OUE LIPPO Healthcare

Strength through Resilience

ANNUAL REPORT 2020

Strength through Resilience

2020 has been an unprecedented year marked by global uncertainties. For OUE Lippo Healthcare Limited, it was a year of continued building as we steered our businesses and projects together with our long-standing partners. The resilience of our healthcare businesses continues to be fortified by our three-pronged growth strategy of strategic partnerships, asset-light business model and Pan-Asia expansion. With the right partners, business model and markets, we believe that we are well-positioned to contribute to the overall transformation of the healthcare landscape in Asia in a resilient and sustainable manner.

On the cover

- 1 Prince Bay China Merchants - Lippo General Hospital
- 2 Wuxi Lippo Xi Nan Hospital
- 3 Changshu China Merchants - Lippo Obstetrics & Gynaecology Hospital
- 4 Pun Hlaing Hospital, Yangon

Contents

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About OUE Lippo Healthcare Limited

Listed on the Catalist Board of Singapore Exchange Securities Trading Limited ("**SGX-ST**"), OUE Lippo Healthcare Limited ("**OUELH**") is a subsidiary company of OUE Limited ("**OUE**").

OUELH is a Pan-Asian healthcare group that owns, operates and invests in quality healthcare assets in high-growth Asian markets. OUELH currently owns 12 nursing homes in Japan and operates one hospital in China. Its joint venture in China is also developing one hospital and will lease and operate another hospital. It also holds 40% stake in the joint venture companies that own and operate seven medical facilities in Myanmar and a 40% stake in First REIT Management Limited, which is the manager of First Real Estate Investment Trust ("**First REIT**"), Singapore's first listed healthcare real estate investment trust. Additionally, OUELH owns approximately a 15% stake in First REIT.

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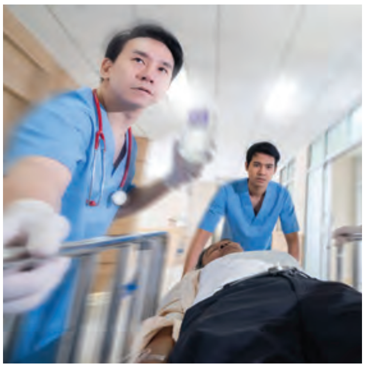


OUELH continually seeks to grow its healthcare businesses in Asia via its three-pronged strategy in developing strategic partnerships, growing its Pan-Asian presence and adopting an asset-light approach.

OUE, listed on the Main Board of the SGX-ST, is a diversified real estate owner, developer and operator with a real estate portfolio located in prime locations in Asia. OUE consistently grows its business by leveraging its brands and proven expertise in developing and managing landmark assets across the commercial, hospitality, retail and residential sectors. In 2017, OUE expanded its portfolio into the healthcare sector with the acquisition of OUELH, and this was followed by the acquisition of First REIT Management Limited, the manager of First REIT jointly with OUELH in 2018. In 2019, OUE expanded into the consumer sector with OUE Restaurants.

In February 2018, ITOCHU Corporation ("**ITOCHU**") took a strategic stake in OUELH with the completion of a placement of 562,500,000 new ordinary shares. ITOCHU is listed on the Tokyo Stock Exchange and is amongst the largest and most diversified trading companies in the world with a presence in 63 countries.

Three-Year Milestones

2018

JAN

Established a strategic partnership with China Merchants Group

Completed acquisition in Brainy World Holdings Limited, which has a **50% equity interest in China Merchants Lippo Hospital Management (Shenzhen) Limited** ("**CM Lippo**"). CM Lippo is a joint venture company with a subsidiary of China Merchants Shekou Industrial Zone Holdings Co., Ltd., a member company of the China Merchants Group

FEB

Welcomed ITOCHU Corporation as a strategic shareholder

Completed placement of **562,500,000** new ordinary shares to an indirect subsidiary of ITOCHU Corporation

OCT

Strategic acquisition of stakes in First REIT and its manager, First REIT Management Limited

Completed acquisition of **40% interests** in First REIT Management Limited (First REIT's manager) and **83,593,683 units** of First REIT

Completed a **1-for-1 Rights Issue** to fund the acquisitions of First REIT Management Limited and First REIT

DEC

Deepened collaboration with China Merchants Group

OUELH signed a letter of intent with China Merchants Shekou Industrial Zone Holdings Co., Ltd. **to jointly develop, operate and manage Prince Bay China Merchants-Lippo General Hospital in Shekou, Shenzhen** ("**Prince Bay Hospital**") to service the Greater Bay Area in China

2019

JAN

Ventured into Myanmar's healthcare market

Announced acquisitions of 40% and 35% stakes in Yoma Siloam Hospital Pun Hlaing Limited and Pun Hlaing International Hospital Limited respectively, a joint venture with First Myanmar Investment Public Company Limited **that own, manage and operate three hospitals, one medical centre and three clinics in Myanmar**

2020

OCT

Acquired Wuxi Lippo Xi Nan Hospital in Wuxi, Jiangsu

Completed the acquisition of a 70% stake in the operating company that operates **Wuxi Lippo Xi Nan Hospital (无锡力宝锡南医院)** and assumed full operating control

DEC

Moved forward with the development of Prince Bay Hospital

Subscribed for 50% shares in Riviera Quad International Limited for the development of Prince Bay Hospital

JAN

Entered into **shareholders' agreement** for the development of Prince Bay Hospital

DEC

To operate Changshu China Merchants-Lippo O&G Hospital

Entered into a lease agreement by CM Lippo to operate an Obstetrics & Gynaecology ("**O&G**") hospital to serve the needs in Changshu, Jiangsu

Building strong Partnerships

Partnerships are integral to OUELH's sustainable growth. As we leverage on the combined strengths from our collaborations with our long-term partners, we aim to bring value-added healthcare solutions to elevate the overall healthcare quality in the region.

Steering our Growth

OUELH undertakes an asset-light approach towards our long-term growth. We endeavour to generate greater capital efficiency and flexibility through joint ventures, capital recycling and a focus on quality healthcare service delivery. With an asset-light business model, OUELH will be well-poised to increase its business scalability.

Transforming the Landscape

Our key markets are strategically located in high growth cities across Asia. With a clear mandate in Pan-Asia, we believe that we can be one of the key players transforming the healthcare landscape in the region.

Chairman's Statement

BY LEE YI SHYAN

Dear Valued Shareholders,

It has been a year of unprecedented disruptions across the world as countries and businesses contend with the ongoing challenges brought about by the COVID-19 pandemic. While the global pandemic might have hampered the progress of our growth, it has also highlighted the importance for businesses to harness resilience in the face of adversity.

For the financial year ended 31 December 2020 ("**FY2020**"), OUE Lippo Healthcare Limited ("**OUELH**" or the "**Company**", and together with its subsidiaries, the "**Group**") continued to push forward with its three-pronged growth strategy of strategic partnerships, asset-light business model and Pan-Asia expansion while navigating the global pandemic. During FY2020, OUELH remained focused in its vision to transform the Group into a leading healthcare service provider in the region and had made great strides in developing its businesses and enhancing its capital structure.

Crossing an Important Milestone in our Strategic Roadmap

Since OUE Limited ("**OUE**") became the ultimate controlling shareholder of OUELH in 2017, the Company commenced a series of transformative initiatives, which drives our strategic roadmap to stabilise, strengthen and scale-up the business position of the Company. The Group most recently crossed an important milestone with its strategic recapitalisation exercise that converted the existing shareholder loans from wholly-owned subsidiaries of OUE ("**Existing Shareholder Loan**") and accrued interest thereon into 4.0% convertible perpetual bonds ("**Perpetual Securities**").

Through the conversion of the Existing Shareholder Loans into equity, OUELH will be in a stronger position to pursue its business plans with improved financial strength. With the completion of the recapitalisation exercise, the Group will be well-positioned to tap on the capital markets for future growth opportunities.

> Moving forward, the Group will focus on growing and strengthening its businesses in various Pan-Asian markets and accelerating its growth with suitable M&A opportunities.

Strengthening our Business Resilience

Sustaining Growth Momentum in China

In December 2020, the Company announced that its 50:50 Joint Venture Company ("**CM Lippo**") with strategic partner, China Merchants Group ("**CMG**"), will lease and operate Changshu China Merchants-Lippo O&G Hospital ("**Changshu Hospital**"). The Changshu Hospital will be a 140-bed Obstetrics & Gynaecology Hospital providing high-quality medical care services to the affluent local population in Changshu, Jiangsu, and is expected to be commissioned in 2023. With the Changshu Hospital, the Group's healthcare presence in China has expanded into Shenzhen, Wuxi and Changshu.

The first hospital development project announced by CM Lippo, Prince Bay China Merchants–Lippo General Hospital ("**Prince Bay Hospital**") in Shenzhen, has also commenced pit foundation works in FY2020 and is expected to be commissioned by 2024. Prince Bay Hospital is positioned to provide premium specialist services targetting high-end customers in the Greater Bay Area.

Balancing Change and Continuity across Pan-Asia

The impact of COVID-19 is far-reaching and has also affected the tenants of First Real Estate Investment ("**First REIT**"). In this regard, First REIT has extended a total of four months of rental relief to its tenants in Indonesia and two months of rental relief to its tenants in Singapore and South Korea to alleviate the economic distress in such difficult times.

First REIT has also recently embarked on a series of initiatives to restructure the master leases of 14 of its hospital assets in Indonesia, launched a rights issue to recapitalise its balance sheet, as well as to refinance its loan obligations that were due in March 2021. Together with these initiatives, First REIT will reposition its business portfolio to diversify its risks and grow in other markets. In support of First REIT's initiatives and plans, the Group has subscribed in full its total allotments of the rights units and also subscribed for excess rights units, which resulted in the Company strengthening its position as the Sponsor of First REIT, with its direct holding in First REIT increasing from 10.4% to 15.4%.

Looking Ahead

The recent military coup and subsequent state of emergency declared by Myanmar's military junta in February 2021 has added more uncertainties to the overall outlook for Myanmar. While the hospitals operated by OUELH's joint venture in Myanmar are still operating despite the challenging environment, OUELH have developed contingency plans to respond to the dynamic situation, and will continue to closely monitor the developments in Myanmar and assess its impact accordingly.

The COVID-19 pandemic and the ongoing uncertainties might have caused upheavals across the globe, but there will also be new opportunities emerging during these unparalleled times. With improved financial strength brought about by our strategic recapitalisation exercise, the Company will be well-poised to capture any growth opportunities that are in line with our three-pronged strategy.

Moving forward, the Group will focus on growing and strengthening its businesses in various Pan-Asian markets and accelerating its growth with suitable M&A opportunities.

In Gratitude

On behalf of the Board, I would like to express my heartfelt gratitude to our controlling shareholders, OUE and ITOCHU for their confidence and commitment in us, our strategic partners, business associates, our staff and all our other shareholders for continued support as we continue to pursue our vision to become Pan-Asia's leading healthcare group.

Lee Yi Shyan
Non-Independent and
Non-Executive Chairman

主席致辞

尊敬的各位股东，

在过去的一年，全球各地都经历了史无前例的扰乱，各个国家及企业都在极力应对2019新型冠状病毒肺炎(新冠病毒)疫情带来的挑战。新冠疫情给集团的增长计划造成了巨大的影响，但另一方面，疫情也凸显了集团弹复性在逆境时的重要性。

在2020财务年度(“**2020财年**”)，华联力宝有限公司(“**华联力宝**”或“**公司**”，包含其子公司统称“**集团**”)在应对全球性疫情的同时，继续在其三重策略的基础上持续加强其发展业务，巩固并加深与其战略合作伙伴的关系、贯彻轻资产的商业模式和战略性地扩展到泛亚的高增长市场。2020财年，我们致力于将华联力宝打造成为区域领先的医疗保健集团，并在业务发展和资本结构改善方面取得硕果。

战略计划中的重要里程碑

自华联企业有限公司(“**华联**”)在2017年成为华联力宝的大股东后，华联力宝便启动了一系列的改革措施，落实战略计划，以巩固、加强及拓展集团的业务。集团最近成功完成了战略性资本重组，将现有的股东货款和累计利息转换为4.0%的可转换永久债券(“**永久证券**”)，是集团战略计划里重要的里程碑。

现有股东货款转换为股本后，公司的财务状况得以改善，将更有利于集团业务计划的落实。随着资本重组工作的完成，集团将具备更有利的条件利用资本市场，推进集团未来的增长。

放眼未来，集团将专注于扩展及巩固其在泛亚的不同市场的业务，并通过适当的并购机会加快集团的发展。

加强企业弹复性

保持中国核心业务的增长动力
在2020年12月，公司宣布与战略合作伙伴招商局集团(“**招商局**”)各持50%股份的合资公司(“**招商力宝**”)已签下了租赁协议，招商力宝将运营常熟招商力宝妇产科医院(“**常熟医院**”)。常熟医院拟设置140个床位的妇产科医院，预计于2023年开幕，为江苏常熟的当地富裕居民提供优质的医疗服务。常熟医院的合作，让集团在中国的医疗业务板块得以扩展，目前为深圳、无锡以及常熟三个城市。

招商力宝宣布的第一个医院项目：招商力宝太子湾医院(“**太子湾医院**”)也在2020财年开始了基坑工程，预计于2024年开幕。太子湾医院将为大湾区的高端客户提供优质的专科服务。

平衡泛亚地区的变化与可持续性
新冠疫情造成了巨大的影响，更波及先锋医疗产业信托(“**先锋信托**”)的租户。为支援租户的经营，先锋信托为印度尼西亚的租户执行了4个月的“租金援助计划”，而新加坡和韩国的租户也获得了两个月的租金减免，希望在此困难时期能为租户缓解经济负担。

最近，先锋信托还采取了一系列措施重组其在印度尼西亚的14套医院资产的租赁、发起配股重新调整其资产负债表以及为2021年3月到期的货款债务再融资。除了上述举措外，先锋信托也将会重新定位其投资组合，以分散其风险并再在其他市场拓展。为支持先锋信托的举措和计划，华联力宝医疗已经全额认购了供股单位和超额供股单位的总配股。这使得公司巩固了其保荐人的身份，其在先锋信托的直接持股比例从10.4%提高到15.4%。

展望未来

缅甸军政府在2021年2月宣布最近的军事政变和随后的紧急状态给国家的总体前景增加了更多不确定性。尽管缅甸的运营环境充满着挑战，我们缅甸的联营公司在仍继续运营，集团也制定了应急方案以应对变幻莫测的形势。我们会继续关注缅甸政治环境的进展及评估其影响。

新冠病毒疫情及目前的各种不明朗因素，引起了全球性的扰乱。然而，在这空前的时期也出现了新的机遇。公司通过战略性资本结构调整从而加强财务实力后，将会做好充分准备，把握任何符合我们三重策略的增长机会。

放眼未来，集团将专注于扩展及巩固其在泛亚的不同市场的业务，并通过适当的并购机会加快集团的发展。

致谢

我谨代表董事会在此向公司的大股东华联集团和伊藤忠集团对我们的信心和承诺、战略合作伙伴和全体员工的支持表示万分感谢，将华联力宝医疗打造成为区域领先的医疗保健集团。

李奕贤
董事会主席
非独立非执行董事

CEO's Statement

BY YET KUM MENG

Dear Valued Shareholders,

The financial year ended 31 December 2020 ("**FY2020**") had been a challenging year for businesses across the world due to the COVID-19 pandemic, including OUE Lippo Healthcare Limited ("**OUELH**", or the "**Company**", and together with its subsidiaries, the "**Group**").

As the Group adapts to new ways of working while navigating the COVID-19 pandemic, it is important to stay focused in our pursuit for growth. Our ongoing transformation plans reached a momentous milestone as we completed a strategic recapitalisation exercise in March 2021 to build a sustainable business and capital structure for the Company.

Group Overall Performance

Despite the challenging operating environment, the Group's revenue for FY2020 remained stable at S$20.0 million, contributed mainly from the leasing income of our 12 nursing homes in Japan, and revenue from Wuxi Lippo Xi Nan Hospital and our pharmaceutical business in China.

The Group's share of results of equity-accounted investees recorded a loss of S$35.0 million for FY2020, mainly due to our share of loss from First Real Estate Investment Trust ("**First REIT**"). The Group's share of First REIT's loss was S$36.8 million, comprised mainly of the four months rental relief provided to certain tenants during FY2020 and net fair value losses of S$401.4 million on revaluation of investment properties as a result of the restructuring of the master leases for 14 of its hospital assets.

Administrative expenses decreased by approximately 13.0% to S$15.5 million, mainly due to stringent cost management during the COVID-19 pandemic.

The Group also reassessed the carrying values of its assets and investment properties in light of the COVID-19 pandemic and recognised impairment charges and fair value losses of S$58.2 million.

As a result of the share of First REIT's loss and impairment charges, the Group recorded a full-year net loss after tax of S$99.2 million and net tangible assets decreased to S$138.2 million as at 31 December 2020.

Business Review

China

In FY2020, we continued to expand and entrench our presence in China. The Group's 50:50 Joint Venture Company ("**CM Lippo**") with its strategic partner, China Merchants Group ("**CMG**"), continued to make strides in its development of the "*China Merchants-Lippo*" brand of hospitals in China.

CM Lippo is currently developing the Prince Bay China Merchants-Lippo General Hospital ("**Prince Bay Hospital**") in Shenzhen. The flagship Prince Bay Hospital commenced pit foundation works in 2020 and is expected to be commissioned by 2024. In December 2020, CM Lippo announced its second hospital project when it entered into a long-term lease agreement to operate Changshu China Merchants-Lippo Obstetrics & Gynaecology Hospital ("**Changshu Hospital**"), which is expected to be commissioned in 2023.

CEO's Statement

Following its acquisition in October 2019, Wuxi Lippo Xi Nan Hospital has undergone necessary interior upgrading works and has embarked on a series of repositioning initiatives while managing the COVID-19 pandemic situation.

Japan
Our operations in Japan comprise the ownership and asset management of 12 nursing home facilities. These are leased to independent nursing home operators and continue to generate a recurring income for the Group. Gross leasing income rose marginally to S$17.5 million in FY2020, compared to S$17.0 million in FY2019 due to the appreciation of the Japanese Yen.

Myanmar
The Group's joint venture in Myanmar ("**Myanmar JV**") added a new clinic in Taw Win, Yangon during FY2020, and currently owns and/or operates three hospitals, three clinics and one medical centre in Myanmar. In FY2020, the Group's share of results of the Myanmar JV recorded a net loss of S$1.7 million compared to a net loss of S$1.0 million in previous financial year.

While the operations in Myanmar have been impacted by the COVID-19 pandemic, the Myanmar JV has also seized opportunities that have emerged from the pandemic, such as COVID-19 testing and treatment of COVID-19 patients in our flagship hospital in Yangon.

Unfortunately, the recovery momentum took a hit from February 2021 due to the escalating political problems in Myanmar. We will stay vigilant of the political developments in Myanmar and take appropriate response measures.

Indonesia
First REIT undertook three major initiatives in early 2021 viz restructuring of the master leases for 14 of its hospital assets in response to the COVID-19 pandemic, launched a S$158.2 million rights issue to strengthen its financial position and refinanced S$195.5 million of its matured loans. The Group subscribed in full its total allotments of the rights units as well as for excess rights units, which resulted in the Company strengthening its position as Sponsor, with its direct holding in First REIT increasing from 10.4% as at 31 December 2020 to 15.4%.

Strategic Recapitalisation

As part of our ongoing initiatives to build a sustainable capital structure, the Company completed a strategic recapitalisation exercise in March 2021, which included the conversion of all our existing shareholder loans and accrued interest thereon of S$189.6 million from our controlling shareholder, OUE Limited, into 4.0% convertible perpetual bonds (the "**Perpetual Securities**") ("**Shareholder Loan Conversion**"). The Shareholder Loan Conversion has strengthened our financial position as it significantly reduced our liabilities and increased our share capital correspondingly. The Perpetual Securities can be converted into ordinary shares of the Company at a conversion price of 7 cents per Share, after 5.5 years from the issuance of Perpetual Securities.

This strategic recapitalisation plan also removed the uncertainties over the going concern assumption of the Company, as well as the encumbrances over our assets. With the Shareholder Loan Conversion, our net tangible assets improved from S$138.2 million as at 31 December 2020 to S$327.8 million, and the gearing ratio improved from 2.5 times to 0.6 times.

Additionally, the Shareholder Loan Conversion will result in an indicative one-off gain of S$112.3 million in FY2021. As the Existing Shareholder Loans were extinguished, the Group will also have a recurrent interest saving of S$6.6 million per year.

Redemption and any future distribution made on the Perpetual Securities are at the sole discretion of the Company, and there shall be no redemption for 5.5 years from the issuance of the Perpetual Securities. Furthermore, distributions made will also not be charged as expense in the financial statements of the Group.

The 5.5-year non-convertible and non-redeemable period allows the Company to focus on growing our businesses without distractions of seeking funding for redemption of the Perpetual Securities, and avoid immediate dilution to existing shareholder value from the conversion of the Perpetual Securities.

Moving Forward

With the rollout of vaccination gathering pace across the countries and gradual reopening of borders, the worst of the COVID-19 pandemic may be over as most countries have projected economic growth in 2021. Therefore, management is cautiously optimistic for FY2021 but we are mindful that many challenges and uncertainties remain and we will stay vigilant and respond nimbly. Within the framework of our three-pronged growth strategy, we will continue to push ahead to execute more initiatives under our strategic roadmap to bolster the business and financial position of the Group.

Appreciation

I would like to take this opportunity to express my gratitude to our shareholders for their continued support, as well as our staff for their unwavering commitment in these difficult times. In particular, we are proud of and thankful to our colleagues in the Myanmar JV who remain steadfast in their jobs despite the very challenging situation on the ground and our hearts are with them.

Yet Kum Meng
Chief Executive Officer &
Executive Director

首席执行总裁致辞

尊敬的各位股东，

由于新冠肺炎疫情的爆发，2020财务年度（“**2020财年**”）对全球的各行各业，包括华联力宝医疗有限公司（“**华联力宝**”或“**公司**”，包含其子公司统称“**集团**”）在内，都是充满挑战的一年。

集团在疫情中适应新的工作常态的同时，也专注于业务的发展。公司在2021年3月完成了一项策略性的资本补充举措，这是我们不间断进行中的变革重组计划的一个关键里程碑，为公司的业务和资本结构奠定了可持续发展的基础。

集团整体业务表现

尽管经营环境充满挑战，集团于2020财年的收入仍保持稳健为1,990万新元，其收入主要来源于日本的12家疗养院的租赁租金以及在中国的无锡力宝锡南医院和药品分销业务的收入。

集团于2020财年的联营公司的业绩份额亏损为3,500万新元，其主要源于先锋医疗产业信托（“**先锋信托**”）的3,680万新元的业绩份额亏损。先锋信托的亏损主要包括在2020财年给予部分租户4个月的免租期，以及因重组14家医院的租赁合同导致该投资性房产的公允价亏损4.014亿新元。

由于集团在疫情期间严格控制成本，因此行政费用减少了约13%，为1,550万新元。

集团也对其资产及投资性房地产因新冠疫情的影响进行重新评估，并确认减值费用和公允价值损失为5,820万新元。

因先锋信托的业绩份额亏损及资产减值损失，集团的全年税后净亏损为9,920万新元，截止于2020年12月31日的净有形资产减值至1.382亿新元。

业务回顾

中国

在2020财年，我们继续发展壮大在中国的业务。我们与招商局集团的50:50合资公司（“**招商力宝**”）在打造“招商力宝”品牌医院的目标取得了新的进展。

招商力宝在深圳太子湾开发的招商力宝太子湾综合医院（“**太子湾医院**”）已于2020年开始基坑施工，并预计于2024年开幕。此外，招商力宝于2020年12月宣布为其准备经营的第二家医院 - 招商力宝常熟妇产医院（“**常熟医院**”）签署了长期租赁合同，且该医院预计于2023年开幕。

自2019年收购无锡力宝锡南医院后，在抗击新冠疫情的同时，医院采取一系列业务重新定位的举措，并进行提升内部环境所需的整修。

日本

集团在日本的业务涵盖持有12家疗养院及其资产管理。这些疗养院分别租赁给不同独立经营者，并持续为集团带来稳健的收入贡献。随着日元的升值，2020财年的毛租赁收入也从2019财年的1,700万新元稍长至1,750万新元。

缅甸

集团在缅甸的合资业务（“**缅甸合资公司**”）于2020财年增设了一间位于仰光塔韦的诊所。目前，缅甸合资公司持有并经营三间医院、三间诊所以及一间医疗中心。较2019财年的100万新元的业绩份额亏损，缅甸合资公司于2020财年的业绩份额亏损增加至170万新元。

尽管新冠疫情给缅甸合资公司的业务造成了影响，另一方面也制造了新的商机，如在仰光的旗舰医院展开的的新冠病毒检测及治疗新冠病人等新业务。

然而，随着缅甸政局震荡从2021年2月不断升级，给之前的业务恢复劲头带来迎头一棒。我们将持续密切关注缅甸局势的发展，并会适时采取应对措施。

印尼

2021年初，先锋信托完成了三项主要举措，即因新冠疫情影响而重组14间医院的租赁合同、发起1.582亿新元的增资扩股行动来加强其资本结构、以及重新融资1.955亿新元到期的贷款。 集团全额认购了先锋信托的配股并认购额外配股，直接持股比例从2020年12月31日的10.4%增至15.4%，因而强化了集团作为先锋信托保荐机构的地位。

策略性资本结构调整

作为我们为公司打造可持续发展的资本结构的一系列举措之一，公司于2021年3月完成了一项战略性的资本补充举措，即将公司现有的1.896亿新元股东贷款和相应累计利息，转换成4.0%利率可转换永久债券（“**永久证券**”）（“**股东贷款转换**”）。这股东贷款转换大幅度减少了公司的债务，并相应增加了公司的所有者权益，从而增强了公司的财务实力。永久证券在发行5.5年后，可按每股7分新元的价格转换为公司的普通股。

这战略性的资本补充举措也摒除了公司可持续经营能力假设的不确定性疑虑，同时去除对公司资产的相应质押。此外，公司的净有形资产值将从截止于2020年12月31日的1.382亿新元，提升至3.278亿新元，公司的杠杆比例也改善，从2.5倍降至0.6倍。

此次股东贷款转换也导致公司于2021财年体现一笔一次性预估约1.123亿新元的盈利。由于现有的股东贷款已去除，公司也会因此每年节省660万新元的的经常性利息费用。

永久证券的赎回权及任何未来的票息均由公司全权酌情决定，并且发行后的5.5年内不得赎回。此外，日后所分配的票息也不会在集团的财务报表中列为费用支出。

永久证券的5.5年非转换和非赎回期限，将能让公司无需为赎回永久证券寻求资金而分心，并专注于发展业务，同时也能避免了现有股东的权益会因永久证券转换成普通股而立即被稀释。

未来展望

随着各国加快步伐展开疫苗接种，以及国家边界的逐步开放，多数国家都预测经济于2021年会增长，新冠疫情最严峻期应已过去。因此，我们对2021财年持有谨慎乐观态度，但也谨记未来仍存有许多的挑战和不确定性，并将保持警惕以便实时采取灵活的应变对策。在我们的三重策略的框架内，我们将会按既定的战略蓝图，继续落实更多的举措，以拓展集团的业务和强化集团的财务能力。

致谢

我想借此机会对股东的持续支持和员工在这严峻时期的坚定付出表达衷心感谢。尤其缅甸合资公司的同事，在面临非常艰巨的形势，依然坚守岗位，我们以他们引以为傲并由衷感激。

易锦明
首席执行总裁
执行董事

Board of Directors

OUE Lippo Healthcare is led by an experienced and diverse board and leadership team who are committed to our customers, communities, shareholders and people.

1 LEE YI SHYAN

2 YET KUM MENG

3 TADAHIRO KIYOSU

1

MR. LEE YI SHYAN
Chairman and Non-Independent and Non-Executive Director

Mr. Lee Yi Shyan was appointed as the Non-Independent and Non-Executive Chairman and Member of the Nominating and Remuneration Committee of the Company on 17 July 2017. He was last re-appointed as a Director at the Annual General Meeting of the Company held on 20 May 2020.

Mr. Lee joined OUE Limited as an Executive Adviser to the Chairman of OUE Limited in January 2016. He is the chairman of OUE Commercial REIT Management Pte. Ltd. (the Manager for OUE Commercial Real Estate Investment Trust, listed on the Main Board of Singapore Exchange Securities Trading Limited ("**SGX-ST**")) and OUE USA Services Corp. In addition, Mr. Lee is the Chairman and Director of ICE Futures Singapore Pte. Ltd.

He is currently the Adviser of Keppel Corporation Limited, and Director of Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd.

Mr. Lee is the chairman of Business China in the non-profit organisation sector. Business China's mission is to nurture an inclusive bilingual and bicultural group of Singaporeans through extensive use of the Chinese language as the medium of communication, and to develop a cultural and economic bridge linking the world and China.

4
ROGER TAN CHADE PHANG

5
ERIC SHO KIAN HIN

6
JACKSON TAY ENG KIAT

7
JOHJI SATO

Prior to joining OUE Limited, Mr. Lee was Singapore's Senior Minister of State for the Ministry of National Development, Ministry of Trade & Industry and Ministry of Manpower. Mr. Lee had extensive interactions with governments and businesses in China, the Middle East, Africa and Russia and oversaw urban planning, construction productivity development and town council management. Mr. Lee stepped down as an elected Member of Parliament in Singapore for the East Coast Group Representation Constituency in July 2020.

Prior to his political career, Mr. Lee was the Chief Executive Officer of International Enterprise Singapore, the Deputy Chief Executive Officer of SPRING Singapore and held senior operational and staff positions at the Singapore Economic Development Board, including its USA and China operations.

Mr. Lee was honoured with the Distinguished Alumni Award by the Centre for Creative Leadership, North Carolina, USA, in 2009, and the Distinguished Engineering Alumni Award by the Faculty of Engineering, National University of Singapore, in 2013. He was also honoured with the "Jiangsu Province Honorary Resident" title in 2018.

Board of Directors

2

MR. YET KUM MENG
Chief Executive Officer and Executive Director

Mr. Yet Kum Meng was appointed as Chief Executive Officer and Executive Director of the Company on 28 February 2019. Mr. Yet was previously the Chief Financial Officer of the Company since May 2017. He was last re-appointed as a Director at the Annual General Meeting of the Company held on 25 April 2019. In accordance with the Company's Constitution, Mr. Yet will retire at the 2021 Annual General Meeting and will stand for re-appointment as a Director.

As Chief Executive Officer and Executive Director, Mr. Yet manages and oversees the overall business and development matters of the Company and its subsidiaries.

Mr. Yet has more than 20 years of experience in the airline and real estate sectors, both in Singapore and China, serving in various management roles.

Mr. Yet joined Lippo group in 2008 and served as its Chief Executive Officer/President, China Real Estate Division, as well as Board Member of the China project companies till 2015. He has also been on the Board of Directors of Lippo group's retail businesses in China since 2010.

Prior to joining Lippo Group, Mr. Yet was with GuocoLand Limited as Group Financial Controller of China from 2005 to 2008, overseeing finance and accounting, taxation, business development, human resources and legal matters.

Mr. Yet was in the airline sector from 1996 to 2005, having served in various management roles with Singapore Airlines ("**SIA**") in Finance, Treasury, Sales and Marketing, North Asia Regional Office, as well as being Staff Assistant to SIA Group Chairman and Deputy Chairman/Chief Executive Officer.

Mr. Yet holds a Bachelor of Accountancy (First Class Honours) degree and a Master of Business Administration (Hospitality and Tourism Management) degree from Nanyang Technological University, Singapore.

3

MR. TADAHIRO KIYOSU
Non-Independent and Non-Executive Director

Mr. Tadahiro Kiyosu was appointed as Non-Independent and Non-Executive Director and Member of the Nominating and Remuneration Committee of the Company on 7 May 2019. He was re-appointed as a Director of the Company at the Annual General Meeting of the Company held on 20 May 2020.

Mr. Kiyosu is currently Chief Strategy Officer for Asia & Oceania Bloc of ITOCHU Corporation as well as President and Chief Executive Officer of ITOCHU Singapore, an appointment he has held since 2019.

As President and Chief Executive Officer of ITOCHU Singapore, and Chief Strategy Officer for Asia & Oceania Bloc of ITOCHU Corporation, Mr. Kiyosu is responsible for ITOCHU Corporation's overseas strategic business development in Asia and Oceania and management of ITOCHU Singapore as the head quarter in the area.

Mr. Kiyosu joined ITOCHU Corporation in 1988. He was the general manager of Forest Products and General Merchandise, in charge of business for Building Materials, Natural Rubber, Tyre etc. from 2017. During his tenure as General Manager, he concurrently served as Director or Officer of several Japanese or overseas companies in which ITOCHU Corporation had invested, including the Tokyo-listed Daiken Corporation.

Mr. Kiyosu holds a Bachelor of Arts from School of Foreign Studies, Osaka University in Japan.

4

MR. ROGER TAN CHADE PHANG

Lead Independent and Non-Executive Director

Mr. Roger Tan Chade Phang was appointed as Independent and Non-Executive Director of the Company on 23 January 2017 and was appointed as Lead Independent Director, Chairman of the Nominating and Remuneration Committee and Member of the Audit and Risk Committee of the Company on 17 July 2017. He was last re-appointed as a Director at the Annual General Meeting of the Company held on 25 April 2019. In accordance with the Company's Constitution, Mr. Tan will retire at the 2021 Annual General Meeting and will stand for re-appointment as a Director.

Mr. Tan is the Chief Executive Officer and founder of SIAS Research Pte. Ltd. (now known as Voyage Research Pte. Ltd.) since 2009 till present. Prior to setting up Voyage Research, Mr. Tan was an Investment Analyst with Standard Chartered Bank Singapore from 2007 to 2008, and was also the lead Investment Analyst in SIAS Research Pte. Ltd. (now known as Voyage Research Pte. Ltd.) from 2005 to 2016.

Currently, Mr. Tan is the President of the Small and Middle Capitalisation Association (SMCCA), where he actively gathers small and middle capitalisation companies within a single entity to work closely with the authorities and professionals to improve the visibility and governance standards of its members. Mr. Tan also sits on the Board of TIH Limited (listed on the Main Board of the SGX-ST), Camsing Healthcare Limited (listed on the Main Board of the SGX-ST), Starland Holdings Limited (listed on the Catalist Board of the SGX-ST) and REVEZ Corporation Ltd. (listed on the Catalist Board of the SGX-ST), as an Independent Director.

Mr. Tan sat on the Board of TBK & Sons Holdings Limited (listed on the Main Board of The Stock Exchange of Hong Kong) as an Independent Director from September 2019 to October 2020.

Mr. Tan graduated with a Bachelor of Business in Accountancy degree from RMIT University and obtained a Master of Finance degree from the same university.

5

MR. ERIC SHO KIAN HIN

Independent and Non-Executive Director

Mr. Eric Sho Kian Hin was appointed as Independent and Non-Executive Director of the Company on 23 January 2017 and was appointed as Chairman of the Audit and Risk Committee and Member of the Nominating and Remuneration Committee of the Company on 17 July 2017. He was last re-appointed as a Director at the Annual General Meeting of the Company held on 20 May 2020.

Mr. Sho has over 20 years of experience in financial reporting and regulatory compliance and was involved in various financial related activities such as equity and pre-IPO fund raising, mergers and acquisitions, restructuring and group tax optimisation.

Currently, Mr. Sho is an Independent Director and the Chairman of the Audit Committee of QT Vascular Limited and Choo Chiang Holdings Ltd., both companies listed on the Catalist Board of the SGX-ST. He is also the member of the Nominating Committee and Remuneration Committee of Choo Chiang Holdings Ltd.

Mr. Sho was with Ernst & Young Kuala Lumpur from 1995 as Assurance and Advisory Business Service Manager and left private practice in 2002 to join other firms in the private sector.

In 2007, Mr. Sho was appointed as Executive Director and Chief Financial Officer of China Farm Equipment Limited ("**China Farm Equipment**"), a company formerly listed on the Main Board of the SGX-ST. He was responsible for, amongst others, planning and management of China Farm Equipment's financial and taxation matters. He acted as the key liaison person with the stock exchange, supervised compliance with corporate governance, and handled investor relations, regional roadshows as well as funding options for China Farm Equipment. After China Farm Equipment was privatised in 2013, Mr. Sho remains involved in the on-going corporate exercise to list China Farm Equipment's assets in China.

Mr. Sho started his professional training with Victor & Company in 1990 and is a Fellow of the Association of Certified Chartered Accountants (FCCA). He is also a member of Singapore Institute of Directors (SID).

Board of Directors

6

MR. JACKSON TAY ENG KIAT
Independent and Non-Executive Director

Mr. Jackson Tay Eng Kiat was appointed as Independent and Non-Executive Director of the Company on 23 January 2017 and was appointed as Member of the Audit and Risk Committee of the Company on 17 July 2017. He was also appointed as Member of the Nominating and Remuneration Committee of the Company on 21 March 2018. He was last re-appointed as a Director at the Annual General Meeting held on 25 April 2019. In accordance with the Company's Constitution, Mr. Tay will retire at the 2021 Annual General Meeting and will stand for re-appointment as a Director.

Mr. Tay has more than 18 years of experience in accounts and finance functions of various entities in the public and private sectors.

Mr. Tay is currently the Chief Operating Officer and Company Secretary of Hafary Holdings Limited Group ("**Hafary**"), a company listed on the Main Board of the SGX-ST. He oversees Hafary's operational and corporate secretarial functions, which including business developments and investor relations. He also spearheads Hafary's overall corporate and strategic development in Singapore and overseas.

Prior to his current role, Mr. Tay was responsible for the preparation of Hafary's financial results pursuant to the listing requirements of the rules of the Catalist Board. Subsequently, Hafary's listing was transferred from the Catalist Board of the SGX-ST to the Main Board of the SGX-ST in 2013. In his previous role, Mr. Tay was also involved in all financial and administrative matters of Hafary, including the implementation and maintenance of Hafary's financial and management reporting system.

Mr. Tay is the Chairman and Independent Director of Sim Leisure Group Ltd., a company listed on the Catalist Board of the SGX-ST and also an Independent Director of Sapphire Corporation Limited, a company listed on the Main Board of the SGX-ST.

Mr. Tay holds a Bachelor of Accountancy (Minor in Marketing) degree from Nanyang Technological University, Singapore and is a member of the Institute of Singapore Chartered Accountants.

7

MR. JOHJI SATO
Independent and Non-Executive Director

Mr. Johji Sato was appointed as Independent and Non-Executive Director and Member of the Audit and Risk Committee of the Company on 15 February 2018. He was last re-appointed as a Director at the Annual General Meeting of the Company held on 20 May 2020.

Mr. Sato has more than three decades of experience in the professional business advisory services industry.

Mr. Sato sat on the Board of Sumida Corporation, a company listed on the Tokyo Stock Exchange, from 2013 to March 2021.

Mr. Sato started his professional career with Chuo Coopers & Lybrand Associates, Inc in 1982 before joining the London Office of Coopers & Lybrand UK (now PricewaterhouseCoopers LLP). Mr. Sato stayed on as a partner with PricewaterhouseCoopers LLP UK until he took the role of Executive Senior Director (Global Japanese Businesses) with PricewaterhouseCoopers Co., Ltd. in 2012. As Executive Senior Director, he was involved in the coaching of Japanese partners on Board-room consulting and global Japanese businesses, amongst other things. Mr. Sato retired from PricewaterhouseCoopers in 2014.

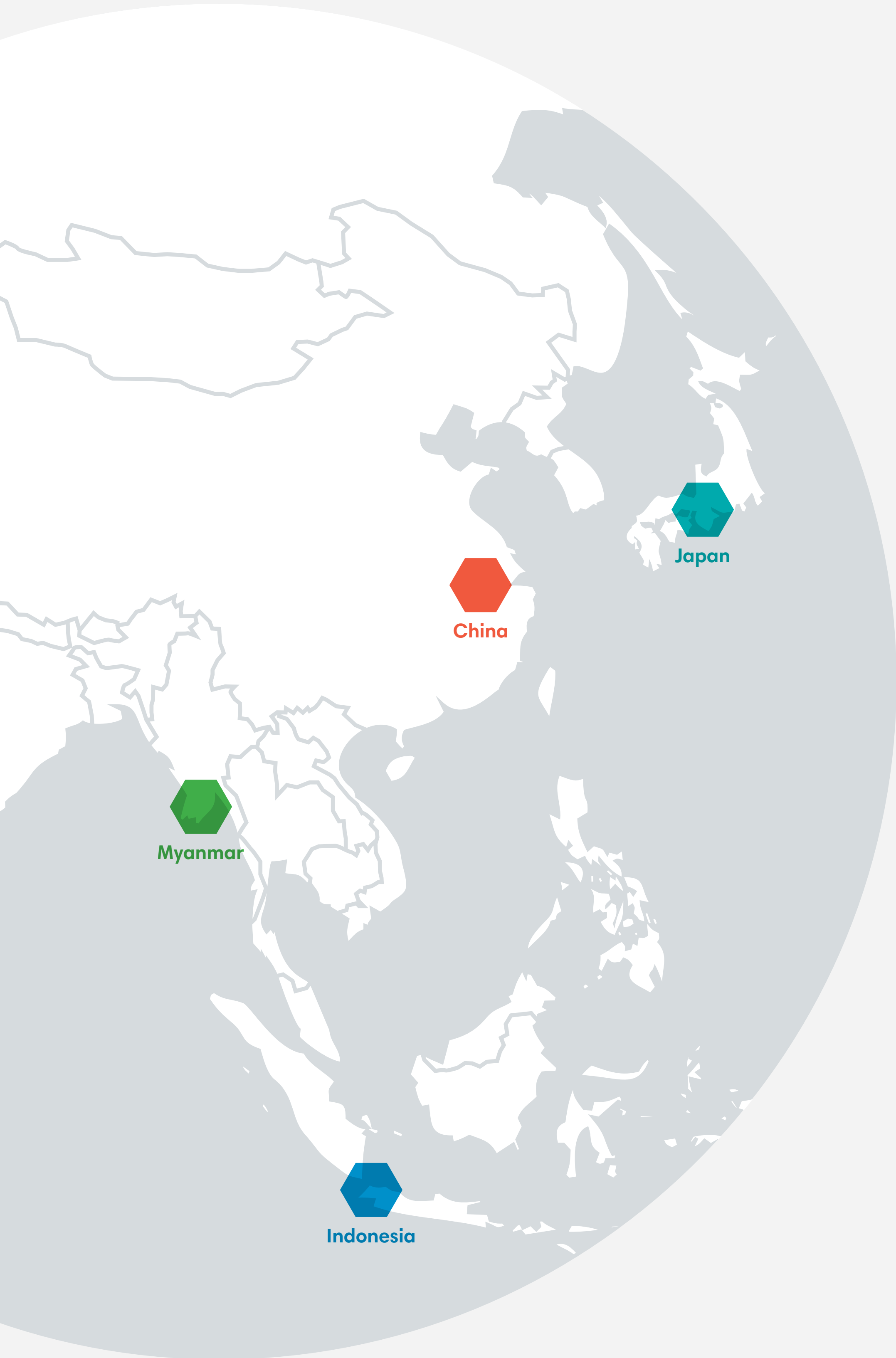
Mr. Sato graduated with a Bachelor of Laws degree from Chuo University, Japan.

Key Executive

MR. YET KUM MENG
Chief Executive Officer and Executive Director

Please refer to page 18 – the "Board of Directors" section of this Annual Report for Mr. Yet Kum Meng's biography.

Our Network



CHINA

- Operating one general hospital in Wuxi
- Developing one hospital in Shenzhen
- To operate one hospital in Changshu
- Hospital land and building in Wuxi

Artist's impression of the refreshed Wuxi Lippo Xi Nan Hospital

MYANMAR

- Jointly managing and operating three hospitals in Yangon, Mandalay and Taunggyi
- Jointly managing and operating three clinics in Yangon, Nyaung Shwe, Taw Win and one medical centre in downtown Yangon

Pun Hlaing Hospital, Yangon

INDONESIA

- Presence via stakes in First REIT Management Limited and First REIT

Siloam Hospital Lippo Village, part of First REIT's portfolio

OTHER ASSETS

- Development land in Kuala Lumpur, Malaysia
- Medical use land in Dujiangyan, Chengdu, the People's Republic of China

JAPAN

- Owns 12 quality nursing homes spanning four prefectures

HOKKAIDO

Hikari Heights Varus Fujino

Hikari Heights Varus Ishiyama

Hikari Heights Varus Kotoni

Hikari Heights Varus Tsukisamu-Koen

Hikari Heights Varus Makomanai-Koen

Varus Cuore Sapporo-Kita & Annex

Varus Cuore Yamanote

KYOTO

Orchard Amanohashidate

NAGANO

Orchard Kaichi North

Orchard Kaichi West

NARA

Elysion Mamigaoka/ Mamigaoka Annex

Elysion Gakuenmae

At A Glance

CHINA

In 2020, OUELH continued to deepen its partnership with China Merchants Group through the addition of the Changshu China Merchants – Lippo Obstetrics & Gynaecology Hospital in Changshu.

OUELH holds a 50% equity interest in China Merchants Lippo Hospital Management (Shenzhen) Limited ("**CM Lippo**"). CM Lippo is a 50:50 joint venture company with a subsidiary of China Merchants Shekou Industrial Zone Holdings Co., Ltd., a member company of the China Merchants Group.

CM Lippo is currently developing a hospital – Prince Bay China Merchants-Lippo General Hospital in Shenzhen and has entered into a lease agreement to operate Changshu China Merchants – Lippo Obstetrics & Gynaecology Hospital in Changshu, Jiangsu.

Following the acquisition of the 70% stake of the operating company that operates Wuxi Lippo Xi Nan Hospital in Wuxi, Jiangsu.

The Company believes that its healthcare management expertise, coupled with the deepening partnership with China Merchants Group, will put OUELH in good stead to capture the growing healthcare opportunities in China.

PRESENCE IN
3 MAJOR CITIES

50:50 JOINT VENTURE
CM LIPPO
WITH CHINA MERCHANTS SHEKOU INDUSTRIAL ZONE HOLDINGS CO., LTD

- 1 Wuxi, Jiangsu
- 2 Shenzhen
- 3 Changshu, Jiangsu

- 1 Artist's impression of Changshu Hospital
- 2 Interiors of Wuxi Lippo Xi Nan Hospital
- 3 Interiors of Wuxi Lippo Xi Nan Hospital
- 4 Signing ceremony with China Merchants Group for Prince Bay Hospital

CHINA

GREATER BAY AREA, SHENZHEN

Prince Bay China Merchants-Lippo General Hospital
OUELH has completed a share subscription agreement and entered into a shareholders' agreement to jointly develop, operate and manage a high-end hospital in Prince Bay, Shekou, Shenzhen, the People's Republic of China (the "**Prince Bay Hospital**") with China Merchants Shekou Industrial Zone Holdings Co., Ltd..

The upcoming Prince Bay Hospital is expected to have more than 200 beds serving the local community and is set to benefit from the growth of the medical tourism industry in the Guangdong-Hong Kong-Macao Greater Bay Area (the "**Greater Bay Area**"). The Prince Bay Hospital is expected to be commissioned by 2024.

The Greater Bay Area has been earmarked by the Chinese government to be the main driver of economic growth and international trade, and a key player in China's "Belt and Road Initiative".

The bustling cluster of 11 cities occupies about 56,000 sq km in land area. Despite comprising about 0.6% of China's total land area, the Greater Bay Area is home to approximately 5% of the total population. It contributes about 12% of China's Gross Domestic Product ("**GDP**"), or approximately US$1.6 trillion[1], which is comparable to the economic size of South Korea. The GDP of the Greater Bay Area is expected to grow to approximately US$4.62 trillion by 2030, surpassing the Tokyo Bay Area as well as the New York Bay Area. Shekou, where the Prince Bay Hospital is located, is nestled at the southern tip of Nanshan, with Hong Kong just across the Shenzhen Bay. In 2015, it was designated as a Free Trade Zone by the Chinese government. The vibrant commercial area is home to many Fortune 500 Chinese companies that are attracted to its connectivity, location and growth potential.

1

2

1. Source: CBRE Hong Kong, August 2018 (https://www.cbre.com.hk/en/about/media-centre/the-rise-ofthe-greater-bay-area-as-the-worlds-largest-bay-area-economy)

- 1 Cornerstone laying ceremony for the Prince Bay Hospital
- 2 Artist's impression of the Prince Bay Hospital in Shenzhen
- 3 Artist's impression of Prince Bay development in Shenzhen
- 4 Artist's impression of the Prince Bay Hospital in Shenzhen

CHINA

JIANGSU

Jiangsu is China's 5th most populous and densely populated province and the second largest contributor to China's GDP.

In 2018, Jiangsu's GDP grew 6.7% to reach RMB 9.3 trillion with leading economic hubs in the cities of Nanjing, Suzhou and Wuxi. With continued government support and increased urbanisation, Jiangsu looks set to continue its development as a thriving economic hub, attracting both local and foreign workers to the province.

CHANGSHU

Changshu China Merchants-Lippo Obstetrics & Gynaecology Hospital

Tapping on the local market opportunities, the Changshu China Merchants-Lippo Obstetrics & Gynaecology ("**O&G**") Hospital ("**Changshu Hospital**") will be positioned as a premium specialist hospital. Targetting the affluent market segment, the Changshu Hospital will provide premium O&G services, including paediatric and postpartum care.

Changshu is a county-level city under Suzhou in the Jiangsu Province. It has a population of about 1.5 million with GDP per capita of RMB150,000 in 2019, and is ranked 4th highest amongst county-level cities in China.

- 1 Artist's impression of the Changshu Hospital
- 2 Interiors of Wuxi Lippo Xi Nan Hospital
- 3 Interiors of Wuxi Lippo Xi Nan Hospital
- 4 Interiors of Wuxi Lippo Xi Nan Hospital
- 5 Artist's impression of the refreshed Wuxi Lippo Xi Nan Hospital

WUXI

Wuxi Lippo Xi Nan Hospital

In line with the Group's asset-light strategy, OUELH has completed the acquisition of the 70% stake of the operating company that operates Wuxi Lippo Xi Nan Hospital, a general hospital located in Wuxi, Jiangsu.

Wuxi land and building

OUELH currently owns a piece of land of approximately 244,136 sq ft, and a building located in New District, Wuxi City, Jiangsu Province, the People's Republic of China.

At A Glance

MYANMAR

OUELH believes that its international healthcare expertise will complement its high-quality medical facilities in Myanmar, and achieve further growth in one of the fastest-growing Southeast Asian economies.

In April 2019, OUELH entered into Myanmar's healthcare market via a joint venture with First Myanmar Investment Public Company Limited ("**FMI**"). Under the management brand of Yoma-OUE Healthcare ("**YOH**"), OUELH jointly operates and manages a healthcare portfolio of three hospitals, three clinics and one medical centre (the "**Myanmar Medical Facilities**") with FMI.

Branded as "Pun Hlaing Hospitals", the three hospitals have a total bed capacity of approximately 370 beds and are located in the key cities of Yangon, Mandalay and Taunggyi. The flagship hospital in Yangon is the first hospital in Myanmar to receive the prestigious JCI accreditation in 2017. The core services offered by the hospitals include emergency, out-patient, in-patient, laboratory, imaging, physiotherapy, medical check-up and overseas clinical services, across practices including Cardiology, Orthopaedics, Obstetrics and Gynaecology.

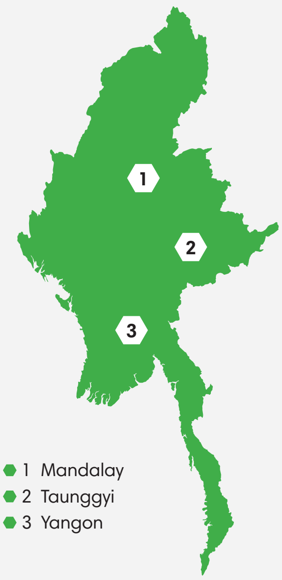
FIRST HOSPITAL IN MYANMAR WITH
JCI
ACCREDITATION

MYANMAR MEDICAL FACILITIES
7

TOTAL BED CAPACITY
370

PUN HLAING HOSPITALS

YOMA-OUE HEALTHCARE MYANMAR



- 1 Mandalay
- 2 Taunggyi
- 3 Yangon

YANGON

As the largest city in Myanmar with a population of over five million people, Yangon is the country's former capital and continues to be the commercial capital of Myanmar today. The 170-bed flagship hospital in Yangon, Pun Hlaing Hospital Yangon, is the first hospital in Myanmar to receive the prestigious JCI accreditation in 2017.

Apart from the flagship hospital, YOH also manages and operates a medical centre in downtown Yangon, which is expected to capture the growing healthcare demand of the burgeoning middle class and expatriate community.

TAUNGGYI

Taunggyi is home to a diverse group of ethnicities as it is the capital of Shan State, Myanmar's largest state, bordering China, Laos and Thailand. The 100-bed hospital in Taunggyi is expected to serve the largest state's growing community.

Additionally, YOH is also operating and managing a clinic in Nyaung Shwe, a city in Shan State bordering Taunggyi.

MANDALAY

Mandalay is the second largest city in the country and serves as the main commercial, education and health centre for Upper Myanmar. Although it contributes approximately 11% of Myanmar's Gross Domestic Product ("**GDP**"), Mandalay's GDP per capita is recorded as the highest in Myanmar at approximately US$6,400, which is similar to that of Ho Chi Minh City.

With a wide range of in-patient and out-patient services, the 100-bed hospital in Mandalay is well-positioned to serve the Mandalay community's increasing healthcare needs.

- 1 Pun Hlaing Hospital, Yangon
- 2 Pun Hlaing Hospital, Mandalay
- 3 Pun Hlaing Hospital, Taunggyi

At A Glance

INDONESIA (VIA FIRST REIT)

OUELH has significant presence in Southeast Asia's largest economy through its stakes in First REIT and its manager.

First Real Estate Investment Trust (First REIT) is Singapore's first healthcare real estate investment trust listed on the Main Board of the SGX-ST in 2006. It was established with the principal investment strategy of investing in a diversified portfolio of income-producing real estate and/or real estate-related assets in Asia that are primarily used for healthcare and/or healthcare-related purposes.

OUELH and OUE Limited hold a 40.0%[1] and 60.0%[1] stake, in First REIT Management Limited (formerly known as Bowsprit Capital Corporation Limited) respectively, the manager of First REIT. OUELH also holds approximately 15%[2] of First REIT units.

First REIT currently has a diversified portfolio of 20 high quality healthcare properties with stable cash flows and long lease terms in Indonesia, Singapore and South Korea. They include 15 hospitals in Indonesia that are strategically located within large catchment areas of potential patients, with each having a "Centre of Excellence" in their respective specialisations. These Indonesian hospitals are operated by PT Siloam International Hospitals Tbk, a subsidiary of PT Lippo Karawaci Tbk, a strong brand name in the Indonesian healthcare industry supported by a team of international healthcare professionals. Other assets in Indonesia include the Imperial Aryaduta Hotel & Country Club and Hotel Aryaduta Manado, operated by The Aryaduta Hotel & Resort Group, as well as Lippo Plaza Kupang and Lippo Plaza Buton, managed by PT Lippo Malls Indonesia.

First REIT's other properties include well-run nursing homes in Singapore staffed by well-qualified, dedicated and experienced healthcare professionals, and Sarang Hospital which provides rehabilitative and nursing healthcare services in Yeosu City, South Korea.

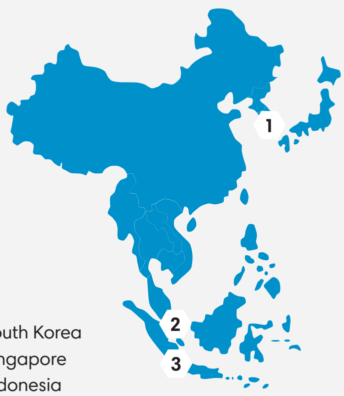
NO. OF ASSETS
20
16 IN INDONESIA, 3 IN SINGAPORE, 1 IN SOUTH KOREA

TOTAL ASSETS UNDER MANAGEMENT[2]
S$939.7 MILLION

MINIMUM LEASE OF
10 YEARS
WITH STEP-UP ESCALATION

TOTAL GFA
358,551 SQM

FIRST REIT
FIRST REAL ESTATE INVESTMENT TRUST



1. As at 31 December 2020.
2. Calculated based on the total issued units of First REIT as at 24 February 2021.

- 1 Siloam Hospitals Lippo Village, Indonesia
- 2 Siloam Hospitals Kupang & Lippo Plaza Kupang, Indonesia

INDONESIA (VIA FIRST REIT)

INDONESIA

1. **Siloam Hospitals Lippo Village**
   A 10-storey hospital building, and one of the largest private hospitals in the region with a strong brand name for excellent patient care, world-class Neuroscience and Cardiology specialties and a first-rate Trauma Centre

2. **Siloam Hospitals Kebon Jeruk**
   A 6-storey hospital with a 3-storey extension building located in West Jakarta, renowned for its authority in the diagnosis and treatment of disorders of the urinary tract or urogenital system

3. **Siloam Hospitals Surabaya**
   A 5-storey hospital building, and one of the most recognised and highly respected private hospitals in Surabaya, with excellent Trauma Centre facilities

4. **Imperial Aryaduta Hotel & Country Club**
   One of the few 5-star hotels linked with a country club in Jakarta

5. **Mochtar Riady Comprehensive Cancer Centre**
   A 29-storey hospital with two basement levels. Indonesia's first private comprehensive cancer treatment centre equipped with state-of-the art facilities and diagnostic medical technologies, located in Central Jakarta

6. **Siloam Hospitals Lippo Cikarang**
   A 6-storey hospital located in East Jakarta, reputed for its international standards of medical care, with a broad range of general and specialist services

7. **Siloam Hospitals Manado & Hotel Aryaduta Manado**
   An 11-storey integrated hospital and hotel with basement level located in Manado City, North Sulawesi

8. **Siloam Hospitals Makassar**
   A 7-storey hospital located in the integrated township of Tanjung Bunga, Makassar City, South Sulawesi

SINGAPORE

17. **Pacific Healthcare Nursing Home @ Bukit Merah**
    A 4-storey custom-built nursing home with basement carpark and roof terrace

18. **Pacific Healthcare Nursing Home II @ Bukit Panjang**
    A 5-storey custom-built nursing home

19. **The Lentor Residence**
    A 5-storey custom-built nursing home with comprehensive medical facilities

9. **Siloam Hospitals Bali**
   A 4-storey hospital with one basement level, strategically located in the fastest growing area in Bali

10. **Siloam Hospitals TB Simatupang**
    A 16-storey hospital, with two basement levels, located in Cilandak, South Jakarta

11. **Siloam Hospitals Purwakarta**
    A 3-storey and 5-storey adjoining hospital building located in the fast growing city of Purwakarta in West Java

12. **Siloam Sriwijaya**
    A strata-titled 7-storey hospital located in Palembang, the capital city of South Sumatra

13. **Siloam Hospitals Kupang & Lippo Plaza Kupang**
    A linked 4-storey hospital with a basement level and a 3-storey mall located in Kupang, the capital city of East Nusa Tenggara

14. **Siloam Hospitals Labuan Bajo**
    A 3-storey hospital located in the growing tourism centre of Labuan Bajo, currently the only hospital facility in Labuan Bajo

15. **Siloam Hospitals Buton & Lippo Plaza Buton**
    A 3-storey standalone hospital integrated with the only modern mall within Bau Bau City, the main city on Buton Island

16. **Siloam Hospitals Yogyakarta**
    A hospital that is part of a 10-storey integrated development in Yogyakarta

SOUTH KOREA

20. **Sarang Hospital**
    A 6-storey hospital, with one basement level, providing rehabilitative treatment and nursing healthcare services in Yeosu City

At A Glance

JAPAN

OUELH is well-poised to capitalise on the healthcare opportunities in Japan through its portfolio of high-value nursing homes.

OUELH currently owns and manages a portfolio of 12 quality nursing homes located across Japan in Hokkaido, Nagano, Nara and Kyoto.

With over 90% average occupancy across approximately 1,451 units, all 12 nursing homes are middle to high-end facilities with communal facilities such as lounges, restaurants and other community spaces.

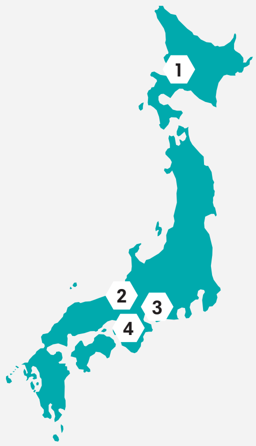
The nursing homes are professionally operated by local Japanese operators that provide daily services, medical consultation services, leisure and entertainment programmes as well as nursing care, including special meal preparation, provision of functional training and toilet and bathing assistance.

COVERAGE
4 CITIES

NO. OF UNITS
1,451
SPANNING OVER 4 PREFECTURES

NO. OF NURSING HOMES
12

AVERAGE OCCUPANCY[1]
>90%
AS AT 31 DECEMBER 2020



1. The average occupancy rate refers to the number of units occupied in the nursing homes. The nursing homes are 100% master-leased to independent local operators.

1 Hikari Heights Varus Fujino, Hokkaido
2 Hikari Heights Varus Ishiyama, Hokkaido

HOKKAIDO

Hikari Heights Varus Fujino
Located in the residential Minami area of Sapporo, which is about an hour's drive from the city centre, the 139-room nursing home can accommodate up to 187 residents and as been in operation since 1994. The majority of its residents are long-term with more than 75% staying for more than 10 years.

Hikari Heights Varus Ishiyama
The 9-storey property is easily accessible via bus from Makomanai Station on the Sapporo City Subway Nanboku Line. Completed in 1986, the 117-room nursing home can house a maximum of 149 residents. A large proportion of its residents has stayed in the home for more than 15 years.

NO. OF UNITS
139

GROSS FLOOR AREA (SQ FT. APPROX)
~103,852

OCCUPANCY (AS AT 31 DEC 2020)
79.9%

NO. OF UNITS
117

GROSS FLOOR AREA (SQ FT. APPROX)
~92,225

OCCUPANCY (AS AT 31 DEC 2020)
86.3%

JAPAN

- 1 Hikari Heights Varus Kotoni, Hokkaido
- 2 Hikari Heights Varus Tsukisamu-Koen, Hokkaido

HOKKAIDO

Hikari Heights Varus Kotoni
In operation since 2013, Hikari Heights Varus Kotoni is located in a residential area approximately 20 minutes from Sapporo city centre and a short walk from the Kontoni Station on the JR Hakodate Main Line. The 14-storey nursing home comprises 281 one and two bedded rooms with a maximum occupancy of 364 residents.

Hikari Heights Varus Tsukisamu-Koen
Located in a suburban area on the fringe of Sapporo city centre, Hikari Heights Varus Tsukisamu-Koen has been in operation since 1990 and more than half of its residents have resided there for more than 15 years. The 10-storey nursing home has a maximum occupancy of 73 residents.

NO. OF UNITS
281

GROSS FLOOR AREA (SQ FT. APPROX)
~218,858

OCCUPANCY (AS AT 31 DEC 2020)
95.4%

NO. OF UNITS
58

GROSS FLOOR AREA (SQ FT. APPROX)
~46,634

OCCUPANCY (AS AT 31 DEC 2020)
100.0%

- 3 Hikari Heights Varus Makomanai-Koen, Hokkaido
- 4 Varus Cuore Sapporo-Kita & Annex, Hokkaido

Hikari Heights Varus Makomanai-Koen

The 10-storey nursing home has been operating since 2016. It is located in a residential area just outside Sapporo city centre. It houses 161 one and two bedded rooms with a maximum occupancy of 196 residents.

NO. OF UNITS
161

GROSS FLOOR AREA (SQ FT. APPROX)
143,174

OCCUPANCY (AS AT 31 DEC 2020)
91.3%

Varus Cuore Sapporo-Kita & Annex

Easily accessible by bus from Taihei Station on the JR Gakuentoshi Line, the nursing facility consists of two buildings: 5-storey Varus Cuore Sapporo-Kita with 126 rooms, and 3-storey Varus Cuore Sapporo-Kita Annex with 90 rooms. The two buildings can accommodate a total of 231 residents. The property is well staffed with nurses and counsellors and is in a location that allows easy access to clinics and hospitals.

NO. OF UNITS
216

GROSS FLOOR AREA (SQ FT. APPROX)
82,200

OCCUPANCY (AS AT 31 DEC 2020)
98.0%

JAPAN

- 1 Varus Cuore Yamanote, Hokkaido
- 2 Orchard Amanohashidate, Kyoto

HOKKAIDO

Varus Cuore Yamanote
Located in a residential area not far from Sapporo city centre, the 4-storey nursing facility has been in operation since 2005. It houses 59 one and two bedded rooms with a maximum capacity of 60 residents. With easy accessibility to JR Kotoni Station on the Sapporo City Subway Tozai Line, the home has enjoyed a high occupancy rate with a waiting list of new residents.

