

INTERNATIONAL HEALTHWAY CORPORATION LIMITED

Registration No.: 201304341E

(Incorporated in the Republic of Singapore)

(In receivership over charged shares in certain subsidiaries)



UNAUDITED FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

This announcement has been prepared by International Healthway Corporation 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 Catalyst. 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, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049418, telephone (65) 6229 8088.

UNAUDITED FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

PART1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1 (a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group			Group		
	3 months ended 31 December			12 months ended 31 December		
	2016	2015	Inc/(Dec)	2016	2015	Inc/(Dec)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	10,642	12,836	(17.1)	49,060	45,004	9.0
Cost of sales	(5,840)	(6,784)	(13.9)	(26,218)	(23,974)	9.4
Gross profit	4,802	6,052	(20.7)	22,842	21,030	8.6
Other operating (loss)/income, net	(76,105)	2,009	N/M	(57,973)	46,118	N/M
Administrative expenses	(4,733)	(14,852)	(68.1)	(13,386)	(25,938)	(48.4)
Finance expenses	(9,310)	(7,201)	29.3	(27,299)	(26,183)	4.3
(Loss)/Profit before tax	(85,346)	(13,992)	N/M	(75,816)	15,027	N/M
Income tax expense	(858)	(11,029)	(92.2)	(1,051)	(14,561)	(92.8)
(Loss)/Profit after tax	(86,204)	(25,021)	N/M	(76,867)	466	N/M
Other comprehensive income:						
Currency translation differences arising from consolidation of foreign entities	(9,933)	(2,530)	N/M	(3,174)	2,050	N/M
Currency translation differences realised on deconsolidation of subsidiaries reclassified to profit or loss	4,186	-	N/M	4,186	-	N/M
Total comprehensive income for the period	(91,951)	(27,551)	N/M	(75,855)	2,516	N/M
(Loss)/Profit attributable to :-						
Equity holders of the Company	(86,189)	(29,055)	N/M	(76,847)	368	N/M
Non-controlling interests	(15)	4,034	N/M	(20)	98	N/M
	(86,204)	(25,021)	244.5	(76,867)	466	N/M
Total comprehensive income attributable to :-						
Equity holders of the Company	(91,936)	(33,041)	N/M	(75,840)	2,196	N/M
Non-controlling interests	(15)	5,490	N/M	(15)	320	N/M
	(91,951)	(27,551)	N/M	(75,855)	2,516	N/M

N/M - not meaningful

PART1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS (Continued)

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

Statements of Financial Position	Group		Company	
	31.12.2016 S\$'000	31.12.2015 S\$'000	31.12.2016 S\$'000	31.12.2015 S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	15,186	25,751	24	247
Trade and other receivables	54,602	13,992	171,703	165,400
Other current assets	816	1,839	-	56
Inventories	776	911	-	-
	<u>71,380</u>	<u>42,493</u>	<u>171,727</u>	<u>165,703</u>
Non-current assets				
Intangible assets	715	38,318	-	-
Lease prepayments	5,932	6,531	-	-
Investment properties	296,588	397,942	-	-
Investment properties under development	123,012	146,966	-	-
Property, plant and equipment	7,631	7,040	13	63
Other financial assets	-	551	-	-
Investments in subsidiaries	-	-	122,908	133,279
	<u>433,878</u>	<u>597,348</u>	<u>122,921</u>	<u>133,342</u>
Total assets	<u>505,258</u>	<u>639,841</u>	<u>294,648</u>	<u>299,045</u>
LIABILITIES				
Current liabilities				
Trade and other payables	24,299	21,878	34,431	20,624
Borrowings	170,336	231,470	111,446	9,031
Income tax liabilities	1,080	1,770	-	-
Other liabilities	-	-	281	703
	<u>195,715</u>	<u>255,118</u>	<u>146,158</u>	<u>30,358</u>
Non-current liabilities				
Trade and other payables	7,663	7,258	-	-
Borrowings	140,618	139,720	-	97,824
Deferred tax liabilities	29,494	30,122	-	-
Other liabilities	-	-	1,116	1,396
	<u>177,775</u>	<u>177,100</u>	<u>1,116</u>	<u>99,220</u>
Total liabilities	<u>373,490</u>	<u>432,218</u>	<u>147,274</u>	<u>129,578</u>
NET ASSETS	<u>131,768</u>	<u>207,623</u>	<u>147,374</u>	<u>169,467</u>
EQUITY				
Share capital	192,707	192,707	192,707	192,707
Currency translation reserve	(2,787)	(3,794)	-	-
Merger reserve	(65,742)	(65,742)	-	-
Asset revaluation reserve	3,630	3,630	-	-
Statutory surplus reserve	327	327	-	-
Accumulated profits/(losses)	4,277	81,124	(45,333)	(23,240)
	<u>132,412</u>	<u>208,252</u>	<u>147,374</u>	<u>169,467</u>
Non-controlling interests	<u>(644)</u>	<u>(629)</u>	<u>-</u>	<u>-</u>
Total equity	<u>131,768</u>	<u>207,623</u>	<u>147,374</u>	<u>169,467</u>

