

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR FIRST QUARTER ENDED 31 MARCH 2019
PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS
1 (a) Statement of Comprehensive Income

	1st Quarter ended 31.03.2019 S\$'000	Group 1st Quarter ended 31.03.2018 S\$'000	Change %
Continuing Operations			
Revenue	4,780	5,157	-7.3
Less: Cost of sales	(1,254)	(1,616)	-22.4
Gross profit	3,526	3,541	-0.4
Less: Administrative expenses	(4,635)	(3,119)	+48.6
Add: Other income	1,561	-	n.m.
	452	422	+7.1
Finance income	73	36	n.m.
Finance costs	(2,412)	(4,149)	-41.9
Net finance costs	(2,339)	(4,113)	-43.1
Share of results of equity-accounted investees, net of tax	2,536	(75)	n.m.
Profit/(Loss) before tax	649	(3,766)	n.m.
Tax (expense)/credit	(459)	853	n.m.
Profit/(Loss) after tax from Continuing Operations	190	(2,913)	n.m.
Discontinued Operation			
Profit from Discontinued Operation, net of tax	-	175	-100.0
Profit/(Loss) for the year	190	(2,738)	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	3,661	6,888	-46.8
Share of foreign currency translation differences of an equity-accounted investee	(10)	-	n.m.
Share of fair value reserve of an equity-accounted investee	(13)	-	n.m.
Other comprehensive income, net of tax	3,638	6,888	-47.2
Total comprehensive income for the period	3,828	4,150	-7.8
Profit/(Loss) attributable to:			
Owners of the Company	190	(2,738)	n.m.
Non-controlling interests	-	-	-
	190	(2,738)	n.m.
Total comprehensive income attributable to:			
Owners of the Company	3,828	4,150	-7.8
Non-controlling interests	-	-	-
	3,828	4,150	-7.8

n.m. – Not meaningful

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

1(b) Statements of Financial Position

	Group		Company	
	31.03.2019	31.12.2018	31.03.2019	31.12.2018
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Property, plant and equipment	32,494	31,683	266	302
Intangible assets and goodwill	3,190	3,310	-	-
Investment properties	290,231	290,231	-	-
Investment properties under development	94,690	93,663	-	-
Lease prepayments	4,640	4,595	-	-
Right-of-use assets	445	-	292	-
Associate and joint ventures	146,053	145,347	40,553	40,553
Subsidiaries	-	-	119,038	119,038
Trade and other receivables	-	-	9,874	9,874
Non-current assets	571,743	568,829	170,023	169,767
Inventories	406	261	-	-
Trade and other receivables	43,979	41,431	290,727	285,034
Cash and cash equivalents	59,110	60,442	36,041	40,413
Current assets	103,495	102,134	326,768	325,447
Total assets	675,238	670,963	496,791	495,214
LIABILITIES				
Loans and borrowings	137,060	138,042	-	-
Trade and other payables	7,481	7,481	489	558
Lease liabilities	133	-	83	-
Deferred tax liabilities	38,537	37,957	-	-
Non-current liabilities	183,211	183,480	572	558
Loans and borrowings	170,700	169,965	165,601	165,601
Trade and other payables	30,522	30,089	61,236	56,487
Provisions	41,315	42,079	41,315	42,079
Lease liabilities	340	-	236	-
Current tax liabilities	1	1	-	-
Current liabilities	242,878	242,134	268,388	264,167
Total liabilities	426,089	425,614	268,960	264,725
NET ASSETS	249,149	245,349	227,831	230,489
EQUITY				
Share capital	418,913	418,913	418,913	418,913
Merger reserve	(65,742)	(65,742)	-	-
Asset revaluation reserve	3,630	3,630	-	-
Foreign currency translation reserve	(4,103)	(7,754)	-	-
Fair value reserve	(5,584)	(5,571)	-	-
Accumulated losses	(98,044)	(98,206)	(191,082)	(188,424)
Equity attributable to owner of the Company	249,070	245,270	227,831	230,489
Non-controlling interests	79	79	-	-
Total equity	249,149	245,349	227,831	230,489

