlying basis and assumptions, there were no changes to the fair values of investment properties under development.

16. Associate and joint ventures

	Group		Company	
	30.06.2021	**31.12.2020**	**30.06.2021**	**31.12.2020**
	$'000	$'000	$'000	$'000
Interest in an associate	94,535	61,785	–	–
Interests in joint ventures	77,141	77,036	40,553	40,553
Less: Allowance for impairment loss	(4,135)	(4,135)	(16,946)	(16,946)
	167,541	134,686	23,607	23,607

Recoverable amount 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 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%.

In 2020, the Group recorded an impairment loss for its investment in the Myanmar Group.

For the period ended 30 June 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. Therefore, there were no indications of additional impairment or reversal of previously recognised impairment loss in relation to the Myanmar Group. There were also no indications of impairment for the Group's interests in First REIT, First REIT Manager, CMLHM and Riviera Quad.

17. Borrowing

The following sets out the aggregate amount of the group's borrowings and debt securities 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 30.06.2021			Group 31.12.2020		
	Secured $'000	**Unsecured** $'000	**Total** $'000	**Secured** $'000	**Unsecured** $'000	**Total** $'000
Amount repayable within one year	48,643	189	48,832	178,165	40,524	218,689
Amount repayable after one year	129,837	-	129,837	137,012	-	137,012

The secured borrowings of the Group as at 30 June 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.

18. Share capital

	The Group and the Company 30.06.2021		31.12.2020	
	No. of ordinary shares '000	**Share capital** $'000	**No. of ordinary shares** '000	**Share capital** $'000
Company				
At beginning and end of the period/year	4,443,129	418,913	4,443,129	418,913

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All issued ordinary shares are fully paid, with no par value. All shares rank equally with regard to the Company's residual assets.

19. Perpetual securities

On 23 February 2021, the Company entered into a conversion agreement with Treasure International Holdings Pte Ltd ("**TIHPL**"). TIHPL is a wholly-owned subsidiary of OUE Limited ("**OUE**"). OUE is a controlling shareholder of the Company.

Under the conversion agreement, the Company will issue 4.0% redeemable convertible perpetual securities ("**Perpetual securities**") of an aggregate principal amount of $189,607,700 to TIHPL ("**Shareholder Loan Conversion**"). The principal amount was based on the outstanding shareholder loans and accrued interest up to 28 February 2021.

On 12 March 2021, shareholders of the Company approved the Shareholder Loan Conversion at an extraordinary general meeting. The Shareholder Loan Conversion was completed on 16 March 2021.

The perpetual securities do not have a maturity date and distribution is at the discretion of the Company. The perpetual securities can be converted into ordinary shares of the Company at a conversion price of S$0.07 per ordinary shares, assuming no adjustments to the conversion price are made. Pursuant to the conversion agreement, the perpetual securities can be converted into ordinary shares of the Company at the option of TIHPL on or after 31 August 2026.

As the Company does not have a contractual obligation to repay the principal nor make any distributions, the perpetual securities are classified as equity. Any distributions made are directly debited from equity.

The Group recorded a one-off gain of $109,973,000 in the consolidated statement of profit or loss for the half year ended30 June 2021. The one-off gain relates to the difference between the principal amount of $189,607,700 and the fair value of the perpetual securities of $79,635,000.

20. Provisions

	Note	Legal $'000	Site restoration $'000	Total $'000
Group				
At 1 January 2021		27,601	5,619	33,220
Utilisation during the period	21	(998)	-	(998)
Effect of movements in exchange rates		-	125	125
At 30 June 2021		26,603	5,744	32,347

	Note	Legal $'000
Company		
At 1 January 2021		27,601
Utilisation during the period	21	(998)
At 30 June 2021		26,603

Legal

Provisions are related to legal and related expenses (see note 21). For the half year ended 30 June 2021, provisions were utilised for legal costs incurred.

Site restoration

Provision is for site restoration costs to be incurred for restoration of the Group's leasehold property under development in Dujiangyan, Chengdu, China. As of 30 June 2021, there were no changes in the provision required and there were also no movements in the provision.

21. Litigation cases

The Group is exposed to several litigation cases as at 30 June 2021.

*(a) Litigation cases with The Enterprise Fund III Ltd, Value Monetization III Ltd and VMF3 Ltd (collectively, the **"Funds"**)*

Suit 441

On 15 April 2016, the Funds appointed receivers ("**Receivers**") over the entire issued share capital of IHC Medical RE Pte. Ltd. **("IHC Medical**"), IHC Management Pte. Ltd. ("**IHC Management**") and IHC Management (Australia) Pty Ltd ("**IHC Australia**"), which are wholly-owned subsidiaries of the Group, in connection with the notices of default issued by the Funds alleging that the Company, together with IHC Medical, owe the Funds a certain sum of money (including outstanding interest).