Notes to the Financial Statements

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

	Group			Group		
	3 months ended 31 December			12 months ended 31 December		
	2016	2015	Inc/(Dec)	2016	2015	Inc/(Dec)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Interest income	(80)	(11)	N/M	(193)	(43)	N/M
Interest expense	9,310	7,201	29	27,299	26,183	4
Amortisation of lease prepayments	74	89	(17)	296	294	1
Amortisation of intangible asset	59	251	(76)	238	251	(5)
Depreciation of property, plant and equipment	291	280	4	1,163	1,185	(2)
Impairment loss on goodwill	32,627	10,000	N/M	32,627	10,000	N/M
Loss/(Gain) on deconsolidation of subsidiaries	4,192	-	N/M	(9,115)	-	N/M
Impairment losses on trade and other receivable including deposit	14,102	23,832	(41)	14,936	23,832	(37)
Foreign exchange loss/(gain) - net	1,287	1,208	7	(1,198)	1,190	N/M
Guarantee fee income	-	(808)	N/M	(1,126)	(3,348)	(66)
Profit guarantee income	-	(631)	N/M	(67)	(2,047)	(97)
Fair value gain on investment properties	-	(15,106)	N/M	-	(15,106)	N/M
Fair value loss/(gain) on investment properties under development	18,826	(16,815)	N/M	18,826	(50,732)	N/M
Net rental income from assets held for sale	1,619	43	N/M	-	(7,829)	N/M

1(a)(ii). Income tax expense

	Group			Group		
	3 months ended 31 December			12 months ended 31 December		
	2016	2015	Inc/(Dec)	2016	2015	Inc/(Dec)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Current income tax credit/(expense)	124	(745)	N/M	(69)	(885)	(92.2)
Deferred tax expense	(982)	(10,284)	(90.5)	(982)	(13,676)	(92.8)
Charge for the period	(858)	(11,029)	(92.2)	(1,051)	(14,561)	(92.8)

- 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 31.12.2016			Group As at 31.12.2015		
	Secured S\$'000	Unsecured S\$'000	Total S\$'000	Secured S\$'000	Unsecured S\$'000	Total S\$'000
Amount repayable within one year	164,899	5,437	170,336	229,772	1,698	231,470
Amount repayable after one year	140,618	-	140,618	138,414	1,306	139,720

The secured borrowings of the Group as at 31 December 2016 comprised of term loans and bonds secured by the following:-

- (a) corporate guarantees from the Company and a subsidiary;
- (b) joint and several guarantees by a former Director of the Company and two related parties;
- (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 the land of a development project of the Group;
- (e) a deed of debenture over the assets and rights of a subsidiary pertaining to a development project of the Group;
- (f) a deed of assignment of a subsidiary's full and entire rights and entitlements pertaining to a development project of the Group;
- (g) a first fixed charge created over the entire issued share capital of a subsidiary of the Company;
- (h) a second legal mortgage over certain assets of a related party of the Company;
- (i) mortgage over investment properties of the Group;
- (j) certain bank deposits of the Company and subsidiaries;
- (k) debenture over the assets and rights of certain subsidiaries of the Company; and
- (l) deed of assignment in respect of payments made by a subsidiary to another subsidiary.

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

	Group		Group	
	3 months ended 31 December		12 months ended 31 December	
	2016	2015	2016	2015
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flow from operating activities :				
(Loss)/Profit after tax	(86,204)	(25,021)	(76,867)	466
Adjustments :-				
Income tax expense	858	11,029	1,051	14,561
Depreciation of property, plant and equipment	291	280	1,163	1,185
Amortisation of lease prepayments	74	89	296	294
Amortisation of intangible assets	59	251	238	251
(Gain)/Loss on disposal of property, plant and equipment	(24)	4	(13)	4
Impairment losses on trade and other receivables including deposit	14,102	19,661	14,936	19,661
Impairment loss on other assets	-	4,171	-	4,171
Impairment loss on goodwill	32,627	10,000	32,627	10,000
Fair value gain on investment properties	-	(15,106)	-	(15,106)
Fair value loss/(gain) on investment properties under development	18,826	(16,815)	18,826	(50,732)
Interest income	(80)	(11)	(193)	(43)
Interest expense	9,310	6,168	27,299	25,150
Loss/(Gain) on deconsolidation of subsidiaries	4,192	(3)	(9,115)	(3)
Operating (loss)/profit before working capital changes	(5,969)	(5,303)	10,248	9,859
Changes in:				
Inventories	591	(188)	219	(197)
Trade and other receivables	1,896	(1,238)	(1,105)	(1,912)
Other current assets	1,511	(593)	110	564
Trade and other payables	8,227	(558)	5,691	(1,578)
Cash generated from/(used in) operations	6,256	(7,880)	15,163	6,736
Interest paid	(4,347)	(5,896)	(26,997)	(25,352)
Income tax paid	(1,024)	419	(1,024)	(196)
Net cash generated from/(used in) operating activities	885	(13,357)	(12,858)	(18,812)
Cash flow from investing activities :				
Acquisition of investment properties	-	-	-	(27,271)
Additions to investment properties under development	-	(839)	-	(6,449)
Purchase of property, plant and equipment	(122)	(102)	(2,161)	(289)
Refund of advance deposits from subcontractor	-	19,523	-	9,164
Net cash outflow from acquisition of subsidiaries	-	(1)	-	(1,980)
Net cash outflow from deconsolidation of subsidiaries	(261)	(11)	-	(11)
Interest received	80	11	193	43
Net cash generated from/(used in) investing activities	(303)	18,581	(1,968)	(26,793)

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

	Group		Group	
	3 months ended 31 December		12 months ended 31 December	
	2016	2015	2016	2015
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flow from financing activities :				
Advance from/(Repayment to) related parties, net	41	(7,409)	(1,095)	(22,409)
Proceeds from new borrowings	-	9,822	21,008	140,259
Repayment of borrowings	-	(3,032)	(16,531)	(78,868)
Decrease in bank deposits pledged	-	-	-	3,750
Net cash generated from/(used in) financing activities	41	(619)	3,382	42,732
Net increase/(decrease) in cash and cash equivalents	623	4,605	(11,444)	(2,873)
Cash and cash equivalents at beginning of financial period	15,897	21,438	25,751	27,275
Effects of currency translation on cash and cash equivalents	(1,334)	(292)	879	1,349
Cash and cash equivalents at end of financial period	15,186	25,751	15,186	25,751

1(d)