NO. OF UNITS
59

GROSS FLOOR AREA (SQ FT. APPROX)
~30,116

OCCUPANCY (AS AT 31 DEC 2020)
89.8%

KYOTO

Orchard Amanohashidate
Orchard Amanohashidate is a lovely nursing facility located next to the famous and scenic Amonohashidate coastline. It comprises a 3-storey nursing home with 60 rooms and a 2-storey daycare service centre. Located six minutes by bus from Amanohashidate Station on the Kitakinki Tango Railway Miyuzu Line, the nursing facility is within walking distance to parks and facilities such as a shopping centre, train station, hospital and city office.

NO. OF UNITS
60

GROSS FLOOR AREA (SQ FT. APPROX)
31,507

OCCUPANCY (AS AT 31 DEC 2020)
98.3%

- 3 Orchard Kaichi North, Nagano
- 4 Orchard Kaichi West, Nagano

NAGANO

Orchard Kaichi North
Located in the residential area of Matsumoto Nagano, a short distance from Japan's historic Matsumoto Castle and a 15-minute walk from JR Kitamatsumoto Station, the 4-storey nursing home houses 79 rooms with a maximum capacity of 85 residents. The nursing home includes communal facilities such as a cafeteria, shared bath, consultation room, activity space and event hall.

Orchard Kaichi West
Located next to Orchard Kaichi North in the residential area of Matsumoto Nagano, the nursing home has a total of 29 rooms for residents and four rooms for guests on short stay. The nursing home includes communal facilities such as a cafeteria, shared bath, consultation room, activity space and an event hall.

Orchard Kaichi North

NO. OF UNITS
79

GROSS FLOOR AREA (SQ FT. APPROX)
54,443

OCCUPANCY (AS AT 31 DEC 2020)
98.7%

Orchard Kaichi West

NO. OF UNITS
29

GROSS FLOOR AREA (SQ FT. APPROX)
~16,808

OCCUPANCY (AS AT 31 DEC 2020)
89.7%

JAPAN

- 1 Elysion Mamigaoka/ Mamigaoka Annex, Nara
- 2 Elysion Gakuenmae, Nara

NARA

Elysion Mamigaoka/Mamigaoka Annex
Elysion Mamigaoka & Elysion Mamigaoka is located in a residential area in Kitakatsuragi, Nara and is the only facility in the area. It consists of a 5-storey and a 4-storey building easily accessible by bus from Goido Station on the Kintetsu Osaka Line. Its 160 fully furnished one and two bedded rooms can accommodate up to 165 residents.

Elysion Gakuenmae
Located in a residential area in Nara, Elysion Gakuenmae is easily accessible by bus from Gakken Nara-Tomigaoka Station and with easy access to the highway leading to Nara's city centre. The 5-storey nursing facility has 92 fully furnished rooms as well as a variety of community spaces, healthcare rooms and lounges. A large hypermart and a nearby hospital also add to the location appeal of this property.

NO. OF UNITS
160

GROSS FLOOR AREA (SQ FT. APPROX)
~109,340

OCCUPANCY (AS AT 31 DEC 2020)
98.1%

NO. OF UNITS
92

GROSS FLOOR AREA (SQ FT. APPROX)
40,795

OCCUPANCY (AS AT 31 DEC 2020)
96.7%

At A Glance

OTHER ASSETS

KUALA LUMPUR, MALAYSIA

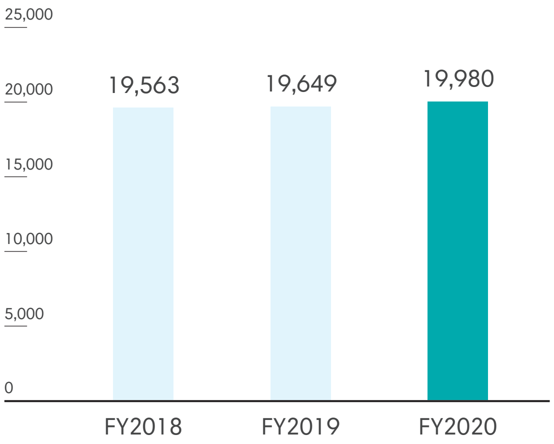
OUELH currently owns a piece of land of approximately 50,849 sq ft in Kuala Lumpur, Malaysia.

CHENGDU, CHINA

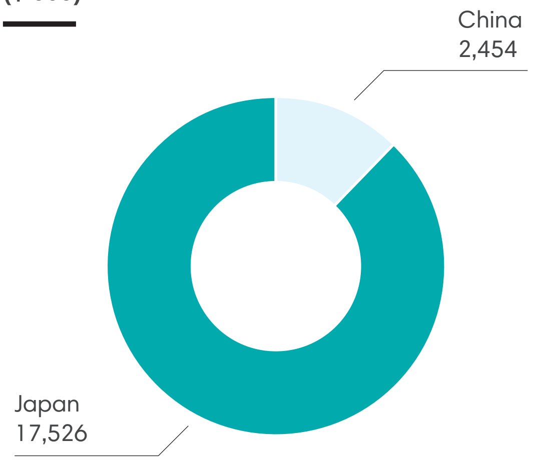
OUELH currently owns a piece of land of approximately 201,223 sq ft in Dujiangyan, Chengdu, the People's Republic of China.

3-Year Financial Highlights

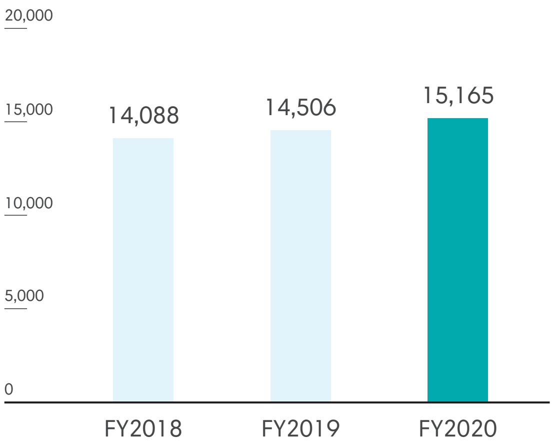
Group Revenue
($'000)



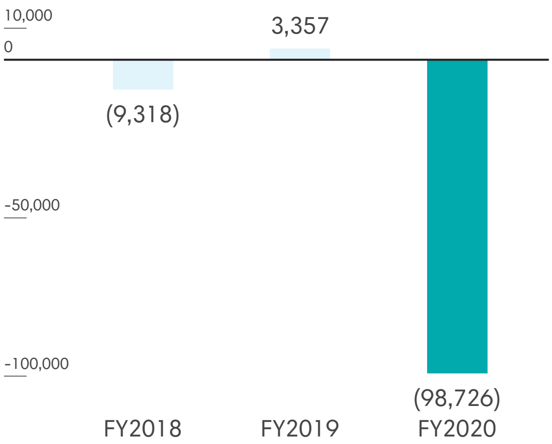
Revenue by Geographies
($'000)



Gross Profit
($'000)



Profit/(Loss) attributable to the owners of the Company
($'000)



Sustainability Report

WHO WE ARE

OUE Lippo Healthcare Limited ("**OUELH**") is a subsidiary of OUE Limited ("**OUE**") and is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

OUELH provides high quality and sustainable healthcare facilities and services through our capabilities in the acquisition, development, management and operation of healthcare facilities. These facilities include medical centres, day surgeries, hospitals, nursing homes and retirement communities.

We believe we can have a positive impact on society by continuing to enhance our understanding of the growing healthcare needs of our customers and providing quality services to meet those needs.

BOARD STATEMENT

The Board of OUELH ("**the Board**") oversees, monitors and approves sustainability-related matters and hereby presents our fourth sustainability report. The Board is supported by the Sustainability Steering Committee ("**SSC**"), which comprises C-Suite management personnel of the Group.

With the ongoing global coronavirus ("**COVID-19**") pandemic and the global economic slowdown, OUELH is evermore determined in maintaining and increasing our overall business resiliency and sustainability to grow and build a resilient business. Amidst the global uncertainties, OUELH has provided regular and prompt announcements to our stakeholders with regards to temporary closures imposed on properties and the measures put in place to tackle affected business areas. Despite the tough circumstances posed, OUELH is determined to maintain a consistent approach towards building a sustainable business.

Sustainability considerations remain an important component of our overall strategy formulation, alongside other risks, opportunities and trends that impact our decision-making process. We began formalising and documenting our sustainability journey in 2017 by identifying material areas of focus and developing a team to drive our sustainability efforts. These material areas of focus remain relevant in 2020 and the Board continues to be supported in our efforts by the SSC. Since 2017, we have also developed specific performance indicators and set targets and had followed them through from 2018 to 2020.

We reviewed our performance in 2020 against these indicators and targets and present our results in this report.

Our Sustainability Report is aligned to the SGX-ST's Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") 711A and 711B (Sustainability Reporting Guide) and references the internationally recognised Global Reporting Initiative ("**GRI**") Standards (2016).

SUSTAINABILITY AT OUELH

We recognise that the alignment of healthcare and sustainability principles can enhance the function, practicality, effectiveness, perception and value of our healthcare services and facilities.

We believe it is important for us to focus on the areas where we can have the most impact. Therefore, the Board validated the results of a materiality assessment that was conducted to identify areas to concentrate our sustainability efforts, which will support our business strategy. In addition, we reported our performance for 2020 and set out targets for 2021.

In 2020, our sustainability approach remained focused in areas where we can have the most impact, including how we manage our investments and assets as well as our own human resource practices. We will at an appropriate time consider to expand our focus to include other areas.

ABOUT THIS REPORT

This sustainability report addresses the material environmental, social and governance ("**ESG**") factors during the period from 1 January 2020 to 31 December 2020.

Reporting Standard

The report is referenced to the Global Reporting Initiative (GRI) Standards (2016) and is also in compliance with the requirements of the Catalist Rules 711A and 711B. We have adopted the GRI Standards because this is a well-known and globally-recognised sustainability reporting framework. This report references the following GRI Standards and topic-specific disclosures:

- Disclosure 205-3: Confirmed incidents of corruption and actions taken
- Disclosure 307-1: Non-compliance with environmental laws and regulations
- Disclosure 404-3: Percentage of employees receiving regular performance and career development reviews
- Disclosure 419-1: Non-compliance with laws and regulations in the social and economic area

Reporting Scope

The Group's business segments are organised into the following categories.

1. Healthcare Operations
2. Healthcare Assets
3. Properties under Development
4. Investments
5. Others

Sustainability Report

The Healthcare Operations segment relates to the operation of Wuxi Lippo Xi Nan Hospital in Wuxi, Jiangsu, the China pharmaceutical trading business and the separate joint ventures with China Merchants Landmark (Shenzhen) Co., Ltd and First Myanmar Investment Public Company Limited ("**FMI**") respectively.

The 12 nursing home facilities in Japan and the Wuxi hospital property are included under the Healthcare Assets segment.

The Japan nursing homes are fully leased to independent operators under long-term master leases.

The Properties under Development segment refers to the development of the Group's properties in China and Malaysia. The properties in China include land in Dujiangyan, Chengdu and Wuxi respectively. The properties are intended to be developed into integrated healthcare projects. The land in Malaysia is located within walking distance to the Kuala Lumpur Convention Centre and Kuala Lumpur City Centre.

The Investments segment comprises the Group's investments in an associate, First Real Estate Investment Trust ("**First REIT**") and the joint venture with OUE Limited in First REIT Management Limited ("**FRM**"), the manager of First REIT.

Others refer mainly to the head office and corporate functions, including investment holding related activities.

In this report, we focused on the material ESG factors for our Japan nursing home facilities, human resource management practices and our corporate governance practices, including compliance with our Code of Business Conduct and Ethics (the "**Code**").

Feedback
We look forward to any enquires, comments or feedback on both our sustainability performance and sustainability report via info@ouelh.com.