The Company commenced proceedings against Crest Capital Asia Pte. Ltd. ("**Crest Capital**"), Crest Catalyst Equity Pte. Ltd. ("**Crest Catalyst**"), and the Funds (collectively known as the "**Crest Entities**"), Fan Kow Hin ("**Fan**"), and Lim Beng Choo ("**Lim**"), amongst other parties, to challenge the sum claimed under the notices of default ("**Suit 441**").

On 9 July 2020, the High Court issued a favourable judgement ("**Suit 441 Judgement**") for the Company and dismissed the Crest Entities' counterclaims in full. The High Court granted judgment as follows:

- against the Crest Entities, Fan and Lim, jointly and severally, for the sums paid by the Company towards the standby facility of $4,538,800;
- against the Crest Entities and Fan, jointly and severally, for interest representing the loss of use of the $4,538,800, amounting to $4,440,780;
- against the Crest Entities and Fan, jointly and severally, on the basis that the Company would have paid off the outstanding Geelong Facility liability on its maturity date of 28 February 2016, for an amount of $3,615,066 (post-maturity interest and default interest) and the loss of the Company's Australian business, the quantification of which will be determined in separate proceedings ("**Bifurcated Tranche**"); and
- the Crest Entities are not entitled to charge the costs, expenses or fees relating to their receivership.

Following the Suit 441 Judgment, the Funds discharged their receivership over the Company's wholly owned subsidiaries on 18 August 2020.

The Company received a total of $13,066,591.80 from the Crest Entities and a further A$16,315,442.90 pursuant to a by-consent Order of Court dated 11 September 2020 for the discharge of banker's guarantee.

On 7 January 2021, the Company received a further A$4,699,678.93 of the surplus sale proceeds of the three properties in Australia (553 St Kilda Road, 541 St Kilda Road and 73-79 Little Ryrie Street, Geelong, collectively the "Australian Properties") from the Australian trustee. The Australian Trusts were previously set up by the Company to hold the Australian Properties.

Appeals of Suit 441

The Crest Entities, Fan and Lim filed appeals (CA 113, CA 132 and CA 135) against the Suit 441 Judgment to the Court of Appeal.

On 3 December 2020, Lim's solicitors issued a letter of undertaking in favour of the Company to make payment of the sum of S$115,354.80 (being the costs and disbursements ordered against Lim in the Suit 441 Judgment), plus interest, after the disposal of her appeal.

The appeals were heard on 29 January 2021.

On 30 March 2021, the Court of Appeal issued a favourable judgment to the Company in respect of CA 113, CA 132 and CA 135 ("**CA Judgment**"). Lim and Fan's appeals in CA 132 and CA 135 were dismissed in full. The Crest Entities' appeal in CA 113 was partially allowed in that the liability of two Funds, VMF3 Ltd. ("**VMF3**") and Value Monetization III Ltd. ("**VMII**I"), was reversed. The appeal by Crest Capital, Crest Catalyst, and The Enterprise Fund III Ltd. ("**EFIII**") in CA 113 was dismissed in full.

Following the CA Judgment, the Company received payment of S$190,000 from Crest Capital, Crest Catalyst, EFIII, Lim's solicitors, and Fan's Private Trustees, being the full payment of the costs and disbursements ordered. The Company also received S$119,077.54 from Lim's solicitors being payment of the costs and disbursements owed by Lim under the Suit 441 Judgment plus interest.

On 5 April 2021, the Company received a letter of demand from VMIII demanding the return of S$10,662,600.79 which it allegedly paid to the Company pursuant to the Suit 441 Judgment and costs orders plus interest. VMIII also write to Court to seek a consequential order in this regard. On 24 May 2021, the Court of Appeal issued another favourable judgment for the Company in respect of the consequential orders and costs sought by VMF3 and VMIII in CA 113. The Court of Appeal held that, even if VMFIII had indeed made the payment, the Company was not liable to restore the payment to VMIII; they should look to Crest Capital, Crest Catalyst and EFIII for reimbursement. The Court also ordered the Company to pay costs of S$30,000 to VMF3 and VMIII, to reflect the limited ground on which VMF3 and VMIII had succeeded in their appeal. These costs have been paid by the Company in June 2021.
There are no further issues or matters to be resolved in respect of CA 113, CA 132 and CA 135.