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

GROUP	Attributable to equity holders of the Company							Non-controlling interests	Total equity
	Share Capital	Currency translation reserve	Merger reserve	Asset revaluation reserve	Statutory surplus reserve	Retained earnings	Total		
	\$S'000	\$S'000	\$S'000	\$S'000	\$S'000	\$S'000	\$S'000	\$S'000	\$S'000
Balance at 1 January 2016	192,707	(3,794)	(65,742)	3,630	327	81,124	208,252	(629)	207,623
Total comprehensive income for the period	-	-	-	-	-	9,342	9,342	(5)	9,337
Other comprehensive income	-	6,754	-	-	-	-	6,754	5	6,759
Profit for the period	-	-	-	-	-	-	-	-	-
Currency translation differences arising from consolidation of foreign entities	-	-	-	-	-	-	-	-	-
Balance at 30 September 2016	192,707	2,960	(65,742)	3,630	327	90,466	224,348	(629)	223,719
Balance as 1 October 2016	192,707	2,960	(65,742)	3,630	327	90,466	224,348	(629)	223,719
Total comprehensive income for the period	-	-	-	-	-	(86,189)	(86,189)	(15)	(86,204)
Other comprehensive income	-	(9,933)	-	-	-	-	(9,933)	-	(9,933)
Profit for the period	-	-	-	-	-	-	-	-	-
Currency translation differences arising from consolidation of foreign entities	-	-	-	-	-	-	-	-	-
Currency translation differences realised on deconsolidation of subsidiaries reclassified to profit or loss	-	4,186	-	-	-	-	4,186	-	4,186
Balance at 31 December 2016	192,707	(2,787)	(65,742)	3,630	327	4,277	132,412	(644)	131,768
Balance at 1 January 2015	185,219	(6,182)	(65,742)	2,726	327	76,810	193,158	5,216	198,374
Total comprehensive income for the period	-	-	-	-	-	29,424	29,424	63	29,487
Other comprehensive income	-	5,258	-	-	-	-	5,258	59	5,317
Profit for the period	-	-	-	-	-	-	-	-	-
Currency translation differences arising from consolidation of foreign entities	-	-	-	-	-	-	-	-	-
Changes in ownership interests in subsidiaries	-	580	-	904	-	3,946	5,410	(5,410)	-
Acquisition of equity interests in subsidiaries	-	-	-	-	-	-	-	-	-
Contributions by and distributions to owners	-	-	-	-	-	-	-	-	-
Issue of new shares	7,488	-	-	-	-	-	7,488	-	7,488
Balance at 30 September 2015	192,707	(364)	(65,742)	3,630	327	110,180	240,738	(72)	240,666
Balance as 1 October 2015	192,707	(364)	(65,742)	3,630	327	110,180	240,738	(72)	240,666
Total comprehensive income for the period	-	-	-	-	-	(29,056)	(29,056)	35	(29,021)
Other comprehensive income	-	(3,430)	-	-	-	-	(3,430)	163	(3,267)
Profit for the period	-	-	-	-	-	-	-	-	-
Currency translation differences arising from consolidation of foreign entities	-	-	-	-	-	-	-	-	-
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	(755)	(755)
Change in ownership interests in subsidiaries without a change in control	-	-	-	-	-	-	-	-	-
Balance at 31 December 2015	192,707	(3,794)	(65,742)	3,630	327	81,124	208,252	(629)	207,623

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

COMPANY	Share Capital	Accumulated losses	Total equity
	S\$'000	S\$'000	S\$'000
Balance at 1 January 2016	192,707	(23,240)	169,467
Total comprehensive income for the period			
Loss for the period	-	(4)	(4)
Balance at 30 September 2016	192,707	(23,244)	169,463
Balance as 1 October 2016	192,707	(23,244)	169,463
Total comprehensive income for the period			
Loss for the period	-	(22,089)	(22,089)
Balance at 31 December 2016	192,707	(45,333)	147,374
Balance at 1 January 2015	185,219	(3,135)	182,084
Total comprehensive income for the period			
Loss for the period	-	(3,504)	(3,504)
Contributions by and distributions to owners			
Issue of shares pursuant to acquisition of subsidiaries	7,488	-	7,488
Balance at 30 September 2015	192,707	(6,639)	186,068
Balance as 1 October 2015	192,707	(6,639)	186,068
Total comprehensive income for the period			
Loss for the period	-	(16,601)	(16,601)
Balance at 31 December 2015	192,707	(23,240)	169,467

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

<u>Ordinary shares issued and fully paid-up</u>	Number of shares	Paid-up share capital S\$
Balance as at 30 September 2016 and 31 December 2016	1,659,064,603	192,706,969

There was no change in the Company's share capital between 30 September 2016 and 31 December 2016.

There were no outstanding convertibles treasury shares or subsidiary holdings as at 31 December 2016 and 31 December 2015.

- 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 December 2016 and 31 December 2015, the Company had 1,659,064,603 issued and fully paid ordinary shares.

- 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)(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.

- 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 2015.

- 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 adopted a number of new standards, amendments to standards and interpretations that are effective for annual periods beginning on 1 January 2016. The adoption of these new standards, amendments to standards and interpretations did not result in any significant impact on the financial statements of the Group.

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

	Group		Group	
	3 months ended 31 December		12 months ended 31 December	
	2016	2015	2016	2015
Net (loss)/profit attributable to shareholders (S\$'000)	(86,189)	(29,055)	(76,847)	368
Weighted average number of ordinary shares in issue	1,659,064,603	1,659,064,603	1,659,064,603	1,651,295,874
Basic and diluted earnings per share (Singapore cents)	(5.195)	(1.751)	(4.632)	0.022