Notes to the Financial Statements

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

	Group Continuing Operations			Group Discontinued Operation		
	1st Quarter ended	1st Quarter ended	Change	1st Quarter ended	1st Quarter ended	Change
	31.03.2019	31.03.2018		31.03.2019	31.03.2018	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Amortisation of intangible assets	58	59	-1.7	-	-	-
Amortisation of lease prepayments	11	11	-	-	-	-
Foreign exchange losses, net	24	912	-97.4	-	-	-
Depreciation of property, plant and equipment	234	418	-44.0	-	79	-100.0
Depreciation of right-of-use assets	87	-	n.m.	-	-	-
Interest income	(73)	(35)	n.m.	-	(1)	-100.0
Interest expenses	2,388	3,236	-26.2	-	-	-

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

	Group Continuing Operations			Group Discontinued Operation		
	1st Quarter ended	1st Quarter ended	Change	1st Quarter ended	1st Quarter ended	Change
	31.03.2019	31.03.2018		31.03.2019	31.03.2018	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Current tax (expense)/credit	(2)	26	n.m.	-	-	-
Deferred tax (expense)/credit	(457)	827	n.m.	-	-	-
Tax (expense)/credit for the period	(459)	853	n.m.	-	-	-

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

	Group As at 31.03.2019			Group As at 31.12.2018		
	Secured S\$'000	Unsecured S\$'000	Total S\$'000	Secured S\$'000	Unsecured S\$'000	Total S\$'000
Amount repayable within one year	130,176	40,524	170,700	129,441	40,524	169,965
Amount repayable after one year	137,060	-	137,060	138,042	-	138,042

The secured borrowings of the Group as at 31 March 2019 comprised of term loans and bonds secured by the following:

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

1(c) Consolidated Statements of Cash Flows

	Group	
	1st Quarter ended 31.03.2019 S\$'000	1st Quarter ended 31.03.2018 S\$'000
Cash flows from operating activities		
Profit/(Loss) after tax	190	(2,738)
Adjustments for:		
Depreciation of property, plant and equipment	234	497
Depreciation of right-of-use assets	87	-
Amortisation of intangible assets	58	59
Amortisation of lease prepayments	11	11
Interest income	(73)	(36)
Interest expense	2,388	3,236
Share of results of equity-accounted investees, net of tax	(2,536)	75
Tax expense/(credit)	459	(853)
	818	251
Changes in working capital:		
Inventories	(288)	(169)
Trade and other receivables	(5,547)	166
Trade and other payables	3,671	(1,532)
Cash used in operations	(1,346)	(1,284)
Tax paid	(1)	(23)
Net cash used in operating activities	(1,347)	(1,307)
Cash flows from investing activities		
Acquisition of subsidiaries, net of cash acquired	-	(2,120)
Additions to investment properties under development	-	(86)
Dividends from an equity-accounted investee	1,797	-
Interest received	73	36
Proceeds from sale of property, plant and equipment	27	-
Purchase of property, plant and equipment	(694)	(32)
Net cash from/(used in) investing activities	1,203	(2,202)
Cash flows from financing activities		
Proceeds from borrowings	504	6,653
Proceeds from issue of share capital	-	78,750
Repayment of borrowings	(1,100)	(11,984)
Payment of lease liabilities	(87)	-
Payment of finance lease liability	-	(106)
Interest paid	(542)	(1,577)
Payment of transaction costs related to issuance of share capital	-	(1,300)
Net cash (used in)/from financing activities	(1,225)	70,436
Net (decrease)/increase in cash and cash equivalents	(1,369)	66,927
Cash and cash equivalents at beginning of financial period	60,442	21,530
Effect of exchange rate fluctuations on cash and cash equivalents	37	609
Cash and cash equivalents at end of financial period	59,110	89,066