<u>Bifurcated Tranche of Suit 441</u>

The proceedings on the Bifurcated Tranche are ongoing.

<u>OS 380</u>

In 2017, the Company commenced further proceedings for a declaration that it had validly avoided the standby facility extended to the Company for contravention of Section 76 of the Companies Act ("**OS 380**").

In July 2018, the High Court declared that the Company had validly avoided the standby facility and its related contracts and transactions. The Funds' appeal against the High Court's decision on the avoidance of the standby facility was dismissed in September 2019.

<u>OS 1104, OS 689 and Release Application</u>

Following the High Court's decision in OS 380, the Company commenced further proceedings against the Funds in September 2018 for the return of sums paid to the Funds under the avoided standby facility ("**OS 1104**"). The Company also took out court applications for the release of part of the net proceeds of the sale of the underlying assets of IHC Medical ("**Release Applications**") which are held by the Funds pursuant to an Order of Court.

The Funds have also commenced proceedings against the Company for statutory relief under the Companies Act arising from the avoidance of the standby facility ("**OS 689**").

Following the CA Judgment, the Company and the Crest Entities filed the by consent summons to discontinue OS 1104 and OS 689 respectively on 5 July 2021. The Court granted the parties' applications to withdraw OS 1104 and OS 689 with no order as to costs on 6 July 2021.

The Company also withdrew the Release Application on 5 July 2021 with no order as to costs.

(b) *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 judgment and appeal judgement in favour of Weixin.

<u>Arbitration Proceedings against David Lin</u>

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.

<u>Recognition and Enforcement Proceedings</u>

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 29 July 2021, the Company has obtained permission to enforce the award in Hong Kong, Taiwan and Shanghai.

As at 29 July 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 29 July 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. The purchaser is in the process of making payment to the Taiwan Court for David Lin's ¼ share of the property.
- 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.

<u>Land Litigation</u>

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 judgment 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 judgment, 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.

<u>Weixin Control Dispute</u>

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. The proceedings are ongoing as at 29 July 2021.

(c) 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

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

(F) Other information required by Appendix 7C of the Catalist 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.

Ordinary shares issued and fully paid-up	**Number of shares**	**Paid-up share capital**
		S$
Balance as at 30 June 2021 and 30 June 2020	4,443,129,206	418,912,580

There were no outstanding convertibles, treasury shares or subsidiary holdings as at 30 June 2021 and 30 June 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 30 June 2021 and 30 June 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 period.

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.

<u>Review of financial performance of Continuing Operations for the financial period ended 30 June 2021 ("1H2021")</u>

(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 decrease in cost of sales was due mainly to the impact of a weaker Yen to SGD exchange rate and lower sales from the pharmaceutical distribution business, which was affected by delays in certain customers' orders.

(c) Gross profit

Gross profit remained stable despite the marginal decrease in revenue due to improved gross margins from the pharmaceutical distribution business.

(d) Administrative expenses

The decrease in administrative expenses was due mainly to stringent cost management and lower litigation costs incurred.

(e) Other income

Other income comprised mainly the one-off gain arising from the Shareholder Loan Conversion.

(f) Finance income

Finance income consisted of net foreign exchange gains, 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 $1.6 million recorded in 1H2020.

(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 Siloam Hospital Pun Hlaing Limited ("**YSHPH**") 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.

YSHPH 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 increase in the share of results was due mainly to a higher share of results from First REIT, CMLHM and Myanmar JV. The increase was partly offset by a lower share of results from First REIT Manager.

(i) Tax expense

The tax expense related mainly to the provision for deferred tax liabilities relating to the Group's operations in Japan.

(j) Profit/(Loss) after tax

The Group recorded a profit after tax of $114 million compared to a loss of $1.5 million for 1H2020, mainly attributable to the aforementioned factors.

Review of Statement of Financial Position

(a) Non-current assets

The increase in non-current assets was due mainly to the increase in investment in associate and joint ventures arising from the Group's subscription to First REIT's rights issue.

(b) Current assets

The decrease in cash and cash equivalents was to fund the Group's subscription to First REIT's rights issue. The increase in trade and other receivables was due mainly to loan extended to First REIT Manager.

(c) Non-current liabilities

The decrease in non-current liabilities was due mainly to a decrease in loans and borrowings, and trade and other payables. The decrease was due mainly to foreign exchange translation due to a weaker Japanese Yen and the reclassification of a loan from non-current liabilities to current liabilities in December 2020.

The decrease was partly offset by higher lease liabilities due mainly to the renewal of the lease for the Wuxi Lippo Xi Nan hospital.