Basic and diluted earnings per share were the same as there were no potentially dilutive ordinary shares in issue as at 31 December 2016 and 31 December 2015 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 31.12.2016	As at 31.12.2015	As at 31.12.2016	As at 31.12.2015
Net asset value attributable to the equity holders of the Company (S\$'000)	132,412	208,252	147,374	169,467
Number of ordinary shares in issue	1,659,064,603	1,659,064,603	1,659,064,603	1,659,064,603
Net asset value per ordinary share (Singapore cents)	7.98	12.55	8.88	10.21

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

Review of financial performance for financial year ended 31 December 2016

(a) Revenue

Revenue increased by S\$4.1 million to S\$49.1 million for the financial year ended 31 December 2016 ("FY2016") compared to S\$45.0 million for the same period a year ago mainly attributable to (i) S\$3.6 million increase in revenue derived from the investment properties in St. Kilda, Australia ("St. Kilda Properties") and Geelong, Australia ("Geelong Property") (both collectively known as "Australia Properties"). Lower revenue derived from Australia Properties during financial year ended 31 December 2015 ("FY2015") mainly attributable to first nine months rental income amounted to S\$7.8 million was classified as part of other operating income; (ii) S\$1.8 million increase in rental revenue from the Group's operational nursing facilities in Japan (the "Nursing Facilities"). The increase was mainly attributable to the strengthening of Japanese Yen ("JPY") against Singapore Dollar ("SGD") during FY2016, and (iii) S\$0.8 million increase in revenue from Jiangsu Chang San Jiao Biomedical Co. Ltd. ("Biomedical Co"), a licensed drug distribution company. The increase in revenue was partially offset by (i) decrease in revenue due to the loss of control of the Australia Properties from September 2016 onwards due to the deconsolidation event as elaborated below, coupled with the (ii) S\$2.1 million decrease in revenue derived from Wuxi New District Phoenix Hospital in Wuxi, Jiangsu, China ("Wuxi Hospital").

Pursuant to the events that were announced by the Company on 15 August 2016, the Company was deemed to have lost control of IHC Management Pte. Ltd., IHC Management (Australia) Pty. Ltd., IHC Medical RE Pte. Ltd. ("HMRE"), IHC Healthcare REIT, IHC Australia First Trust and IHC Australia Second Trust (collectively known as "Deconsolidated Subsidiaries"). As a result, the Group was required to deconsolidate the assets and liabilities of the Deconsolidated Subsidiaries according to Singapore Financial Reporting Standards 110 (FRS 110) from the date of the Court order ("Deconsolidation Event").

(b) Other operating loss/income

The Group recorded other operating losses of S\$58.0 million for the FY2016, compared to other operating income of S\$46.1 million for the same period a year ago. This was mainly due to (i) higher impairment loss on goodwill of S\$32.6 million as compared to S\$10 million in FY2015. The goodwill arose from consolidation of the accounts of Wuxi Hospital. The impairment loss on goodwill recognised in FY2016 arose as a result of deteriorating operational results of Wuxi Hospital; (ii) fair value loss on investment properties under development ("IPUD") in China of S\$18.8 million compared to fair value gain on IPUD of S\$50.7 million in the same period of FY2015, (iii) fair value gain on investment properties ("IP") in Japan and Australia of S\$15.1 million in FY2015 (iii) S\$9.1 million gain on deconsolidation of subsidiaries as a result of the Deconsolidation Event, (iv) termination expense of S\$2.5 million due to early termination of the asset management contract for the Nursing Facilities, (v) S\$2.0 million decrease in profit guarantee income from the vendor of Wuxi Hospital due to expiry of profit guarantee in January 2016, and (vi) S\$2.2 million decrease in guarantee fee income from a related party due to expiry of guarantee fee income in April 2016; partially offset by a lower impairment of receivables and other assets of S\$14.8 million compared to S\$23.8 million in FY2015.

(c) Administrative expenses

Administrative expenses decreased by S\$12.5 million to S\$13.4 million for FY2016 compared to S\$25.9 million for the same period a year ago mainly attributable to (i) S\$5.1 million decrease in operating costs of Australia Properties due to Deconsolidation Event, (ii) S\$5.6 million decrease in legal and professional fees incurred for various financing exercises executed in FY2015, and (iii) S\$0.9 million property tax for Australia Properties in FY2015.

(d) Finance expenses

Finance expenses increased by S\$1.1 million to S\$27.3 million mainly due to (i) additional borrowings obtained from private lenders with higher interest rates, and (ii) increase in amortisation of loan transaction costs by S\$0.8 million.

(e) Loss after tax

The Group recorded a loss after tax of S\$76.9 million for the FY2016 compared to a profit after tax of S\$0.5 million for the same period a year ago.

Review of Statement of Financial Position as at 31 December 2016

- (a) Current assets (comprising cash and cash equivalents, trade and other receivables, other current assets and inventories) increased by S\$28.9 million from S\$42.5 million at 31 December 2015 to S\$71.4 million as at 31 December 2016 mainly attributable to the increase of other receivables of S\$40.6 million as a result of the Deconsolidation Event; partially off-set by a decrease of S\$10.6 million in cash and cash equivalents.
- (b) Non-current assets (comprising goodwill on consolidation, intangible assets, investment properties, IPUD, other financial assets and property, plant and equipment) decreased by S\$163.4 million from S\$597.3 million as at 31 December 2015 to S\$433.9 million as at 31 December 2016 mainly attributable to (i) deconsolidation of the Deconsolidated Subsidiaries that owned the Australia Properties which had a book value of S\$114.3 million as at 31 December 2015, and (ii) reduction of goodwill (fully-impaired) and IPUD by S\$37.6 million (included S\$5.0 million translation loss due to weakened Chinese Yuan ("RMB") against SGD) and S\$24.0 million (included S\$5.1 million translation loss due to weakened RMB against SGD) respectively; partially offset by a S\$13.0 million increase in the carrying value of the properties in Japan arising from the strengthening of JPY against SGD .

Review of Statement of Financial Position (Continued)

- (c) Current liabilities (comprising trade and other payables, borrowings and income tax liabilities) decreased by S\$59.4 million from S\$255.1 million as at 31 December 2015 to S\$195.7 million as at 31 December 2016 mainly due to reclassification of S\$149.0 million loans in Japan ("Japan Loans") from current borrowings to non-current borrowings after re-financing, (ii) deconsolidation of S\$55.0 million of loans in relation to the Deconsolidated Subsidiaries; partially offset by reclassification of the Company's "S\$50.0 million 7 per cent Medium Term Notes Series 002" ("MTN-2") due in April 2017 from non-current borrowings to current borrowings, (iii) reclassification of "S\$50 million 6 per cent MTN Series 001" ("MTN-1") and other term loans of S\$43.3 million from non-current borrowings to current borrowings due to breach of loan covenants as at 31 December 2016.
- (d) Non-current liabilities (comprising trade and other payables, borrowings and deferred tax liabilities) increased marginally by S\$0.7 million from S\$177.1 million as at 31 December 2015 to S\$177.8 million as at 31 December 2016 mainly attributable to (i) reclassification of Japan Loans from current borrowings to non-current borrowings, (ii) strengthening of JPY against SGD which resulted in an increase of \$7.8 million of borrowings in SGD terms; partially offset by reclassification of MTN-1, MTN-2 and S\$44.3 million of other borrowings from non-current borrowings to current borrowings and deconsolidation of S\$16.7 million of loans in relation to Deconsolidated Subsidiaries.
- (e) Shareholders' equity decreased by S\$75.9 million from S\$208.3 million at 31 December 2015 to S\$132.4 million at 31 December 2016.

Review of Cashflow and Working Capital

- (a) The deficit in cash from operations mainly resulted from payment of interest expenses.
- (b) As at 31 December 2016, the Group was in a negative working capital position which arose mainly due to the reclassification of S\$141.1 million of borrowings from non-current liabilities to current liabilities, which included MTN-1 (redeemed S\$44.7 million in April 2017 via shareholder's loans from Treasure International Holdings Pte. Ltd., the controlling shareholder of the Company, subsequent to the balance sheet date) and MTN-2 (fully redeemed in April 2017 via a shareholder's loans from Treasure International Holdings Pte. Ltd.).

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.

Subsequent to 31 December 2016, there was a change in the Company's substantial shareholders. OUE Limited, a company listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"), through Treasure International Holdings Pte. Ltd., its wholly-owned subsidiary, became the Company's controlling shareholder subsequent to the unconditional cash offer made in February 2017 to acquire all the issued and paid-up capital of the Company.

OUE Limited had also issued a comfort letter to the Company ("Comfort Letter") which stated that it intends to review the business and financial situation of the Group, and to engage with the Group's creditors and stakeholders with a view to understanding, addressing and, if necessary, restructuring the financing of the Group. In particular, OUE Limited has set out in the Comfort Letter that its long-term intention, subject to the foregoing review, is to work towards stabilising the Company's business and financial position, with the understanding that the Company is expected to operate as a going concern in view of its listing status on the Catalist Board of the SGX-ST.