1(d) Statement of Changes in Equity

GROUP	Attributable to owners of the Company							Non-controlling interests S\$'000	Total equity S\$'000
	Share capital S\$'000	Merger reserve S\$'000	Asset revaluation reserve S\$'000	Foreign currency translation reserve S\$'000	Fair value reserve S\$'000	Statutory surplus reserve S\$'000	Accumulated losses S\$'000	Total S\$'000	
At 1 January 2019, as previously reported	418,913	(65,742)	3,630	(7,754)	(5,571)	-	(98,206)	245,270	79
Impact of change in accounting policy	-	-	-	-	-	-	(28)	(28)	-
Adjusted balance at 1 January 2019	418,913	(65,742)	3,630	(7,754)	(5,571)	-	(98,234)	245,242	79
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	-	190	190	-
Other comprehensive income									
Foreign currency translation differences relating to foreign operations	-	-	-	3,661	-	-	-	3,661	-
Share of foreign currency translation differences of an equity-accounted investee	-	-	-	(10)	-	-	-	(10)	-
Share of fair value reserve of an equity-accounted investee	-	-	-	-	(13)	-	-	(13)	-
Total other comprehensive income	-	-	-	3,651	(13)	-	-	3,638	-
Total comprehensive income for the period	-	-	-	3,651	(13)	-	190	3,828	-
At 31 March 2019	418,913	(65,742)	3,630	(4,103)	(5,584)	-	(98,044)	249,070	79
At 1 January 2018	192,707	(65,742)	3,630	(3,751)	-	327	(89,210)	37,961	74
Total comprehensive income for the period									
Loss for the period	-	-	-	-	-	-	(2,738)	(2,738)	-
Other comprehensive income									
Foreign currency translation differences relating to foreign operations	-	-	-	6,888	-	-	-	6,888	-
Total other comprehensive income	-	-	-	6,888	-	-	-	6,888	-
Total comprehensive income for the period	-	-	-	6,888	-	-	(2,738)	4,150	-
Transaction with owners, recognised directly in equity									
Contributions by owners									
Issue of ordinary shares, net of issuance costs	77,450	-	-	-	-	-	-	77,450	-
Total contributions by owners	77,450	-	-	-	-	-	-	77,450	-
At 31 March 2018	270,157	(65,742)	3,630	3,137	-	327	(91,948)	119,561	74

1(d)(i) Statement of Changes in Equity (Continued)

COMPANY	Share capital S\$'000	Accumulated losses S\$'000	Total equity S\$'000
At 1 January 2019, as previously reported	418,913	(188,424)	230,489
Impact of change in accounting policy	-	(27)	(27)
Adjusted balance at 1 January 2019	418,913	(188,451)	230,462
Total comprehensive income for the period			
Loss for the period	-	(2,631)	(2,631)
Total comprehensive income for the period	-	(2,631)	(2,631)
At 31 March 2019	418,913	(191,082)	227,831
At 1 January 2018	192,707	(122,882)	69,825
Total comprehensive income for the period			
Loss for the period	-	(2,107)	(2,107)
Total comprehensive income for the period	-	(2,107)	(2,107)
Transactions with owners, recognised directly in equity			
Contributions by to owners			
Issue of ordinary shares, net of issuance costs	77,450	-	77,450
Total contributions by to owners	77,450	-	77,450
At 31 March 2018	270,157	(124,989)	145,168

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

<u>Ordinary shares issued and fully paid-up</u>	Number of shares	Paid-up share capital
		S\$
Balance as at 31 December 2018 and 31 March 2019	4,443,129,206	418,912,580

There were no outstanding convertibles, treasury shares or subsidiary holdings as at 31 March 2019 and 31 March 2018.

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

As at 31 March 2019 and 31 December 2018, 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(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

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

Not applicable.

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

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

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

Not applicable.

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

Except as disclosed in paragraph 5 below, the accounting policies and methods of computation adopted in the financial statements for the current reporting period are consistent with those disclosed in the audited consolidated financial statements for the financial year ended 31 December 2018.

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

The Group and the Company adopted the following new SFRS(I)s, amendments and interpretations of SFRS(I)s effective from 1 January 2019:

- SFRS(I)16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- *Long-term Interests in Associates and Joint Ventures* (Amendments to SFRS(I) 1-28)
- *Prepayment Features with Negative Compensation* (Amendments to SFRS(I) 9)
- *Previously Held Interest in a Joint Operation* (Amendments to SFRS(I) 3 and 11)
- *Income Tax Consequences of Payments on Financial Instruments Classified as Equity* (Amendments to SFRS(I) 1-12)
- *Borrowing Costs Eligible for Capitalisation* (Amendments to SFRS(I)1-23)
- *Plan Amendment, Curtailment or Settlement* (Amendments to SFRS(I)1-19)

The adoption of the above new SFRS(I)s, amendments and interpretations of SFRS(I)s is assessed to have no material financial effect on the results and financial position of the Group and the Company for the year ending 31 December 2019 except for SFRS(I)16 *Leases*. The Group and the Company's assessment of SFRS(I)16, which are expected to have a more significant impact on the Group and the Company are described below.

SFRS(I) 16

SFRS(I) 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use (ROU) asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

The Group and the Company have adopted SFRS(I) 16 with a date of initial application on 1 January 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting SFRS(I) 16 recognised as an adjustment to the opening balance of accumulated losses at 1 January 2019, with no restatement of comparative information.

The following reconciliation summarises the impact on initial application of SFRS(I)16 on the Group's consolidated statement of financial position as at 1 January 2019.

	1 January 2019		
	As previously reported	Adjustments	As restated
	S\$'000	S\$'000	S\$'000
ASSETS			
Property, plant and equipment	31,683	-	31,683
Intangible assets and goodwill	3,310	-	3,310
Investment properties	290,231	-	290,231
Investment properties under development	93,663	-	93,663
Lease prepayments	4,595	-	4,595
Right-of-use assets	-	532	532
Associate and joint ventures	145,347	-	145,347
Non-current assets	568,829	532	569,361
Inventories	261	-	261
Trade and other receivables	41,431	-	41,431
Cash and cash equivalents	60,442	-	60,442
Current assets	102,134	-	102,134
Total assets	670,963	532	671,495
LIABILITIES			
Loans and borrowings	138,042	-	138,042
Trade and other payables	7,481	-	7,481
Lease liabilities	-	220	220
Deferred tax liabilities	37,957	-	37,957
Non-current liabilities	183,480	220	183,700
Loans and borrowings	169,965	-	169,965
Trade and other payables	30,089	-	30,089
Provisions	42,079	-	42,079
Lease liabilities	-	340	340
Current tax liabilities	1	-	1
Current liabilities	242,134	340	242,474
Total liabilities	425,614	560	426,174
NET ASSETS	245,349	(28)	245,321
EQUITY			
Share capital	418,913	-	418,913
Merger reserve	(65,742)	-	(65,742)
Asset revaluation reserve	3,630	-	3,630
Foreign currency translation reserve	(7,754)	-	(7,754)
Fair value reserve	(5,571)	-	(5,571)
Accumulated losses	(98,206)	(28)	(98,234)
Equity attributable to owner of the Company	245,270	(28)	245,242
Non-controlling interests	79	-	79
Total equity	245,349	(28)	245,321

The following reconciliation summarises the impact on initial application of SFRS(I)16 on the Company's statement of financial position as at 1 January 2019.

	1 January 2019		
	As previously reported	Adjustments	As restated
	S\$'000	S\$'000	S\$'000
ASSETS			
Property, plant and equipment	302	-	302
Right-of-use assets	-	349	349
Associate and joint ventures	40,553	-	40,553
Subsidiaries	119,038	-	119,038
Trade and other receivables	9,874	-	9,874
Non-current assets	169,767	349	170,116
Trade and other receivables	285,034	-	285,034
Cash and cash equivalents	40,413	-	40,413
Current assets	325,447	-	325,447
Total assets	495,214	349	495,563
LIABILITIES			
Trade and other payables	558	-	558
Lease liabilities	-	140	140
Non-current liabilities	558	140	698
Loans and borrowings	165,601	-	165,601
Trade and other payables	56,487	-	56,487
Provisions	42,079	-	42,079
Lease liabilities	-	236	236
Current liabilities	264,167	236	264,403
Total liabilities	264,725	376	265,101
NET ASSETS	230,489	(27)	230,462
EQUITY			
Share capital	418,913	-	418,913
Accumulated losses	(188,424)	(27)	(188,451)
Total equity	230,489	(27)	230,462

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

	Group	
	1st Quarter ended 31.03.2019	1st Quarter ended 31.03.2018
Net profit/(loss) attributable to owners of the Company (S\$'000)	190	(2,738)
Weighted average number of ordinary shares in issue	4,443,129,206	1,940,314,603
Basic earnings per share (Singapore cents)	0.004	(0.141)

Basic and diluted earnings per share were the same as there were no potentially dilutive ordinary shares in issue as at 31 March 2019 and 31 March 2018 respectively.

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

	Group		Company	
	As at 31.03.2019	As at 31.12.2018	As at 31.03.2019	As at 31.12.2018
Net asset value attributable to owners of the Company (S\$'000)	249,070	245,270	227,831	230,489
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)	5.61	5.52	5.13	5.19

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

Review of financial performance of Continuing Operations for first quarter ended 31 March 2019 ("1Q2019")

1Q2019 vs 1Q2018

- (a) Revenue**
The Group's revenue for 1Q2019 decreased by S\$377,000 to S\$4.8 million. The decrease was due mainly to lower revenue from the China pharmaceutical distribution business. Revenue from rental of the Japan nursing facilities was stable as compared to 1Q2018.
- (b) Cost of sales**
The Group's cost of sales for 1Q2019 decreased by S\$362,000 to S\$1.3 million. The decrease was in line with lower revenue from the China pharmaceutical distribution business.
- (c) Gross profit**
The Group's gross profit for 1Q2019 decreased marginally by S\$15,000 to S\$3.5 million. The decrease was due mainly to lower revenue from the China pharmaceutical distribution business. Overall gross profit margin improved due to a change in the revenue composition.
- (d) Administrative expenses**
The Group's administrative expenses for 1Q2019 increased by S\$1.5 million to S\$4.6 million. The increase was due mainly to higher staff and related cost incurred in 1Q2019.
- (e) Other income**
The other income recorded in 1Q2019 was related to the net consideration for the assignment of certain assets by a wholly-owned subsidiary to Innovation Lab Technology Pte. Ltd. For further information, please refer to the announcement dated 29 March 2019.

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

The Group's share of profits of equity-accounted investees of S\$2.5 million was related to:

- (i) share of profit of S\$1.6 million from an associate, First Real Estate Investment Trust ("**First REIT**");
- (ii) share of profit of S\$1.1 million from a joint venture, Bowsprit Capital Corporation Limited ("**Bowsprit**"). The Group is currently performing a purchase price allocation ("**PPA**") exercise of its investment in First REIT and Bowsprit and the PPA is expected to be completed by the end of the current financial year; and
- (iii) share of loss of S\$0.2 million from the Group's 50% interest in a Sino-foreign joint venture company, China Merchants Lippo Hospital Management (Shenzhen) Limited.

(g) Finance costs

The Group's finance costs decreased by S\$1.7 million to S\$2.4 million in 1Q2019. The decrease was due mainly to:

- (i) interest savings and reduction in amortisation expenses amounting to S\$0.8 million arising from the repayment of a high interest borrowing in April 2018; and
- (ii) the absence of a foreign exchange loss of S\$0.9 million which was recorded in 1Q2018.

(h) Tax expense

The tax expense of S\$0.5 million recorded in 1Q2019 was related to the provision for deferred tax liabilities in relation to the Group's operations in Japan. The tax credit of S\$0.9 million recorded in 1Q2018 was related to adjustments to the deferred tax liabilities provision arising from a change in the effective tax rate.

(i) Profit after tax from Continuing Operations

The Group recorded a profit after tax from Continuing Operations of S\$0.2 million in 1Q2019.