(d) Current liabilities

The decrease in current liabilities was due mainly to the decrease in loans and borrowings and, trade and other payables. The decrease was due mainly to the completion of the Shareholder Loan Conversion.

Review of Cashflows and Working Capital

a) Cash flows from operating activities

Operating activities utilised net cash of $4 million before working capital changes. After taking into account the movement in working capital, operating activities generated net cash of $0.2 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 $31.9 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 utilised net cash of $4.4 million, mainly for loan and interest payments.

d) Working capital

As at 30 June 2021, the Group's net current liabilities amounted to $50 million.

The negative working capital was due mainly to:

(i) Shareholder's loans and accrued interest totaling $4.5 million that was accounted for as current liabilities;

(ii) a loan of $12.2 million due in December 2021 which is in the process of being re-financed; and

(iii) provisions of $32.3 million.

The Board confirms that the Group is able to meet its debt obligations as and when they fall due in view of the on-going support from its controlling shareholder, the refinancing of the aforementioned $12.2 million loan due in December 2021 as well as 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 evolving global pandemic continues to impact communities and businesses with the resurgence of COVID-19 infections in countries where the pandemic was waning, as well as the emergence of new virus variants. As governments across the world continue to roll out vaccinations to curb the pandemic, we remain vigilant amid profound uncertainties brought about by COVID-19.

China

In July 2021, China reported its most extensive contagion after the first COVID-19 outbreak in Wuhan. The outbreak was linked to the Delta variant and first discovered in the city of Nanjing before it spread to other provinces[1]. While the outbreak has not impacted the Group's operations in China, we will continue to monitor the evolving situation closely.

The construction and development of China Merchants – Lippo Obstetrics & Gynaecology Changshu Hospital and China Merchants – Lippo General Hospital Prince Bay Hospital continue to progress as planned. As announced previously, the two hospitals to be operated by the Group's Joint Venture with China Merchants Group are expected to commission in 2023 and 2024 respectively.

Myanmar

Myanmar continues to grapple with the impact from its twin challenges of political instability and a new wave of COVID-19 outbreak.[2] Notwithstanding the challenges, all three of our Joint Venture hospitals with First Myanmar Investments Public Company Limited in Myanmar continue to be operational despite the temporary closure of the emergency department at Pun Hlaing Hospital Hlaing Tharyar ("Hlaing Tharyar Hospital") in Yangon, which has been designated as one of the few private hospitals to test and treat COVID-19 patients in the country.

Despite the difficult situation in Myanmar, our Myanmar operations are currently not expected to have any material impact on the Group's financial performance for the financial year ending 31 December 2021. The Group will continue to closely monitor the rapidly evolving COVID-19 and political situation in Myanmar, and will respond to the situation accordingly.

First Real Estate Investment Trust ("**First REIT**")

First REIT's Indonesia hospitals operated by Siloam Hospitals have aided the government through the provision of swab tests, rapid tests and antibody test services, as well as providing healthcare professionals to assist with the nation's vaccination program. Amid the ongoing pandemic and in line with government regulations, First REIT's assets continue to operate under strict precautionary measures that prioritise the health and safety of all its patients, staff, and visitors.

Japan

While Japan continues to battle with its rising number of COVID-19 infections, the Group's twelve nursing homes in the country remain in operation, and their rentals continue to be stable. Given that Japan is still in the midst of the latest Covid-19 wave, we will continue to monitor the situation closely.

[1] https://www.bbc.com/news/world-asia-china-58021911
[2] https://www.straitstimes.com/asia/se-asia/mounting-risk-of-myanmar-becoming-covid-19-epicentre-amid-conflicts

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 period ended 30 June 2021 and during the corresponding financial period ended 30 June 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 Catalist 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. Negative Confirmation by the Board pursuant to Catalist Rule 705(5)

Pursuant to Rule 705(5) of Catalist Rules, we, on behalf of the Director, hereby confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the interim unaudited consolidated financial results of the Company and the Group for the half-year ended 30 June 2021 to be false or misleading.

On behalf of the Board of Directors

Mr. Lee Yi Shyan
Non-Independent and Non-Executive Chairman

Mr. Yet Kum Meng
Chief Executive Officer and Executive Director

13. 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 half year ended 30 June 2021.

14. 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 will no longer release 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 Catalist Rules.

BY ORDER OF THE BOARD OF DIRECTORS

Mr. Yet Kum Meng
Chief Executive Officer and Executive Director
2 August 2021

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*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.*

The contact person for the Sponsor is Ms. Foo Jien Jieng, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg.