OUE LIPPO Healthcare

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 2022

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

	Note	Group 6 Months ended 30.06.2022	Group 6 Months ended 30.06.2021	Change
		$'000	$'000	%
Revenue	5	42,602	9,672	*n.m.*
Cost of sales		(3,099)	(2,166)	*43*
Gross profit		39,503	7,506	*n.m.*
Administrative expenses		(10,629)	(5,310)	*n.m.*
Other income, net	7	8,490	111,225	*(92)*
Results from operating activities		37,364	113,421	*(67)*
Finance income	7	212	175	*21*
Finance costs	7	(7,751)	(2,572)	*n.m.*
Net finance costs		(7,539)	(2,397)	*n.m.*
Share of results of equity-accounted investees, net of tax		2,243	3,790	*(41)*
Profit before tax		32,068	114,814	*(72)*
Tax expense	9	(7,288)	(1,174)	*n.m.*
Profit after tax for the period		24,780	113,640	*(78)*
Other comprehensive income:				
Items that are or may be reclassified subsequently to profit or loss				
Foreign currency translation differences relating to foreign operations		(21,365)	(10,441)	*n.m.*
Share of foreign currency translation differences of an equity-accounted investees		(1,803)	1	*n.m.*
Share of fair value reserve of an equity-accounted investees		(2,028)	2,453	*n.m.*
Other comprehensive income, net of tax		(25,196)	(7,987)	*n.m.*
Total comprehensive income for the period		(416)	105,653	*n.m.*
Profit/(Loss) attributable to:				
Owners of the Company		8,402	113,849	*(93)*
Non-controlling interests		16,378	(209)	*n.m.*
		24,780	113,640	*(78)*
Total comprehensive (loss)/ income attributable to:				
Owners of the Company		(4,568)	105,862	*n.m.*
Non-controlling interests		4,152	(209)	*n.m.*
		(416)	105,653	*n.m.*
Earnings per share				
Basic earnings per share (cents)	10	0.189	2.562	*(93)*
Diluted earnings per share (cents)	10	0.127	1.724	*(93)*

n.m. – not meaningful

(B) Condensed Interim Statements of Financial Position

	Note	Group		Company	
		30.06.2022	31.12.2021	30.06.2022	31.12.2021
		$'000	$'000	$'000	$'000
ASSETS					
Property, plant and equipment	12	7,472	7,460	288	453
Intangible assets and goodwill	13	43,370	3,066	-	-
Investment properties	14	1,215,335	290,556	-	-
Investment properties under development	15	56,084	57,691	-	-
Associate and joint ventures	16	77,041	175,711	23,607	23,607
Subsidiaries		-	-	-	84,092
Trade and other receivables		-	3,215	-	9,792
Non-current assets		1,399,302	537,699	23,895	117,944
Inventories		243	296	-	-
Trade and other receivables		17,589	12,579	343,636	215,458
Cash and cash equivalents		100,662	43,823	14,020	6,057
Current assets		118,494	56,698	357,656	221,515
Total assets		1,517,796	594,397	381,551	339,459
LIABILITIES					
Loans and borrowings	17	220,844	146,272	-	-
Trade and other payables		14,393	7,448	-	-
Lease liabilities		728	911	-	132
Deferred tax liabilities		52,382	34,597	-	-
Non-current liabilities		288,347	189,228	-	132
Loans and borrowings	17	288,745	40,847	30,189	30,189
Trade and other payables		50,522	17,161	12,777	51,564
Provisions	20	22,234	22,507	20,735	20,957
Lease liabilities		599	407	262	258
Current tax liabilities		1,861	53	-	-
Current liabilities		363,961	80,975	63,963	102,968
Total liabilities		652,308	270,203	63,963	103,100
NET ASSETS		865,488	324,194	317,588	236,359
EQUITY					
Share capital	18	418,913	418,913	418,913	418,913
Convertible perpetual securities	19	79,635	79,635	79,635	79,635
Capital reserve		4,203	-	-	-
Asset revaluation reserve		3,630	3,630	-	-
Foreign currency translation reserve		(13,103)	(6,791)	-	-
Fair value reserve		(24,825)	(22,797)	-	-
Accumulated losses		(139,565)	(147,967)	(180,960)	(262,189)
Equity attributable to owner of the Company		328,888	324,623	317,588	236,359
Non-controlling interests		536,600	(429)	-	-
Total equity		865,488	324,194	317,588	236,359

(C) Condensed Interim Statement of Changes in Equity

		Attributable to owners of the Company									
GROUP	**Note**	**Share capital** $'000	**Convertible perpetual securities** $'000	**Capital reserve** $'000	**Asset revaluation reserve** $'000	**Foreign currency translation reserve** $'000	**Fair value reserve** $'000	**Accumulated losses** $'000	**Total** $'000	**Non-controlling interests** $'000	**Total equity** $'000
At 1 January 2022		**418,913**	**79,635**	**-**	**3,630**	**(6,791)**	**(22,797)**	**(147,967)**	**324,623**	**(429)**	**324,194**
Total comprehensive income for the period											
Profit for the period		-	-	-	-	-	-	8,402	8,402	16,378	24,780
Other comprehensive income											
Foreign currency translation differences relating to foreign operations		-	-	-	-	(9,139)	-	-	(9,139)	(12,226)	(21,365)
Share of foreign currency translation differences of equity-accounted investees		-	-	-	-	(1,803)	-	-	(1,803)	-	(1,803)
Share of fair value reserve of equity-accounted investees		-	-	-	-	-	(2,028)	-	(2,028)	-	(2,028)
Total other comprehensive income, net of tax		-	-	-	-	(10,942)	(2,028)	-	(12,970)	(12,226)	(25,196)
Total comprehensive income for the period		**-**	**-**	**-**	**-**	**(10,942)**	**(2,028)**	**8,402**	**(4,568)**	**4,152**	**(416)**
Transactions with owners, recognised directly in equity											
Contributions by and distributions to owners											
Perpetual securities holder by a subsidiary		-	-	-	-	-	-	-	-	59,651	59,651
Dividend and distribution to unitholders by a subsidiary		-	-	-	-	-	-	-	-	(8,035)	(8,035)
Total contributions by and distributions to owners		-	-	-	-	-	-	-	-	51,616	51,616
Changes in ownership interests in subsidiaries											
Disposal of subsidiaries to non-controlling interests without a change in control		-	-	4,203	-	4,630	-	-	8,833	92,190	101,023
Issuance of subsidiary shares to non-controlling interests		-	-	-	-	-	-	-	-	12,826	12,826
Acquisition of subsidiaries with non-controlling interest	21	-	-	-	-	-	-	-	-	376,245	376,245
Total changes in ownership interests in subsidiaries		-	-	4,203	-	4,630	-	-	8,833	481,261	490,094
Total transactions with owners		**-**	**-**	**4,203**	**-**	**4,630**	**-**	**-**	**8,833**	**532,877**	**541,710**
At 30 June 2022		**418,913**	**79,635**	**4,203**	**3,630**	**(13,103)**	**(24,825)**	**(139,565)**	**328,888**	**536,600**	**865,488**

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

GROUP	Note	Share capital $'000	Convertible perpetual securities $'000	Capital 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**	**-**	**-**	**3,630**	**5,901**	**(27,862)**	**(259,345)**	**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 investees		-	-	-	-	1	-	-	1	-	1
Share of fair value reserve of equity-accounted investees		-	-	-	-	-	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 convertible 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**	**-**	**3,630**	**(4,539)**	**(25,409)**	**(145,496)**	**326,734**	**(209)**	**326,525**

* Less than $1,000

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

COMPANY	Note	Share capital	Convertible perpetual securities	Accumulated losses	Total equity
		$'000	$'000	$'000	$'000
At 1 January 2022		**418,913**	**79,635**	**(262,189)**	**236,359**
Total comprehensive income for the period					
Profit for the period		-	-	81,229	81,229
Total comprehensive income for the period		**-**	**-**	**81,229**	**81,229**
At 30 June 2022		**418,913**	**79,635**	**(180,960)**	**317,588**
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 convertible 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**

(D) Condensed Interim Consolidated Statements of Cash Flows

	Note	Group 6 Months ended 30.06.2022 $'000	Group 6 Months ended 30.06.2021 $'000
Cash flows from operating activities			
Profit after tax		24,780	113,640
Adjustments for:			
Depreciation of property, plant and equipment		583	498
Trade and other receivables written off		48	-
Gain on shareholder loan conversion	19	-	(109,973)
Net gain from First REIT transaction	21	(3,144)	-
Fair value gains on investment properties	14	(4,213)	-
Adjustment on rental straight-lining	14	(6,443)	-
Net fair value gains of derivative financial instruments		(673)	-
Losses on disposal of quoted shares		4	-
Interest income	7	(212)	(122)
Interest expense	7	6,907	2,572
Share of results of equity-accounted investees, net of tax		(2,243)	(3,790)
Tax expense	9	7,288	1,174
		22,682	3,999
Changes in working capital:			
Inventories		54	(251)
Trade and other receivables		28,445	583
Trade and other payables		(15,259)	(4,127)
Cash generated from operations		35,922	204
Tax paid		(3,850)	(29)
Net cash generated from operating activities		32,072	175
Cash flows from investing activities			
Additions to investment properties	14	(1,189)	(540)
Dividends from an equity-accounted investee		1,629	2,307
Net cash inflow from acquisition of a subsidiary	21	58,484	-
Fund received from Crest litigation		-	4,821
Acquisition of equity-accounted investees		-	(32,651)
Acquisition of subsidiaries, net of cash acquired	21	(18,639)	-
Capital contribution from a fellow subsidiary		400	-
Investment in quoted shares		(130)	-
Disposals of quoted shares		136	-
Capital contribution in equity-accounted investee		(1,059)	-
Interest received		212	576
Purchase of property, plant and equipment		(228)	(544)
Loan to joint venture		-	(5,925)
Repayment of loan from joint venture partner		2,310	-
Net cash generated from/(used in) investing activities		41,926	(31,956)
Cash flows from financing activities			
Proceeds from borrowings		100,000	-
Repayment of borrowings		(105,232)	(2,819)
Payment of lease liabilities		(269)	(329)
Loan from a fellow subsidiary	8	8,000	-
Dividend and distribution to unitholders by a subsidiary		(8,035)	-
Payment of transaction costs related to borrowings		(6,755)	-
Interest paid		(4,022)	(1,214)
Net cash used in financing activities		(16,313)	(4,362)
Net increase/(decrease) in cash and cash equivalents		57,685	(36,143)
Cash and cash equivalents at beginning of financial period		43,823	68,973
Effect of exchange rate fluctuations on cash and cash equivalents		(846)	(1,012)
Cash and cash equivalents at end of financial period		100,662	31,818

(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 2022 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

With effect from 1 March 2022, First Real Estate Investment Trust ("**First REIT**") was consolidated as a subsidiary of the Group upon completion of the First REIT transaction (note 21(a)).

As at 30 June 2022, the Group had total assets of $1,517,796,000 (31 December 2021: $594,397,000) and net assets of $865,488,000 (31 December 2021: $324,194,000). The Group's net current liabilities of $245,467,000 included First REIT's borrowings of $252,374,000 that are due in March 2023. The Group is in the process of refinancing the borrowings.

Notwithstanding the Group's net current liability position as at 30 June 2022, 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 the projected net operating cash inflows for the next 12 months and available cash reserves as at 30 June 2022 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 2022 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 2021.

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 2022:

- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to SFRS(I) 16)
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to SFRS(I) 1-37)
- Property, Plant and Equipment – Proceeds before Intended Use (Amendments to SFRS(I) 1-16)
- Reference to the Conceptual Framework (Amendments to SFRS(I) 3)
- Annual Improvements to SFRS(I)s 2018–2020

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 2023:

- Insurance Contracts (SFRS(I) 17 and Amendments to SFRS(I) 17)
- Classification of liabilities as current or non-current (Amendments to SFRS(I) 1-1)
- Disclosure of Accounting Policies (Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2)
- Definition of Accounting Estimate (Amendments to SFRS(I) 1-8)
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to SFRS(I) 1-12 Income Taxes

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 2021.

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
- note 16 – assessment of ability to control or exert significant influence over partly owned investments.
- note 21 – assessment of control over First REIT after First REIT transaction.

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.

- notes 21 (a) & (b) – acquisition of subsidiaries: fair value of the consideration transferred (including contingent consideration) and fair value of the assets acquired and liabilities assumed, measured on a provisional basis.

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, clinics and supply of medical equipment and pharmaceutical products. The Group currently has operations in the PRC, Myanmar and Singapore.

(ii) Healthcare assets – Rental of investment properties and assets owned by the Group. The Group currently has assets in the PRC, Indonesia, Singapore and Japan. Healthcare assets in Singapore and Indonesia were acquired through acquisition of a subsidiary (note 21(a)).

(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 – Investment in REIT manager. Effective from 1 March 2022, the Group's investment in First REIT was accounted for as a subsidiary of the Group after the First REIT transaction (note 21(a)) and reported under the Healthcare assets segment.

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						
1 January 2022 to 30 June 2022						
Revenue						
External revenue	2,025	40,577	-	-	-	42,602
Inter-segment revenue	-	-	-	-	597	597
Segment revenue (including inter-segment revenue)	2,025	40,577	-	-	597	43,199
Segment (loss)/profit before tax	(1,047)	31,442	(405)	2,327	(249)	32,068
Depreciation	(344)	(47)	-	-	(192)	(583)
Finance expenses	(33)	(6,001)	(181)	-	(692)	(6,907)
Interest income	-	67	-	-	145	212
Net gain from First REIT transaction	-	3,144	-	-	-	3,144
Share of results of equity-accounted investees, net of tax	(84)	-	-	2,327	-	2,243
Other material non-cash items						
Fair value gains on investment properties	-	4,213	-	-	-	4,213
Net fair value gains of derivative financial instruments	-	673	-	-	-	673
Trade and other receivables written off	-	-	-	-	(48)	(48)
Reportable segment assets	3,393	1,303,617	57,024	31,687	122,075	1,517,796
Additions to:						
- Property, plant and equipment	493	26	193	-	29	741
- Investment properties	-	1,189	-	-	-	1,189
- Capital contribution in equity-accounted investee	1,059	-	-	-	-	1,059
Reportable segment liabilities	29,981	543,564	9,406	-	15,114	598,065
Current tax liabilities						1,861
Deferred tax liabilities						52,382
						652,308

5.1 Information about reportable segments (continued)

	Healthcare operations $'000	Healthcare assets $'000	Properties under development $'000	Investments $'000	Others $'000	Total $'000
Group						
1 January 2021 to 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

5.2 Disaggregation of Revenue

	Group 6 months ended 30 June 2022		
	Healthcare operations	Healthcare assets	Total
	$'000	$'000	$'000
Type of goods or service:			
Medical services	711	-	711
Sale of medicine and medical equipment	1,314	-	1,314
Rental income	-	40,577	40,577
Total revenue	2,025	40,577	42,602
Timing of revenue recognition:			
At a point in time	2,025	40,577	42,602
Total revenue	2,025	40,577	42,602
Geographical information:			
PRC	2,025	-	2,025
Indonesia	-	31,500	31,500
Singapore	-	1,413	1,413
Japan	-	7,664	7,664
Total revenue	2,025	40,577	42,602

	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

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 2022 and 31 December 2021.

	Group		Company	
	30.06.2022	**31.12.2021**	**30.06.2022**	**31.12.2021**
	$'000	$'000	$'000	$'000
Financial assets not measured at fair value				
Loan to subsidiaries	-	-	14,513	14,513
Trade and other receivables*	15,865	15,464	343,484	225,058
Cash and cash equivalents	100,662	43,823	14,020	6,057
Financial assets at amortised costs	116,527	59,287	372,017	245,628
Financial liabilities not measured at fair value				
Loan and borrowing	(509,589)	(187,119)	(30,189)	(30,189)
Trade and other payables #	(55,463)	(15,717)	(12,777)	(51,564)
Rental deposits received	(6,393)	(7,448)	-	-
Financial liabilities at amortised costs	(571,445)	(210,284)	(42,966)	(81,753)

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

7. Profit before tax

The following items have been included in arriving at profit before tax:

		Group		
	Note	**6 Months ended 30.06.2022**	**6 Months ended 30.06.2021**	**Change** *%*
		$'000	$'000	
Depreciation of property, plant and equipment		(583)	(498)	*17*
Trade and other receivables written off		(48)	-	*n.m.*
Manager's management fees		(3,255)	-	*n.m.*
<u>Other income</u>				
Gain on shareholder loan conversion		-	109,973	*n.m.*
Fair value gains on investment properties		4,213	-	*n.m.*
Net fair value gains of derivative financial instruments		673	-	*n.m.*
Net gain from First REIT transaction	21(a)	3,144	-	*n.m.*
Recovery of Crest litigation costs and settlement sum		500	1,029	*(51)*
Government grants		12	77	*(84)*
Others (expenses)/income		(52)	146	*n.m.*
Other income, net		8,490	111,225	*(92)*
<u>Finance Income</u>				
Interest income		212	122	*74*
Foreign exchange gain, net		-	53	*n.m.*
		212	175	*21*

Finance costs			
Interest expense	(6,907)	(2,572)	*n.m.*
Foreign exchange loss, net	(844)	-	*n.m.*
	(7,751)	(2,572)	*n.m.*

8. Related party transactions

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

The Company granted an interest-free loan of $5,924,957 to First REIT Manager on 11 February 2021. As at 30 June 2022, the amount owing by First REIT Manager was $3,000,000. The First REIT Manager is a joint venture between the Company and OUE Limited, each holding 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 REIT 2021 rights issue.

Shareholder Loan from OUE Treasury

The repayment date of the outstanding loan of $1,800,000 from OUE Treasury Pte Ltd ("**OUE Treasury**") to OUELH Medical Assets Pte Ltd ("**OMA**") was extended from 29 March 2022 to 7 January 2023.

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.

Loan from TI Echo Pte. Ltd.

A loan of $8,000,000 from TI Echo Pte. Ltd. ("**TI Echo**") to Echo Healthcare Management Pte. Ltd. ("**ECHM**"). TI Echo is a wholly-owned subsidiary of Treasure International Holdings Pte. Ltd. ("**TIHPL**")., which is the Company's immediate holding company. TIHPL is a wholly-owned subsidiary of OUE Limited.

ECHM is a joint venture between the Company and OUE Limited. ECHM was setup for purpose of the Echo Acquisition.

The loan is TI Echo's share of loan to ECHM based on TI Echo's shareholding in ECHM and is interest free.

Please see note 21(b) for details of the Echo Acquisition.

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 FY2022 is $579,536 (FY2021: $353,023).

Save as disclosed above, there are no other material related party transactions as at 30 June 2022.