The existing management will review the business operations and development plans of the Group's existing assets and revive the Company's business and development plans, to maximize the returns of its assets. Besides that, the Group will continue to grow the healthcare services business through development and acquisition in the Asia markets.

As mentioned in the Company's announcement dated 17 May 2017, the litigation case against the receivers and the Crest funds (refer to announcement dated 3 May 2016) concerning the receivership over the share capital of certain subsidiaries is still ongoing. The Group will continue to take all necessary action to vigorously defend the Group's interests with advice from our solicitors and update the shareholders as and when appropriate.

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.

(b) **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.

(c) **The date the dividend is payable**
Not applicable.

(d) **Books closure date**
Not applicable.

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

No dividend has been declared or recommended for the financial year ended 31 December 2016.

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

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

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

The Group's business can be categorised into two segments as follows:

- (i) Provision of healthcare services ("Healthcare Services") through:
 - management and operation of hospital,
 - trading of pharmaceutical supplies and medical equipment, and
 - lease management of healthcare-related facilities.
- (ii) Development of medical real estate (such as hospitals and medical centers), healthcare-related assets (such as nursing homes) and integrated mixed-use developments with medical real estate/healthcare-related assets, retail space, office and/or service residences ("Integrated Medical Real Estate").

Other segment pertains to investment holding function performed by head office.

(a) Business segments

Group	Healthcare Services	Integrated Medical Real Estate	Other Segment	Total
FY2016	\$'000	\$'000	\$'000	\$'000
Revenue				
External revenue				
- Medical services	19,348	-	-	19,348
- Rental income	18,858	4,912	-	23,770
- Sale of medicine and medical equipment	5,942	-	-	5,942
Total segment revenue	44,147	4,912	-	49,059
Other income				
- Guarantee fee income	-	-	1,126	1,126
- Gain on deconsolidation of subsidiaries	-	-	9,115	9,115
Adjusted EBITDA	29,678	(1,215)	(24,022)	4,441
Depreciation of property, plant and equipment	(1,100)	(3)	(61)	(1,164)
Amortisation of lease prepayments	(534)	-	-	(534)
Impairment losses on goodwill	(32,627)			(32,627)
Fair value losses on investment properties under development	(18,826)	-	-	(18,826)
Finance expenses	(10,210)	(7,918)	(9,171)	(27,299)
Interest income	2	4	187	193
Loss before tax	(33,617)	(9,132)	(33,067)	(75,816)
Other information:				
Segment assets and consolidated total assets	383,549	87,386	34,323	505,258
Segment assets includes:				
Segment liabilities	164,979	3,655	174,282	342,916
Unallocated:				
Provision for taxation				1,080
Deferred tax liabilities				29,494
Consolidated total liabilities				373,490

Group	Healthcare Services	Integrated Medical Real Estate	Other Segment	Total for continuing operations
FY2015	\$'000	\$'000	\$'000	\$'000
Revenue				
External revenue				
- Medical services	21,357	-	-	21,357
- Rental income	16,499	1,921	-	18,420
- Sale of medicine and medical equipment	5,227	-	-	5,227
Total segment revenue	43,083	1,921	-	45,004
Other income				
- Rental income for assets held-for-sale	-	7,829	-	7,829
- Guarantee fee income	-	-	3,348	3,348
Adjusted EBITDA	12,836	(22,517)	(3,260)	(12,941)
Depreciation of property, plant and equipment	(1,117)	(3)	(65)	(1,185)
Amortisation of lease prepayments	(294)	-	-	(294)
Amortisation of intangible assets	(251)	-	-	(251)
Impairment loss on goodwill	(10,000)	-	-	(10,000)
Fair value gains on investment properties and investment properties under development	57,647	8,191	-	65,838
Finance expenses	(16,541)	(5,665)	(3,977)	(26,183)
Interest income	2	14	27	43
Profit/(Loss) before tax	42,282	(19,980)	(7,275)	15,027
Other information:				
Segment assets and consolidated total assets	445,132	182,469	12,240	639,841
Segment assets includes:				
Additions to:				
- Property, plant and equipment	234	-	55	289
- Investment properties	100	27,851	-	27,951
- Investment properties under development	2,023	5,611	-	7,634
Segment liabilities	23,453	3,971	1,712	29,136
Unallocated:				
Provision for taxation				1,770
Deferred tax liabilities				30,122
Consolidated total liabilities				61,028