ASSESSING MATERIALITY WITH OUR STAKEHOLDERS IN MIND

Engaging with our stakeholders
We have numerous stakeholder groups across our geographies and operations. Stakeholders are groups of people or entities who affect or are affected by our business. It is important for the success of our business that we engage with them regularly to track and address their needs and concerns. We engage our stakeholders for a number of reasons, and through these engagements we can identify their various sustainability priorities. Our engagement methods for each stakeholder group are tabled below:

Stakeholders	Engagement Methods & Frequency	Key Indicators
Shareholders, investors, analysts and the media	• Release of financial results, announcements, press releases, annual reports and other relevant disclosures through SGXNET and our corporate website, throughout the year • Email alert subscriptions via OUELH's website • Annual General Meeting, once a year • Extraordinary General Meetings, where necessary • Updates through one-on-one and group meetings and investor roadshows, as and when necessary	• Economic performance • Compliance with business conduct and ethics
Customers	• Meetings with operators of the Japan nursing home facilities, throughout the year • Feedback from patients, throughout the year	• Active ownership of assets • Economic performance • Compliance with business conduct and ethics
Employees	• Training and development activities, as and when necessary • Annual performance reviews, once a year • Staff welfare and team bonding activities, as and when necessary	• Talent management
Government and Regulators	• Industry networking functions, as and when necessary • Regulatory audits, once a year • Compliance with mandatory reporting requirements, throughout the year	• Compliance with business conduct and ethics

In view of the COVID-19 pandemic restrictions in Singapore, voting by shareholders at the AGM held on 20 May 2020 ("**2020 AGM**") was conducted by way of electronic means[1]. Shareholders were not able to attend the 2020 AGM in person. Instead, shareholders participated in the 2020 AGM via live audio-visual webcast or live audio-only stream and appointed the Chairman of the Meeting as proxy to attend, speak and vote on their behalf at the 2020 AGM. Shareholders were invited to submit questions related to the resolutions to be tabled for approval at the 2020 AGM to the Chairman of the meeting, in advance of the 2020 AGM. All Directors, including the both Chairmen of the ARC and NRC, as well as the external auditors had also attended the 2020 AGM by way of a live audio-visual webcast. The minutes of 2020 AGM were published on the Company's corporate website and SGXNET within a month after 2020 AGM.

Material ESG Factors selection
A formal materiality assessment has been carried out in 2017 with the SSC and in collaboration with an external consultant. During this session, ESG factors that were most relevant to us were identified. For 2020, we have validated that based on the reporting scope as described above, the ESG factors previously selected remain material to our business.

In addition, we are aware that our business has a global context and that the effects of our activities can be felt far outside of the boundaries of our control. We hope that by managing these material ESG factors, we can mitigate any negative impact of our activities and go a step further by contributing to global sustainability efforts.

The United Nations Sustainable Development Goals ("**SDGs**") are a set of global goals developed by the United Nations aimed at achieving a better and more sustainable future by 2030. In 2020, we mapped our material ESG factors and efforts to the SDGs developed by the United Nations to achieve a global perspective. In the mapping exercise, as shown below, we considered how our sustainability efforts contribute towards the achievement of these global goals.

Material ESG factor	How we contribute to the SDG	Relevant SDGs
1. **Economic performance**[2]	Deliver economic value to shareholders, employees and community	8 DECENT WORK AND ECONOMIC GROWTH
2. **Active ownership of assets**	Encourage eco-efficiency and safety in our assets	13 CLIMATE ACTION
3. **Talent management**	Adopt fair employment practices and provide training and development programmes to equip employees with relevant skills	8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES
4. **Corporate governance and compliance with business conduct and ethics**	Maintain high ethical standards and responsible business practices in all locations of operations	13 CLIMATE ACTION

1. The 2020 AGM was held in accordance with the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("**COVID-19 Order**"), guidelines or directives issued by government agencies or regulatory authorities relating to the conduct of meetings during the period where safe distancing measures are in place.
2. Please refer to the Annual Report for more information on our economic performance (pages 13-14, 43)

Sustainability Report

ACTIVE OWNERSHIP OF ASSETS
The success and value of our asset portfolio has a direct impact on the success of our business and the value that we can bring to our shareholders. Therefore, optimal management of our assets is a priority. In this section, we will focus on our 12 nursing home facilities in Japan.

Asset management
We conduct regular assessments of our assets and work closely with each nursing home operator, so as to make physical improvements to address issues as they arise. These physical upgrades could be to improve eco-efficiency, safety or alignment with new regulations. As part of this regular assessment, we prepared a maintenance capital expenditure ("**CAPEX**") plan based on the requirements of the master lease agreements and regulatory requirements. The budget for the maintenance CAPEX plan is reviewed and approved by our Singapore Head Office and the Board of Directors. The master lease agreements with the operators define the responsibility between the asset owner and the lessee for repairs and maintenance of the nursing home facilities.

Maintenance and improvement works on our assets in 2020 include:

- Maintenance of external façade/ brickworks and windows
- Maintenance of heating and water supply system
- Repairs and maintenance of roofs
- Replacement of air filtration system
- Updates on fire protection equipment

In 2020, all maintenance and improvement works on our assets were conducted in a manner that are in accordance with all COVID-19 related guidelines and requirements. These include ensuring safe-distancing and temperature checking for all workers, staff and tenants who came to the premises.

Our 2020 Performance	2021 Target
We met the target set for 2020 with 100% assessment of our assets and the development of a maintenance and CAPEX plan for each asset.	We aim to continue to review and assess 100% of our assets and develop a maintenance and CAPEX plan for each asset.

TALENT MANAGEMENT
We recognise that the competence and commitment of our employees are key factors to our success. To develop and retain our talent, we adopt robust recruitment practices, facilitate employee development through learning and development opportunities and regular performance review and cultivate a working environment that our employees are happy to be part of and feel engaged in their roles.

Fair employment
We abide by the Tripartite Alliance for Fair & Progressive Employment Practices ("**TAFEP**") guidelines in our recruitment and selection process in Singapore, and fair and progressive guidelines for employment in other countries.

We are committed to employing qualified candidates without any discrimination relating to age, gender, race, marital status or religion. We recruit and select employees based on their qualifications, competencies, attributes, experience and assessed potential to contribute to the business.

Learning, development and performance review
The development of our staff expertise and knowledge not only benefits the individual employee and strengthens his or her commitment to the company, but also allows us to cultivate the skills and competencies that the business needs within our staff base. We engage our staff in identifying their learning and development needs and create appropriate training plans to meet their needs during their annual performance review. All permanent staff in Singapore undergo this performance review process, where feedback on the staff's performance is given and training and development plan to help them build on and improve competencies and skills is discussed. Training includes informal on-the-job training, coaching and mentoring under experienced senior managers, as well as internal and external training programmes.

All training and sharing sessions in 2020 were conducted either virtually via video or audio-conferencing facilities, or in-person with safe distancing measures in place in accordance with COVID-19 related guidelines and measures.

Staff well-being
Staff satisfaction is an increasing priority, and is often linked to higher employee motivation and lower staff turnover. Various factors contribute to staff satisfaction, from treating employees with respect, recognising achievements, to offering employment benefits and providing corporate activities. We provide our employees with competitive benefits and organise corporate activities to enhance staff welfare, including but not limited to:

- Medical and dental benefits
- Life and personal accident insurance coverage
- Staff welfare initiatives

In 2020, care packages were sent to our staff during Singapore's Circuit Breaker period and subsequent phased reopening, so as to maintain engagement while our staff work from home.

Our 2020 Performance	2021 Target
We met the target set for 2020 with 100% performance appraisals for all our staff.	We aim to conduct 100% performance appraisals for all our staff.
Due to travel restrictions brought about by COVID-19, the secondment programme implemented in 2019 was temporarily halted.	Our secondment programme for selected staff to be exposed to different operating environments will only be reinstated upon the easing of travel restrictions brought about by COVID-19.

CORPORATE GOVERNANCE AND COMPLIANCE WITH BUSINESS CONDUCT AND ETHICS
Business conduct and ethics include complying with the various laws and regulations that we are subject to, with particular attention on anti-corruption. We recognise that by not acting with utmost integrity and violating higher risk areas of corporate governance, we will not be able to maintain the trust of our stakeholders.

We have a Code of Business Conduct and Ethics ("**Code**"), which sets out the expectations of employees and members of the Board in relation to issues such as fraud, bribery, segregation of duties and anti-competitive conduct. This is made available to employees upon commencement of employment, when they are required to sign a certificate of compliance to indicate their willingness to adhere to the Code. Throughout their employment, they can access the Code through secured internal portals.

Employees can report any suspicious activities or notable concerns through our whistle-blowing channels. The whistleblowing policy sets out how they can do this anonymously and protects them from any retaliation or harassment of any kind. All complaints or concerns received are investigated by the Group Ethical Officer and the Chairman of the Audit and Risk Committee. A copy of the whistle-blowing policy can be accessed by employees through secured internal portals and details on the dedicated channels of communication (via email and postal address) have also been made available on the Company's website.

OUELH also has an internal policy which sets out general principles to guide the Directors in instances of actual or potential conflicts of interest. The policy serves to (i) emphasise OUELH's commitment to ethics and compliance with the law, (ii) foster a culture of honesty and accountability, (iii) highlight areas of ethical risk to the Board and each of its Directors, and (iv) provide guidance to the Directors to help them recognise and handle conflict situations.

Furthermore, we take the Personal Data Protection Act 2012 seriously to ensure the protection of our stakeholders' data. We have adopted several policies to enhance our personal data protection practice and ensure stakeholders' interests are looked after.

Our 2020 Performance	2021 Target
We met the target set for 2020, and there were: • No confirmed cases of corruption in reporting year. • No cases of non-compliance with environmental laws resulting in significant fine and non-monetary sanctions. • No cases of non-compliance in social and economic area resulting in significant fine and non-monetary sanctions.	We aim to have: • No confirmed incidents of non-compliance resulting in a fine or penalty. • No cases of non-compliance with environmental laws resulting in significant fine and non-monetary sanctions. • No cases of non-compliance in social and economic area resulting insignificant fine and non-monetary sanctions. Should there be any whistleblowing case, we aim to address it immediately.

Governance, Financial Statements & Other Information

Contents

Corporate Governance Report

The board of directors (the "**Board**" or the "**Directors**") of OUE Lippo Healthcare Limited (the "**Company**", and together with its subsidiaries, the "**Group**") is committed to maintaining good standards of corporate governance.

This corporate governance report ("**Report**") describes the Company's corporate governance practices during the financial year ended 31 December ("**FY**") 2020, with specific reference to the principles of the Singapore Code of Corporate Governance 2018 (the "**Code**") issued by the Monetary Authority of Singapore (the "**MAS**").

The Company is pleased to report that it has complied in all material aspects with the principles and provisions as set out in the Code. To the extent that there are any deviations from the provisions of the Code, the Company has provided explanations for such deviations and the details of the alternative practices adopted by the Company which are consistent with the intent of the relevant principles of the Code.

Outlined below are the policies, processes and practices adopted by the Group in compliance with the principles and spirit of the Code.

A. BOARD MATTERS

Principle 1: The Board's conduct of affairs

The Company is headed by an effective Board comprising a majority of Non-Executive Directors to lead and control the Company. The Board is supported by two board committees, namely the Audit and Risk Committee ("**ARC**") and the Nominating and Remuneration Committee ("**NRC**" and together with the ARC, the "**Board Committees**"). Each Board Committee is governed by clear terms of reference setting out its respective duties and authority, all of which have been approved by the Board. All important decisions in relation to the Company are made by the Board.

The Company has also constituted a Healthcare Operations Council comprising of healthcare management professionals to provide guidance to the Company and Board on matters relating to the Group's medical operations and clinical management.

The principal roles and responsibilities of the Board include:

– providing entrepreneurial leadership, setting strategic objectives and ensuring that the necessary financial and human resources are in place for the Company to meet its objectives;
– establishing a framework of prudent and effective controls which enables risks to be assessed and managed, including the safeguarding of shareholders' interests and the Group's assets;
– reviewing the performance of the management of the Company ("**Management**");
– identifying key stakeholder groups and recognising that their perceptions affect the Company's reputation;
– setting the Company's values and standards (including ethical standards), and ensuring that obligations to shareholders and other stakeholders are understood and met; and
– considering sustainability issues (including environmental and social factors) as part of the Company's overall strategy.

The Company has adopted internal guidelines and a framework of delegated authorisation, as set out in its Limits of Authority ("**LOA**"). The LOA sets out the procedures and levels of authorisation required for specified transactions such as the approval limits for operating and capital expenditure.

The LOA also stipulates a list of matters specifically reserved for the Board's approval, including approval of annual business plans, operating budgets, statutory accounts, declaration of interim and final dividends, material transactions (namely, major acquisitions and disposals), joint ventures, strategic alliances, investment proposals, establishment of banking facilities and all actions related to changes in capital of the Company. Any amendments to the LOA proposed by the Management are to be approved by the Board.

Corporate Governance Report

Conflicts of Interest

The Board recognises that Directors are fiduciaries who should act objectively in the best interests of the Company and hold the Management accountable for performance. As such, any Director who has, or appears to have, a direct or deemed interest that may conflict with a subject matter under discussion by the Board will declare his interest and, where necessary, recuse himself from the information flow and discussion of the subject matter. He will abstain from any decision-making on the subject matter.

The Company has in place a written policy which sets out general principles to guide the Directors in instances of actual or potential conflicts of interest. The policy serves to (i) emphasise the Company's commitment to ethics and compliance with the law, (ii) foster a culture of honesty and accountability, (iii) highlight areas of ethical risk to the Board and each of its Directors, and (iv) provide guidance to the Directors to help them recognise and handle conflict situations.

Code of Business Conduct and Ethics

Separately, the Company has in place a code of business conduct and ethics ("**Code of Conduct & Ethics**") which its Directors and the Group's employees are required to observe. The Code of Conduct & Ethics embodies the Group's commitment to conduct its businesses in accordance with all applicable laws, rules and regulations and the highest ethical standards and provides a communicable and understandable framework for all Directors and the Group's employees to observe the principles of honesty, integrity, responsibility and accountability at all levels of the organisation and in their relationships with customers, suppliers and amongst employees, including situations where there are potential conflict of interests. The Code of Conduct & Ethics also stipulates the procedures for employees of the Group to report incidents of existing or potential violation of the Code of Conduct & Ethics and provides protection for staff who made such disclosures.