Review of financial performance of Discontinued Operation for 1Q2019

(a) Profit after tax from Discontinued Operation

The Discontinued Operation refers to the operation of the Wuxi New District Phoenix Hospital in Wuxi, Jiangsu Province, the People's Republic of China. The Group lost control of the operating company, Wuxi New District Phoenix Hospital Co. Ltd ("**Wuxi Co**"), in August 2018. Please refer to the announcements dated 6 August 2018 and 23 August 2018.

The Discontinued Operation recorded a profit of S\$175,000 in 1Q2018.

Review of Statement of Financial Position as at 31 March 2019

- (a) Non-current assets increased by S\$2.9 million from S\$568.8 million as at 31 December 2018 to S\$571.7 million as at 31 March 2019. The increase was due mainly to:
- (i) additions to property, plant and equipment of S\$0.7 million in 1Q2019;
 - (ii) a S\$1.0 million increase in the carrying value of investment properties under development arising from the strengthening of the Chinese Renminbi and Malaysian Ringgit exchange rates as at 31 March 2019 compared with the closing exchange rates as at 31 December 2018 for the Group's properties in China and Malaysia;
 - (iii) an increase in the investment in associate and joint ventures of S\$0.7 million arising from the recognition of the Group's share of profits of S\$2.5 million, which was partly offset by the dividends of S\$1.8 million received in 1Q2019 from First REIT; and
 - (iv) the recognition of "right-of-use assets" of \$0.4 million as required under SFRS(I) 16 – Leases. Please see paragraph 5 for further information.
- (b) Current assets increased by S\$1.4 million from S\$102.1 million as at 31 December 2018 to S\$103.5 million as at 31 March 2019 due mainly to an increase in the trade and other receivables of S\$2.5 million. The increase in trade and other receivables was due mainly to a deposit of S\$2.3 million placed with the Taichung District Court in Taiwan for the enforcement of the Singapore arbitration award against David Lin. Please refer to the announcement dated 12 April 2019.

The above increase was partly offset by a decrease in cash and cash equivalents of S\$1.3 million.

- (c) Non-current liabilities decreased by S\$0.3 million from S\$183.5 million as at 31 December 2018 to S\$183.2 million as at 31 March 2019. The decrease was due mainly to a S\$1.0 million decrease in loans and borrowings, which was partly offset by an increase of S\$0.6 million in the provision for deferred tax liabilities and the recognition of lease liabilities of \$0.1 million under SFRS(I) 16. The decrease in the non-current portion of loans and borrowings was due to net repayments made and the reclassification of amounts due within the next 12 months as current liabilities.
- (d) Current liabilities increased by S\$0.7 million from S\$242.1 million as at 31 December 2018 to S\$242.9 million as at 31 March 2019. The increase was due mainly to:
- (i) a net increase of S\$0.7 million in loans and borrowings as a result of the drawdown of a working capital loan of S\$0.5 million by the China pharmaceutical distribution business;
 - (ii) a net increase in trade and other payables of S\$0.4 million due mainly to accrued interest of S\$1.6 million on the shareholder's loans from OUE Limited¹, partly offset by a decrease in other payables and accrued expenses of S\$0.7 million and S\$0.4 million respectively; and
 - (iii) the recognition of lease liabilities of \$0.3 million as required under SFRS(I) 16.

The increase was partly offset by a decrease of S\$0.8 million in provisions due to the partial utilisation of the provisions for legal and related expenses during the quarter.

¹ The shareholder's loans from OUE Limited are from Treasure International Holdings Pte. Ltd. ("THIPL") and OUE Treasury Pte. Ltd. ("OUE Treasury").

Review of 1Q2019 Cashflows and Working Capital

- (a) Operating activities utilised net cash of S\$1.3 million, which was due mainly to operating expenses incurred and the net changes in working capital during the quarter.
- (b) Investing activities provided net cash of S\$1.2 million, which was due mainly to dividends received from First REIT of S\$1.8 million, offset by the additions to property, plant and equipment of S\$0.7 million.
- (c) Financing activities utilised net cash of S\$1.2 million, which was due mainly to repayment of borrowings and interest of S\$1.1 million and S\$0.5 million respectively. Proceeds from borrowings during the quarter amounted to S\$0.5 million.
- (d) As at 31 March 2019, the Group's net current liabilities amounted to S\$139.4 million. The current liabilities include OUE Limited shareholder's loans and accrued interest totalling S\$176.9 million.

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

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

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

Global economic growth continues to remain sluggish and the trade negotiations between the United States and China remain uncertain, but the Group remains broadly sanguine about the prospects of our recession-resilient healthcare businesses in selected Pan-Asian markets.

China

For the first three months of 2019, China posted an encouraging Gross Domestic Product ("GDP") growth of 6.4%¹, outperforming the International Monetary Fund's initial projection of 6.3%².

With healthcare and other services accounting for over 50% of the country's total domestic consumption³, China is one of the most significant healthcare markets in the world, and a core market in our Pan-Asian network. Through a series of initiatives announced last year, we are well-poised to capture the growing healthcare opportunities in China.

Myanmar

In April 2019, the Group completed the acquisition of stakes in two Myanmar companies, which operate three hospitals, a medical centre and two clinics in Myanmar. With a foothold in the key cities of Yangon, Mandalay and Taunggyi, and First Myanmar Investment Public Company Limited as the joint venture partner, the business is well-positioned for future growth in one of Southeast Asia's fastest growing markets.

With the boom in Myanmar's middle-class and rapid urbanisation, the demand for better and more extensive healthcare continues to increase steadily. The planned implementation of several large-scale reforms by the Myanmar government such as the provision of universal healthcare coverage by 2030, augurs well for private healthcare operators like the Company. More recently, the country has also provisionally authorised private multinational insurers to establish wholly-owned subsidiaries in Myanmar, which could potentially translate to a further rise in demand for premium healthcare services.

¹ China official data, <http://stats.gov.cn>

² International Monetary Fund

³ <https://www.cnbc.com/2019/02/01/worries-about-chinese-consumers-spending-less-are-overblown-analysts.html>

Indonesia

Stability and continuity in Indonesia ensue upon the completion of the country's presidential elections, as the incumbent President is likely to win another term in office. The demand for private healthcare continues to rise with the gradual nationwide adoption of the national health insurance scheme, with healthcare spending in Indonesia projected to rise to Rp1,224 trillion by 2027⁴.

Japan

As the world contends with volatility and uncertainty, Japan continues to enjoy relative stability compared to other advanced economies, with an annual growth rate averaging about 1.1%⁵ for the past decade. Together with its rapidly aging population, the performance of our twelve nursing homes remain positive as they continue to enjoy an average occupancy rate of more than 85%.

11. If a decision regarding dividend has been made:

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

None.

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

Not applicable.

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

Not applicable.

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

Not applicable.

(d) The date the dividend is payable

Not applicable.

(e) Books closure date

Not applicable.

12. If no dividend has been declared/recommendeded, a statement to that effect, and the reason(s) for the decision.

No dividend has been declared/recommendeded as the Company currently does not have profits available for the declaration of dividend.

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

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

⁴ 20 April 2018, Healthcare Asia Magazine - Indonesia's healthcare spending to balloon to \$47.1b by 2022

⁵ International Monetary Fund

14. Use of Proceeds

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

There is no further update to the announcement made on 24 April 2019 on the use of proceeds arising from the Placement.

The Company will make further announcement(s) on the use of the remaining net proceeds from the Placements as and when they are materially disbursed.

15. Confirmation Pursuant to Rule 720(1)

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

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

Pursuant to Rule 705(5) of Catalist Rules, the Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited consolidated financial results of the Company and the Group for the quarter ended 31 March 2019 to be false or misleading.

BY ORDER OF THE BOARD OF DIRECTORS

Mr Yet Kum Meng
Executive Director
8 May 2019

This announcement has been prepared by OUE Lippo Healthcare Limited (the "Company") and its contents have been reviewed by PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") for compliance with the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Gillian Goh, Director, Head of Continuing Sponsorship. (Mailing address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049418 and Email: sponsorship@ppcf.com.sg).