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 30.06.2022 $'000	**6 Months ended 30.06.2021** $'000
Current income tax expense	(2,616)	(6)
Withholding tax	(2,315)	-
Deferred income tax expense relating to origination and reversal of temporary differences	(2,357)	(1,168)
Tax expense for the period	(7,288)	(1,174)

10. Earnings per ordinary share ("EPS")

	Group	
	6 Months ended 30.06.2022	**6 Months ended 30.06.2021**
Net profit attributable to owners of the Company ($'000)	8,402	113,849
Weighted average number of ordinary shares in issue	4,443,129,206	4,443,129,206
Basic earnings per ordinary share (cents)	0.189	2.562
Weighted average number of ordinary shares (post conversion of convertible perpetual securities into ordinary shares)	6,602,653,303	6,602,653,303
Diluted earnings per ordinary share (cents)	0.127	1.724

On 16 March 2021, the Company issued convertible 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 convertible perpetual securities.

The calculation of the diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the period, after adjustment for the effect of conversion of the convertible perpetual securities issued on 16 March 2021, to ordinary shares at the conversion price of $0.07 per ordinary share. Under the terms of the conversion agreement, the convertible perpetual securities can only be converted into ordinary shares on or after 31 August 2026.

11. Net asset value

	Group		Company	
	30.06.2022	**31.12.2021**	**30.06.2022**	**31.12.2021**
Net asset value attributable to owners of the Company ($'000)	328,888	324,623	317,588	236,359
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 (cents)	7.40	7.31	7.15	5.32

12. Property, plant and equipment

For the period ended 30 June 2022, additions to property, plant and equipment amounted to $741,000 (30 June 2021: $544,000). The amount included additions from the acquisition of subsidiaries.

There was no disposal during the period (30 June 2021: $nil).

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 (Chengdu land)

In 2021, the Chengdu land was fully impaired based on management's assessment of the status of the land, discussions with the relevant authority and the legal advice obtained in relation to the Group's contractual obligations. As at 30 June 2022, there was no further development since 31 December 2021.

13. Intangible assets and goodwill

	Goodwill	**Medical distribution licences**	**Total**
	$'000	$'000	$'000
Group			
At 31 December 2021			
Cost	5,230	1,108	6,338
Accumulated amortisation and impairment	(2,192)	(1,108)	(3,300)
Effect of movements in exchange rates	28	-	28
Net book amount	3,066	-	3,066
6 months ended 30 June 2022			
Opening net book amount	3,066	-	3,066
Acquisition of subsidiaries	40,271	-	40,271
Effect of movements in exchange rates	33	-	33
Closing net book amount	43,370	-	43,370
At 30 June 2022			
Cost	45,501	1,108	46,609
Accumulated amortisation and impairment	(2,192)	(1,108)	(3,300)
Effect of movements in exchange rates	61	-	61
Net book amount	43,370	-	43,370

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	
	30.06.2022	**31.12.2021**
	$'000	$'000
Brainy World Holdings Limited ("**BWH**")	3,099	3,066
Echo Healthcare Services Pte. Ltd. ("**ECHS**")	40,271	-
	43,370	3,066

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 2021: 8-year-period), including a construction period of 2 years (31 December 2021: 2 years). Management considers the 8-year-period used in discounted cash flow 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 for the period under review.

ECHS

On 30 June 2022, the Group, via its 60% owned subsidiary, Echo Healthcare Services Pte. Ltd. ("**ECHS**"), acquired 60% equity interest in 2 respiratory specialist practices and a thoracic and cardiovascular surgical practice ("**Respiratory Medical Practices**"). See note 21(b) for details of the Echo Acquisition.

Goodwill of $40,271,000 arising from the Echo Acquisition was determined on a provisional basis pending completion of a Purchase Price Allocation ("PPA") exercise. The Group has 12 months from the completion of the Echo Acquisition to complete the PPA. The goodwill amount may be revised based on the results of the PPA.

14. Investment properties

		Group	
	Note	**30.06.2022**	**31.12.2021**
		$'000	$'000
At 1 January		290,556	308,749
Additions		1,189	1,104
Acquisition of a subsidiary	21(a)	955,235	-
Fair value gains recognised in profit or loss		4,213	-
Adjustment on rental straight-lining		6,443	-
Effect of movements in exchange rates		(42,301)	(19,297)
At end of period/year		1,215,335	290,556

The fair value gains recognised in profit or loss relate to the revaluation of the properties in Japan.

As at 30 June 2022, the details of investment properties held by the Group are set out below:

Investment Property	Tenure	Principal activity	Location
Japan			
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
Singapore			
Pacific Healthcare Nursing Home	Leasehold	Skilled nursing facility	Bukit Merah, Singapore
Pacific Healthcare Nursing Home II	Leasehold	Skilled nursing facility	Bukit Panjang, Singapore
The Lentor Residence	Leasehold	Skilled nursing facility	Lentor Avenue, Singapore
Indonesia			
Siloam Hospitals Lippo Village	Leasehold	Hospital	Banten, Indonesia
Siloam Hospitals Kebon Jeruk	Leasehold	Hospital	West Jakarta, Indonesia
Siloam Hospitals Surabaya	Leasehold	Hospital	East Java, Indonesia
Imperial Aryaduta Hotel & Country Club	Leasehold	Hotel & Country Club	Banten, Indonesia
Mochtar Riady Comprehensive Cancer Centre	Leasehold	Hospital	Central Jakarta, Indonesia
Siloam Hospitals Lippo Cikarang	Leasehold	Hospital	Bekasi, Indonesia
Siloam Hospitals Manado	Leasehold	Hospital	North Sulawesi, Indonesia
Hotel Aryaduta Manado	Leasehold	Hotel	North Sulawesi, Indonesia
Siloam Hospitals Makassar	Leasehold	Hospital	South Sulawesi, Indonesia
Siloam Hospitals Bali	Leasehold	Hospital	Bali, Indonesia
Siloam Hospitals TB Simatupang	Leasehold	Hospital	South Jakarta, Indonesia
Siloam Hospitals Purwakarta	Leasehold	Hospital	West Java, Indonesia
Siloam Sriwijaya	Leasehold	Hospital	South Sumatra, Indonesia
Siloam Hospitals Kupang	Leasehold	Hospital	East Nusa Tenggara, Indonesia
Lippo Plaza Kupang	Leasehold	Mall	East Nusa Tenggara, Indonesia
Siloam Hospitals Labuan Bajo	Leasehold	Hospital	East Nusa Tenggara, Indonesia
Siloam Hospitals Buton	Leasehold	Hospital	Sulawesi Tenggara, Indonesia
Lippo Plaza Buton	Leasehold	Mall	Sulawesi Tenggara, Indonesia
Siloam Hospitals Yogyakarta	Leasehold	Hospital	Yogyakarta, Indonesia

As at 30 June 2022, investment properties of the Group with carrying amounts of $1,194,407,000 (31 December 2021: $290,556,000) are mortgaged to banks to secure the related borrowings.

Measurement of fair value

As at 31 December 2021, the fair values of investment properties were determined by external independent valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. Independent valuers provide the fair value of the Group's investment property portfolio every year.

The fair values were derived based on the discounted cash flow, capitalisation and/or direct comparison methods. The valuation methods involve certain estimates including those relating to discount rate, terminal capitalisation rate, capitalisation rate and price per square metre. The specific risks inherent in each of the properties are taken into consideration in arriving at the valuations. The valuation technique(s) considered by the valuers for each property is in line with market practices generally adopted in the jurisdiction in which the property is located.

Management has engaged the external independent valuers who performed the annual valuation 2021 ("**AV 2021**") and the external independent valuers who performed valuation of the twelve Japan properties as at 29 October 2021 to conduct a high-level review of the key parameters for the valuation of each investment property. These independent professional valuers have generally maintained the same valuation methodologies, key parameters and assumptions with those as of 29 October 2021 and 31 December 2021. Management is therefore of the view that the fair value of the investment properties are approximately $1,215,335,000.

15. Investment properties under development

	Group	
	30.06.2022	**31.12.2021**
	$'000	$'000
At 1 January	57,691	74,492
Fair value losses recognised in profit or loss	-	(17,514)
Effect of movements in exchange rates	(1,607)	713
At end of period/year	56,084	57,691

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

Description	**Unexpired term of leasehold land**
Land - Wuxi land	33.5 years
Land - Kuala Lumpur, Malaysia	85.5 years

An investment property under development with carrying amount of $40,346,000 (31 December 2021: $41,421,000) is mortgaged to secure bank borrowings (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

Management adopted the forced sale value as determined by an independent valuer as the fair value of the land in Kuala Lumpur instead of the market value based on direct comparison method. Management assessed that the forced sale value is a better representation of the fair value of the land after taking into account the property market outlook and impact of COVID-19. Management assessed that there was no change to the forced sale value as at 30 June 2022.

For the land in Wuxi, the People's Republic of China, the land valuation is based on assumptions made by management in relation to the plot ratio, hospital license, gross development value, entrepreneur profit and risk. As at 30 June 2022, management assessment that there were no changes to the assumptions made and therefore, there was no change to the valuation of the land.

16. Associate and joint ventures

	Group		Company	
	30.06.2022	**31.12.2021**	**30.06.2022**	**31.12.2021**
	$'000	$'000	$'000	$'000
Interest in an associate	-	110,645	–	–
Interests in joint ventures	81,176	81,455	40,553	40,553
Less: Allowance for impairment loss	(4,135)	(16,389)	(16,946)	(16,946)
	77,041	175,711	23,607	23,607

The Group disposed of its interest in an associate as part of the First REIT transaction (note 21(a)).

The Group's interests in joint ventures refer to its investments in First REIT Manager and Yoma OUE Pun Hlaing Limited and Pun Hlaing International Hospital Limited (collectively, the "**Myanmar JV**"), China Merchants Lippo Hospital Management (Shenzhen) Limited ("**CMLHM**") and Riviera Quad International Limited ("**Riviera Quad**").

Recoverable amounts of interests in associate and joint ventures

For the period ended 30 June 2022, 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 of $4,135,000 in relation to the Myanmar JV. There were also no indications of impairment for the Group's interests in First REIT Manager, CMLHM and Riviera Quad.

17. Loans and borrowings

		Group		Company	
	Note	**30.06.2022**	**31.12.2021**	**30.06.2022**	**31.12.2021**
		$'000	$'000	$'000	$'000
Current					
Loans from third parties	(a)	189	189	189	189
Loan from a fellow subsidiary	(b)	1,800	4,150	–	–
Secured Tokutei Mokuteki Kaisha ("TMK") bonds	(c)	1,471	1,714	–	–
Bank borrowings	(d),(f)	285,285	34,794	30,000	30,000
		288,745	40,847	30,189	30,189
Non-current					
Secured TMK Bonds	(c)	108,346	126,971	–	–
Bank borrowings	(d)	17,444	19,301	–	–
Guaranteed bonds	(e),(f)	95,054	–	–	–
		220,844	146,272	–	–
Total loans and borrowings		509,589	187,119	30,189	30,189

As at 30 June 2022, total borrowings include secured liabilities of $507,600,000 (2021: $182,780,000) and $30,000,000 (2021: $30,000,000) of the Group and the Company respectively.

(a) Loans from third parties

The loan from a third party is unsecured.

(b) Loan from a fellow subsidiary

The loan from a fellow subsidiary, OUE Treasury Pte Ltd, is unsecured.

(c) TMK bonds

TMK is an investment vehicle incorporated under the Asset Liquidation Law of Japan to acquire real estate and obtain debt financing in real estate finance transactions in Japan. A TMK may issue TMK bonds, which are generally issued to qualified institutional investors. The TMK grants to holders of TMK bonds the right to receive all payments due in relation to such TMK bonds out of the assets of the TMK prior to any payments to other unsecured creditors. This statutory right is generally referred to as a general security interest. Unless otherwise provided in the Asset Liquidation plan, such general security is automatically created by operation of law.

The secured TMK bonds pertain to bond issued by the First REIT's indirect subsidiary, OUE Japan First TMK, a 5 years JPY11 billion due in May 2025 to Shinsei Bank Ltd.

The secured TMK bonds agreement provides among other matters for the following:

1) Negative pledge against the total assets of a subsidiary of the First REIT which mainly comprises of investment properties in Japan and cash and cash equivalents.

2) A corporate guarantee from the First REIT

(d) Bank borrowings

The bank borrowings are secured against:

(i) a charge created over an investment property under development of the Group (note 15);
(ii) a debenture over the assets and rights of the subsidiary pertaining to a development project of the Group;
(iii) joint and several guarantees by certain shareholders;
(iv) a corporate guarantee from the Company; and
(v) memorandum of charge over units in a subsidiary held by one of the subsidiaries of the Company.

(e) Guaranteed bonds

On 7 April 2022, $100 million guaranteed bonds at a coupon rate of 3.25% due in April 2027 were issued by First REIT. The guaranteed bonds amounting to $100 million are unconditionally and irrevocably guaranteed by Credit Guarantee and Investment Facility, a trust fund of the Asian Development Bank. The interest of the bonds is payable half-yearly in arrears. The bonds are listed on the Singapore Exchange Securities Trading Limited.

(f) The current bank borrowings amounted $250,968,000 and the guaranteed bonds agreements provide among other matters for the following:

1) Legal mortgage over all the investment properties of the First REIT Group except for Siloam Hospitals Yogyakarta.

2) Assignment to the banks of all of the First REIT Group's rights, titles, interests and benefits under any leases, tenancies, sales proceeds and cash flows in respect of the Indonesia properties and the Singapore properties except for Siloam Hospitals Yogyakarta.

3) Assignment to the banks of all of the First REIT Group's rights, titles and interests under the insurance policies in respect of the Indonesia properties and the Singapore properties, with the bank named as a "loss payee" except for Siloam Hospitals Yogyakarta.

4) A debenture containing first fixed and floating charges over all assets and undertakings of the First REIT's Singapore subsidiaries and subsidiaries of the First REIT's Singapore subsidiaries except for Kalmore Investments Pte. Ltd. and Icon1 Holdings Pte. Ltd.

5) Charge on all of the First REIT's shares in the Singapore subsidiaries and subsidiaries of the First REIT's Singapore subsidiaries except for Kalmore Investments Pte. Ltd. and Icon1 Holdings Pte. Ltd.

6) Charge on all of First REIT's Singapore subsidiaries' shares in the Indonesia subsidiaries except for the Joint-operation company, PT Yogya Central Terpadu.

7) A debenture by the First REIT Group covering first fixed and floating charges over all assets and undertakings in respect of the Singapore properties.

8) The Company's interest in the First REIT directly and indirectly is at least at 8%.

9) OUE Limited's interest in First REIT Management Limited, the Manager, directly and indirectly is at least at 40%.

10) OUE Limited's interest in the First REIT directly and indirectly is at least at 10%.

11) Compliance with all financial covenants.

18. Share capital

	The Group and the Company			
	30.06.2022		31.12.2021	
	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. Convertible perpetual securities

The convertible perpetual securities were issued to Treasure International Holdings Pte. Ltd. ("**TIHPL**") in 2021 pursuant to a conversion agreement. Under the conversion agreement, shareholder loans and accrued interest up to 28 February 2021 amounting to $189,607,700 was converted to convertible perpetual securities. TIHPL is a wholly-owned subsidiary of OUE Limited ("**OUE**"). OUE is a controlling shareholder of the Company.

The convertible perpetual securities have a coupon of 4.0% per annum and can be converted into ordinary shares of the Company at a conversion price of $0.07 per ordinary share, assuming no adjustments to the conversion price are made, on or after 31 August 2026. The perpetual securities do not have a maturity date and distribution is at the discretion of the Company.

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 ended 30 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 2022		20,957	1,550	22,507
Utilisation during the period	22	(222)	-	(222)
Effect of movements in exchange rates		-	(51)	(51)
At 30 June 2022		20,735	1,499	22,234

	Note	Legal $'000
Company		
At 1 January 2022		20,957
Utilisation during the period	22	(222)
At 30 June 2022		20,735

Legal

Provisions are related to legal and related expenses (note 22). For the half year ended 30 June 2022, 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 2022, there were no changes in the provision required and there were also no movements in the provision.

21. Acquisition of subsidiaries and disposal of associate

(a) Acquisition of First REIT as subsidiary

On 1 March 2022, the Group divested its 2 wholly-owned subsidiaries, OUELH Japan Medical Facilities Pte. Ltd., which owns a 100% interest in 12 nursing homes located in Japan; and OUELH Japan Medical Assets Pte. Ltd. to First REIT. The consideration included 431,147,541 new units in First REIT ("**Consideration Units**") at the issue price of $0.305 per unit, amounting to approximately $131,500,000. The Group's direct stake in First REIT increased from 15.3% to 33.1% and the Group became a controlling shareholder of First REIT. As such, the Group's investment in First REIT was deemed disposed by the Group as an associate and became a subsidiary of the Group. ("**First REIT transaction**")

Provisionally determined fair value of Identifiable assets acquired and liabilities assumed

The following table summarises the provisionally recognised amounts of assets acquired and liabilities assumed at the date of completion of the First REIT transaction.

	Note	**$'000**
Plant and equipment		26
Investment properties	14	955,235
Trade and other receivables		32,955
Cash and cash equivalents		43,972
Investment in quoted shares		141
Trade and other payables		(38,757)
Current tax liabilities		(733)
Deferred tax liabilities		(20,427)
Loans and borrowings		(349,875)
Derivative financial instruments		(673)
Perpetual securities holders' fund		(59,651)
Provisional net identifiable assets and liabilities acquired		562,213

Provisional negative goodwill and net gain from First REIT transaction

Provisional negative goodwill arising from First REIT transaction has been recognised as follows:

	$'000
Total consideration transferred *	160,569
NCI, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	376,044
Provisional fair value of identifiable net assets and liabilities	(562,213)
Provisional negative goodwill	(25,600)

Disposal of First REIT as Associate

	$'000
Fair value of associate on disposal date	74,055
Less: investment in an associate	(96,511)
Loss on disposal of 15.3%	(22,456)
Net gain from First REIT transaction recognised in profit or loss	**3,144**

Cash flows relating to the acquisition of First REIT as a subsidiary	**$'000**
Cash and bank balances of subsidiary acquired	43,972
Add: Cash received from Japan nursing home	14,512
Net cash inflow from acquisition of a subsidiary	58,484

* The total consideration transferred of $160,569,000 included non-controlling interest of $92,190,000 of subsidiary group transferred to First REIT (based on 66.89% of Japan nursing home net assets value).

(b) Acquisition of Partnership with Group of Respiratory and Cardiothoracic Medical Practices in Singapore ("Echo Acquisition")

On 23 May 2022, the Company announced the setup of Echo Healthcare Management Pte Ltd ("**OUE JV**") and the acquisition ("**Echo Acquisition**') of 60.0% of the issued and paid-up share capital of RMA Global Pte. Ltd. ("**RMA**"), The Respiratory Practice (Farrer) Pte Ltd ("**TRPF**") and Breathing Heart Pte Ltd ("**BH**") by Echo Healthcare Services Pte Ltd. ("**HoldCo**"). RMA, TRPF and BH collectively known as the "**Medical Partners**".

The OUE JV is a 60:40 joint venture between the Company and OUE Limited. The OUE JV will hold 60% of the issued and paid-up capital of Holdco and the remaining 40% will be held by the founding shareholders of the Medical Partners.

The Echo Acquisition was completed on 30 June 2022.

The Medical Partners practices comprise two leading respiratory specialist practices as well as an established cardiothoracic surgical practice. The existing team of 11 specialist doctors operate in 10 clinics located in key locations across Singapore.

The performance of the Medical Partners will be consolidated under the Group with effect from 30 June 2022.

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of Echo Acquisition.

	$'000
Plant and equipment	459
Lease liabilities	(145)
Provisional net identifiable assets and liabilities acquired	314

Cash flow relating to the Echo Acquisition

	$'000
Purchase consideration	(40,384)
Add: Outstanding consideration unpaid as at period end	9,319
Add: Settlement by issuance of new share of a subsidiary, ECHS	12,426
Net cash outflow	(18,639)

Provisional Goodwill

Provisional goodwill arising from the Echo Acquisition has been recognised as follows:

	$'000
Total consideration transferred	40,384
NCI, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	201
Provisional fair value of identifiable net assets and liabilities	(314)
Provisional goodwill	40,271

22. Litigation cases

The status of the litigation cases as at 30 June 2022 is as summarised below.

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

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

In 2017, Weixin Hospital Investment Management (Shanghai) Co. Ltd ("**Weixin**"), a company controlled by David Lin, sought a court order for the shares in Wuxi Co to be transferred to Weixin. The Shanghai Courts have rendered a judgement and appeal judgement in favour of Weixin. Consequently, the Group deconsolidated Wuxi Co in 2018.

<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 30 June 2022, the Company has obtained permission to enforce the award in Hong Kong, Taiwan and Shanghai.

As at 30 June 2022:

- <u>Hong Kong</u>: 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;

- <u>Shanghai</u>: the Shanghai No. 1 Court received approximately RMB3.25 million in November 2020. The funds have been transferred to a subsidiary of the Company in March 2021; and

- <u>Taiwan</u>: David Lin's ¼ share in a real estate in New Taipei City was sold during a public auction for the sum of NTD 5,880,000. The Company received the sum of SGD 279,846.51 on or around 24 September 2021. On or around 12 March 2021, the Company also received the sum of SGD710,913.50, being the deposit and trust assets held by David Lin in his bank accounts in Taiwan.

<u>Claim by Wuxi Hongshen</u>

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

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

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

On 24 December 2021, Wuxi Yilin Real Estate filed an appeal to the Intermediate Court of Wuxi City against the People's Court of Xinwu District, Wuxi's decision.

The appeal was heard on 25 March 2022. On 13 June 2022, the Wuxi Intermediate People's Court a dismissed the appeal.

(b) Other claim(s) against the Company

The Company received a letter of demand from Fan's Private Trustees dated 25 June 2021, demanding payment of the sum of $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, on 25 June 2021, the Company responded to Fan's Private Trustees to seek further particulars and supporting documents in support of their claims.

No litigation has developed from these claims and no provisions is made given that there is lack of details to support the claims.

(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
		$
Balance as at 30 June 2022 and 30 June 2021	4,443,129,206	418,912,580

There were no outstanding convertibles, treasury shares or subsidiary holdings as at 30 June 2022 and 30 June 2021.

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 2022 and 30 June 2021, 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.

Review of financial performance of Continuing Operations for the financial period ended 30 June 2022 (“1H2022”)

(a) Revenue

The Group consolidated First REIT’s revenue from 1 March 2022. First REIT’s revenue comprised rental income from its 19 investment properties located in Indonesia, Japan and Singapore. The Group’s revenue also included revenue from the Group’s hospital in Wuxi, Wuxi Lippo Xi Nan hospital, and the China pharmaceutical distribution business.

The increase in revenue was due mainly to consolidation of First REIT as well as improvement in performance of Wuxi Lippo Xi Nan hospital and the China pharmaceutical distribution business.

(b) Cost of sales

The increase in cost of sales was due to the consolidation of First REIT and higher cost of sales incurred by Wuxi Lippo Xi Nan hospital and the China pharmaceutical business which is in line with the increase in revenue.

(c) Gross profit

The increase in gross profit was due to the consolidation of First REIT and improvement in gross profits from Wuxi Lippo Xi Nan hospital and the China pharmaceutical distribution business.

(d) Administrative expenses

The increase in administrative expenses was due mainly to the consolidation of First REIT.

(e) Other income

Other income for 1H2022 comprised mainly a fair value gain on First REIT’s investment properties of $4,213,000, a gain of $3,144,000 relating to the Frist REIT transaction, a fair value gain of $673,000 relating to derivative financial instruments (interest rate swaps) and proceeds of $500,000 received in relation to the final settlement with the Crest entities.

The other income for 1H2021 included $109,973,000 one-off gain arising from the conversion of shareholder’s loans and accrued interests into convertible perpetual bonds. Please refer to note 19.

(f) Finance income

Finance income comprised mainly of interests from bank deposits and from an advance to a joint venture partner. The advance was extended to the joint venture partner in the third quarter of FY2019. The increase in finance income was due mainly to the consolidation of First REIT.

(g) Finance costs

The increase in finance costs was due mainly to the consolidation of First REIT and unrealised foreign exchange losses arising from the revaluation of shareholder’s loans to subsidiaries within the Group.

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

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

The results of First REIT were equity-accounted up to 28 February 2022. From 1 March 2022, First REIT was consolidated as part of the Group upon completion of the divestment of the Japan nursing homes to First REIT.

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

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

The decrease in the share of results was due mainly to consolidation of First REIT from March 2022.

(i) Tax expense

The increase in tax expense was due mainly to the consolidation of First REIT. Tax expenses included the provision for deferred tax liabilities in relation to the Group's investment properties.

(j) Profit after tax

The Group recorded a profit after tax of $24,780,000 compared to a profit of $113,640,000 for 1H2021, 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 consolidation of First REIT and the recognition of the provisional goodwill arising from the Echo Acquisition (note 21(b)). The increase in investment properties was due to the consolidation of First REIT.

The increase was partly offset by the decrease in investment properties under development due to currency translation and the decrease in associate and joint ventures. The decrease in associate and joint ventures was due to the consolidation of First REIT. The investment in First REIT was previously recorded as investment in associate.

(b) Current assets

The increase in trade and other receivables, and in cash and cash equivalents was due to the consolidation of First REIT.

(c) Non-current liabilities

The increase in loans and borrowings, and deferred tax liabilities was due to the consolidation of First REIT. The increase in trade and other payables was due to currency translation on rental deposits received and a loan from a fellow subsidiary.

(d) Current liabilities

The increase in loans and borrowings, trade and other payables and current tax liabilities was due to the consolidation of First REIT. The provisions comprised provision for legal and related expenses and for site restoration costs. Please see note 20.

Review of Cashflows and Working Capital

a) Cash flows from operating activities

Operating activities generated net cash of $22,682,000 before working capital changes. After taking into account the movement in working capital, operating activities generated net cash of $32,072,000. The increase was due mainly to the consolidation of First REIT following the completion of the First REIT transaction.

b) Cash flows from investing activities

Investing activities generated net cash of $41,926,000. The net inflow was due mainly to the consolidation of First REIT after the completion of the First REIT transaction in March 2022 (note 21(a)), repayment of loan from a joint venture partner and dividends received from an equity accounted investee.

c) Cash flows from financing activities

Financing activities utilised net cash of $16,313,000. The net outflow was due mainly to net repayment of borrowings, dividend and distribution to First REIT unitholders, payment of transaction costs related to borrowings and interests. The outflows were partly offset by a loan from a fellow subsidiary.

d) Working capital

As at 30 June 2022, the Group's net current liabilities amounted to $245,467,000 (31 December 2021: $24,277,000).

The negative working capital was due mainly to:

(i) First REIT's borrowings of $252,374,000 that are due in March 2023. The Group is in the process of refinancing the borrowings.

(ii) Shareholder's loans and accrued interest totaling $1,818,000 that was accounted for as current liabilities; and

(iii) provisions of $22,234,000 (note 20).

The Board confirms that the Group is able to meet its debt obligations as and when they fall due after having assessed the sources of liquidity, the available cash reserves as at 30 June 2022 and the projected net operating cash flows.

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 ongoing COVID-19 pandemic continues to evolve as fresh virus variants and subvariants surge sporadically. Additionally, the World Health Organisation (WHO) recently declared monkeypox a global health emergency, adding onto the global health risks and uncertainties.

The prolonged Russia-Ukraine war has also further exacerbated global supply disruptions, including food supply, fuelling further inflationary pressure and more interest rate hikes, which may drive the global economy into a recession.

Amidst the backdrop of COVID-19 and geopolitical uncertainties, we will continue to monitor global developments and react nimbly to the mounting challenges as we remain steadfast in building a regional healthcare system.

Singapore

Singapore has significantly eased its COVID-19 safety and border measures, and has reopened its borders to all fully vaccinated travellers since April 2022. Following the announcement on the easing of its COVID-19 measures, Singapore Ministry of Health has indicated that the nation's most important healthcare agenda post-pandemic will be to shift to a more patient-centred preventive model, with a focus on primary care. As such, the Ministry of Health has announced a "Healthier SG" initiative which aims to get general practitioners, family physicians and the community to play a larger role in screening diseases.

In June 2022, the Group's joint venture company with OUE Limited has formed a partnership with three medical specialist groups in Singapore, including two of the leading Respiratory Specialist Practices as well as a Cardiothoracic Surgery Practice. With a total of 11 specialist doctors operating in 10 clinics, this partnership will allow the Group to build a healthcare business ecosystem anchored on Singapore's medical best practices for regional growth.

First Real Estate Investment Trust ("First REIT")

The Group completed the divestment of the Group's 12 nursing homes in Japan to First REIT on 1 March 2022. Upon completion of the transaction, the Group directly owns approximately 33.1% interest in First REIT. Arising from the increase in the Group's interests in First REIT, the financial performance of First REIT has been consolidated into the Group's results.

First REIT will continue to carry out its 2.0 Growth Strategy and position itself to capture burgeoning opportunities in the healthcare real estate market by continuing its focus on diversifying into developed markets, reshaping its portfolio for capital efficient growth, strengthening its capital structure to remain resilient, and pivoting to ride megatrends.

First REIT targets for developed markets to comprise more than 50% of its portfolio in 3 to 5 years' time. This is being carried out through the divestment of non-core, non-healthcare, or mature assets such as Siloam Hospitals Surabaya. First REIT will continue to seek accretive prospects from its strong healthcare network from its sponsor group, comprising OUE Limited and OUELH, and assets from third parties within and outside Asia to boost future growth.

China

China continues to press on with its "zero-COVID" policy, with several large Chinese cities including Shanghai rolling out new mass testing or extending lockdowns on millions of residents to counter new clusters of COVID-19 infections. The impact of reimposing extensive lockdowns has contributed to its lowest GDP growth since the start of the pandemic with only 0.4% growth for the second quarter of 2022. Notwithstanding, there may be a silver lining in the horizon as the Chinese government indicated that China would refine its COVID-19 control measures to be more targeted and well-calibrated, promising to improve visa access, testing policies and increase international flights.

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

Myanmar

While the socio-political situation in Myanmar is seemingly less volatile compared to last year, the economy is facing a series of external and internal challenges including the weakening of the Myanmar Kyats, resulting in the imposition of restrictions on export and import licences, and the country's foreign exchange inflow and outflow.

Nonetheless, as healthcare services remain to be an essential social service, the Group's Myanmar joint venture, Pun Hlaing Hospital ("**PHH"**), continued to see an uptrend in its performance in local currency terms. PHH's flagship hospital in Yangon, Pun Hlaing Hospital Hlaing Tharyar, is also currently undergoing a facility upgrade to optimise its revenue-generating capacity. Pun Hlaing Hospital Hlaing Tharyar has also recently clinched the "COVID Management Initiative of the Year", "Patient Safety Initiative of the Year", and "Service Delivery Innovation Initiative of the Year" awards at the Healthcare Asia Awards organised by the Healthcare Asia Magazine.

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 2022 and during the corresponding financial period ended 30 June 2021 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. Additional information required pursuant to Rule 706A (if any)

Please refer to note 21.

13. 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 became a subsidiary of the Company with effect from 1 March 2022. 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
5 August 2022

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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.

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 2022 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