(b) Geographical segments

The Group's business segments principally operate in five main geographical areas:

Singapore – the Company is headquartered in Singapore. The operations in this area are principally investment holding;

Japan – the operations in this area are principally lease management of healthcare-related facilities;

China (including Hong Kong) – the operations in this area consist of management and operation of hospital, development of medical real estate, healthcare-related assets and integrated mixed-use development and trading of pharmaceutical supplies and medical equipment, as well as investment holding;

Malaysia – the operations in this area are principally development of medical real estate, healthcare-related assets and integrated mixed-use developments; and

Australia – the operations in this area are principally lease management of office premises and a medical centre. However, the Australia entities were deconsolidated in August 2016.

Group	Singapore		China		Japan		Malaysia		Australia		Consolidated	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Revenue	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
External customers	-	-	25,289	26,585	17,268	15,488	-	-	6,503	2,931	49,060	45,004
Fair value (loss)/gain	-	-	(18,826)	46,004	-	14,404	-	4,728	-	702	(18,826)	65,838
Other (losses)/income	(3,689)	(439)	-	(20,006)	(2,278)	3,348	(569)	(464)	-	7,841	(6,536)	(9,720)
	(3,689)	(439)	6,463	52,583	14,990	33,240	(569)	4,264	6,503	11,474	23,698	101,122
Other geographical information:												
Segment assets	57,227	8,068	79,733	155,123	311,022	298,714	57,276	58,901	-	119,035	505,258	639,841
Segment liabilities	(119,827)	(119,333)	(39,065)	(27,177)	(178,589)	(176,877)	(36,009)	(34,899)	-	(73,932)	(373,490)	(432,218)
Net assets	(62,600)	(111,265)	40,668	127,946	132,433	121,837	21,267	24,002	-	45,103	131,768	207,623
Non-current assets	53	134	79,292	139,392	296,636	280,842	57,897	59,282	-	117,698	433,878	597,348

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

Healthcare Services

Revenue for the Healthcare Services Segment increased marginally by S\$1.0 million from S\$43.1 million in FY2015 to S\$44.1 million in FY2016 mainly due to (i) S\$1.9 million increase in rental income from the Nursing Facilities and Geelong, Australia, (ii) S\$0.7 million increase in revenue from Biomedical Co, partially off-set by a drop in revenue of S\$2.1 million from Wuxi Hospital. This segment recorded a pre-tax loss of S\$33.6 million in the current financial year which included impairment loss on goodwill of S\$32.6 million and fair value loss of IPUD amounting to S\$18.8 million.

Integrated Medical Real Estate

Revenue for Integrated Medical Real Estate Segment in FY2016 of S\$4.9 million (FY2015: S\$1.9 million) comprised of rental income derived from the Australia Properties. No revenue was derived from properties in Malaysia and China as these properties were still under development or earmarked for development. This segment recorded a pre-tax loss of S\$9.1 million in FY2016 which was mainly due to finance expenses of S\$7.9 million, and professional fees of S\$1.3 million in relation to the development of the Malaysia properties.

Other Segment

No revenue was recorded under Other Segment for FY2015 and FY2016 as the companies in this segment were investment holding in nature. Pre-tax loss of S\$33.1 million in this segment in FY2016 was mainly due to finance expenses of S\$9.2 million, legal and professional fees of S\$3.4 million, and staff costs and other corporate overheads amounting to S\$2.2 million.

16. A breakdown of sales as follows:-

	Group		
	2016	2015	Increase/ (decrease)
	\$'000	\$'000	%
(a) Revenue reported for first half year	26,924	20,476	31.5
(b) Operating (loss)/profit after tax before deducting non-controlling interests reported for first half year	(797)	25,155	N/M
(c) Revenue reported for second half year	22,136	24,528	(9.8)
(d) Operating loss after tax before deducting non-controlling interests reported for second half year	(76,070)	(24,689)	208.1

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

No dividend had been declared or recommended for the financial year ended 31 December 2016 and 31 December 2015.

18. 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.

19. Report of person occupying managerial positions who are related to a director, chief executive

Pursuant to Rule 704(10) of the Catalist Rules of the Singapore Exchange Securities Trading Limited, 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.

BY ORDER OF THE BOARD OF DIRECTORS



Sho Kian Hin
Independent Director

30 May 2017