All Directors and employees of the Group are required to read and acknowledge the Code of Conduct & Ethics upon the commencement of his or her appointment or employment. Subsequent revision or amendments to the Code of Conduct & Ethics would need to be approved by the Board and would be disseminated to the Directors and Group's employees for their attention.

Directors' Attendance for Board and Board Committee Meetings

The Board conducts scheduled meetings on a quarterly basis and ad-hoc meetings are convened as and when the need arises. The Board met five (5) times in 2020, which were held either physically or by way of teleconference or video conference.

The Company's constitution (the "**Constitution**") and/or the written terms of reference of the Board Committees (as the case may be) allows for Board and Board Committee meetings to be held by means of teleconference or video conference where Directors are unable to be physically present at such meetings. In respect of significant matters passed via circular resolutions, Directors may raise questions and seek clarification through discussion forums with Management.

The report on Directors' attendance for Board and Board Committee meetings held in 2020 is set out below:

	Number of meetings attended in 2020		
Name of Director	**Board**	**ARC**	**NRC**
Mr. Lee Yi Shyan	5	-	1
Mr. Yet Kum Meng	5	-	-
Mr. Tadahiro Kiyosu	5	-	1
Mr. Roger Tan Chade Phang	5	4	1
Mr. Eric Sho Kian Hin	5	4	1
Mr. Jackson Tay Eng Kiat	5	4	1
Mr. Johji Sato	4(1)	4	-
Number of meetings held in 2020	5	4	1

Note:
(1) Mr. Johji Sato was unable to attend the Board meeting held on 10 December 2020 (the "**Ad-hoc Meeting**") which was called on short notice as he had a prior existing engagement to attend to. The Management had a separate discussion with Mr. Johji Sato to update him a day after the Ad-hoc Meeting and Mr. Johji Sato's views on the matters tabled for discussion during the Ad-hoc Meeting were taken into account by the Board and the Management.

Access to information

In order to ensure that the Board is able to discharge its responsibilities and make informed decisions, the Management endeavours to provide the Board with complete, adequate and timely information prior to Board meetings and on an ongoing basis. Such information includes Board papers and related materials, background or explanatory information relating to matters to be brought before the Board, and summaries of disclosure documents, budgets, forecasts and periodic financial statements. The Management is also required to furnish any additional information when requested by the Board and/or when the need arises. In line with the Company's sustainability efforts and efforts for technological advancement, the Company has done away with hardcopy Board papers with effect from July 2019, and Directors are instead using electronic devices to access and read Board and Board Committees papers prior to and at meetings.

The Company Secretary and/or his or her representatives attend all Board meetings. Together with the Management, the Company Secretary is responsible for ensuring that appropriate Board procedures are followed and that the requirements of the Companies Act (Chapter 50) of Singapore ("**Companies Act**"), and the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") are complied with. The appointment and removal of the Company Secretary is a matter for the Board to decide on as a whole.

The Directors are also provided with the contact details of the Management and the Company Secretary to facilitate separate and independent access. Each Director also has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to properly and adequately discharge his duties and responsibilities as a Director of the Company.

Board Orientation and Training

The NRC makes recommendations to the Board on relevant matters relating to the review of training and professional development programmes for the Board.

Newly appointed Directors will undergo an orientation process with materials provided to familiarise themselves with the business, operations and financial performance of the Group. Newly appointed Directors will also be briefed on the Company's governance practices, including directors' duties, board processes, policies on disclosure of interest in securities, prohibition on dealings in the Company's securities and restrictions on disclosure of price-sensitive and trade sensitive information. For a better understanding of the Group's business, the Directors are also given the opportunity to meet with the Management and, where necessary, visit the operational facilities of the Group.

Corporate Governance Report

In addition, as required under the Catalist Rules, a Director who has no prior experience as a director of a company listed on the SGX-ST must, in addition to the induction described above, undergo training as prescribed by the SGX-ST within one year from the date of his appointment to the Board, which includes attending certain specific modules of the Listed Entity Director ("**LED**") Programme conducted by the Singapore Institute of Directors ("**SID**") in order to acquire relevant knowledge of what is expected of a director of a listed company. Completion of the LED Programme, which focuses on comprehensive training of company directors on compliance, regulatory and corporate governance matters, seeks to provide first time Directors with a broad understanding of the roles and responsibilities of a director of a listed company and the requirements under the Companies Act, the Catalist Rules and the Code. No new Directors were appointed to the Board in 2020.

The Company arranges for the Board to be updated regularly on risk management, corporate governance, insider trading, and the key changes in the relevant regulatory requirements and financial reporting standards, so as to enable the Directors to keep pace with the new laws, regulations and changing commercial risks and to discharge their duties effectively as members of the Board and where applicable, Board Committees. During the outbreak of the Coronavirus Disease 2019 ("**COVID-19**") pandemic, the Board was also provided with regular updates on the Group's action plans in respect of the countries the Group operates in (including Japan and the People's Republic of China), with the objective of complying with the relevant COVID-19 measures, and protecting employees, residents and patients of the Group's medical facilities while ensuring minimal business disruption.

The Company encourages its Directors to attend training courses organised by the SID or other training institutions in connection with their duties. The Directors are also given unrestricted access to professionals for consultation as and when they deem necessary.

The Chief Executive Officer ("**CEO**") routinely updates the Board at relevant Board meetings on business and strategic developments relating to the industry that the Group operates in. The Directors are at liberty to request for further explanations, briefings or informal discussions on any aspect of the Company's operations or business issues from the Management.

In 2020, all Directors attended an in-house training conducted by invited external speakers, which included the following topics:

1. Valuation Overview 2020: Real Estate Valuation and Purchase Price Allocation
2. COVID-19: The New Normal – Key Legal Issues for Directors to Consider

The Company also arranged for the interested Directors to attend the Corporate Governance Roundup 2020 organised by the SID at the Company's expense.

Principle 2: Board composition and guidance

The Board currently has seven (7) Directors, comprising six (6) Non-Executive Directors. As the majority of the Board currently comprises Non-Executive Directors, the provision in the Code that Non-Executive Directors shall make up a majority of the Board is satisfied. Of the six (6) Non-Executive Directors, the NRC considers Messrs Roger Tan Chade Phang, Eric Sho Kian Hin, Jackson Tay Eng Kiat and Johji Sato to be independent.

<u>*Board Composition*</u>

Mr. Lee Yi Shyan	*Non-Independent and Non-Executive Chairman ("**Chairman**")*
Mr. Yet Kum Meng	*Chief Executive Officer and Executive Director*
Mr. Tadahiro Kiyosu	*Non-Independent and Non-Executive Director*
Mr. Roger Tan Chade Phang	*Lead Independent and Non-Executive Director*
Mr. Eric Sho Kian Hin	*Independent and Non-Executive Director*
Mr. Jackson Tay Eng Kiat	*Independent and Non-Executive Director*
Mr. Johji Sato	*Independent and Non-Executive Director*

Board Independence

The Company is satisfied that it has a strong and independent element on the Board. The independence of each of the Directors has been assessed by the Board (after taking into account the NRC's views) in accordance with the requirements under Rule 406(3)(d) of the Catalist Rules, the Code and the accompanying Practice Guidance. Under the Code, an independent director is one who is independent in conduct, character and judgement, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the Company.

In reviewing the independence of a director, the NRC takes into consideration in particular, the Director's objective participation on the Board meetings and whether he has any relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere or be reasonably perceived to interfere with his independent judgement. In addition, each Independent Director submits an annual declaration regarding his independence. Based on the annual declarations and the aforementioned factors, the NRC is satisfied that there is no relationship as set forth in the Catalist Rules and the Code (including the accompanying Practice Guidance) which could affect the independence of each of the Independent Directors. Each Independent Director abstained from the deliberation of his own independence. As the majority of the Board currently comprises Independent Directors, the provision of the Code that Independent Directors shall make up a majority of the Board where the Chairman is not an Independent Director is satisfied.

There is no Independent Director who has served more than nine years since the date of his first appointment.

Board Diversity

As required under the Code and based on the recommendation of the NRC, the Board has approved the adoption of a board diversity policy (the "**Board Diversity Policy**") in early 2020 which takes into account relevant measurable objectives such as skills, management experience, gender, age, ethnicity and other relevant factors in the composition of the Board. The Board Diversity Policy sets out various factors, including but not limited to skills, experience, cultural and educational background, gender, age, knowledge, length of service and other qualities of the members of the Board, which will be considered in determining the optimum composition of the Board. All board appointments will be based on merit and contribution, having regard to the benefits of diversity on the Board and also the needs of the Board without focusing on a single diversity aspect and with the objective of avoiding groupthink and fostering constructive debate. The NRC monitors the implementation of the Board Diversity Policy and will regularly review objectives for its implementation and monitor progress towards the achievement thereof.

The Board, through the NRC, from time to time and at least on a yearly basis, examines its structure, size and diversity to ensure that the Directors, as a group, provide the appropriate balance and mix of skills, knowledge and experience for effective decision making, taking into account the scope and nature of the operations of the Company, the Board Diversity Policy and the need for succession planning. Based on the particulars and background of each Director, a table consolidating all relevant information of the Directors (such as skills and knowledge supported by their qualifications and experiences, gender and age) is discussed at the NRC meeting and then shared with the entire Board.

In order to develop and execute the Company's three-pronged strategy of establishing strategic partnerships, building up the asset-light business and growing its Pan-Asian presence, as well as to discharge its fiduciary duties of governance, compliance, risk management and others, the Board currently comprises members with a diversity of nationalities, backgrounds and core competencies, including in the areas of strategic planning, business management, corporate management, cross-border experiences, investment and finance professional expertise, overseas working experiences, and international business networking.

The Board currently has Directors with ages ranging from early 40s to more than 65 and who have served on the Board for different tenures, with the latest member of the Board being a Non-Independent and Non-Executive Director who was appointed in May 2019.

The Board is of the view that expertise in medical operation and clinical management should best reside with healthcare professionals on the ground with in-depth local experience and knowledge. Accordingly, separate local management teams have been assembled with appropriate skills, expertise and experiences for its businesses in various locations. Such local management teams are led by healthcare management professionals with decades of healthcare experience in China and Myanmar.

Corporate Governance Report

Hence, the NRC is of the view that the current Board and Board Committees comprise persons who, as a group, provide capabilities required for the Board and Board Committees to be effective. The Board concurred with the NRC's view and is of the opinion that its current composition provides an appropriate balance and diversity of skills, experience, and knowledge of the Company, contributing to improved risk management and more robust decision making for the strategic future of the Company. Through active participation during Board meetings, the Directors constructively and judiciously challenge the proposals and assumptions of Management. Combined with the Management's (including the Executive Director) extensive knowledge of the business of the Company, the current composition of the Board therefore allows the Company to remain nimble and responsive to business opportunities and to robustly evaluate the strategy and proposals for the Company in light of these business opportunities.

Key information on the Directors' particulars and background can be found on pages 16 to 20 of the Annual Report.

The Non-Executive Directors are scheduled to meet regularly, and as warranted, in the absence of key management personnel ("**KMP**") to discuss concerns or matters, such as the effectiveness of Management. The chairman of such meetings provides feedback to the Board and/or the Chairman as appropriate.

Principle 3: Chairman and Chief Executive Officer

The Chairman is Mr. Lee Yi Shyan, who is a Non-Independent and Non-Executive Director. The CEO of the Company is Mr. Yet Kum Meng who is an Executive Director. Mr. Lee Yi Shyan and Mr. Yet Kum Meng are not related to each other.

As required under the Code, the Board has, in early 2020, approved a written terms of reference in respect of the respective roles, duties and/or responsibilities of the Chairman, the CEO, and the Lead Independent Director. The written terms of reference also provide that the Chairman and the CEO should generally be separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making. This separation of the roles avoids the concentration of power in one individual and ensures a degree of checks and balances.

The Chairman, in consultation with Management, sets the agenda for Board meetings and ensures that meetings are held when necessary. As part of the Chairman's responsibilities, he also seeks to ensure that all Board members are provided with complete, adequate and timely information. As stated above, Board papers are sent to the Directors prior to Board meetings, so that Directors are adequately prepared for the meetings.

The Board has delegated the management of the overall business and development of the Group to the CEO. Senior Management (which currently comprises of the CEO and the Chief Financial Officer ("**CFO**")) execute plans which are in line with the strategic decisions and goals set out by the Board, and ensure that the Directors are kept updated and informed of the Group's businesses.

The Code recommends that a company should have an Independent Director to be the Lead Independent Director to provide leadership in situations where the Chairman is conflicted, and especially when the Chairman is not an Independent Director. In this regard, Mr. Roger Tan Chade Phang was appointed as the Lead Independent and Non-Executive Director of the Company. He is also the channel for shareholders when they have concerns on issues that may not have been satisfactorily resolved or cannot be appropriately dealt with by the Chairman, the CEO, or Management.

Led by the Lead Independent and Non-Executive Director, the Independent Directors meet in the absence of the other Directors as and when circumstances warrant.

Principle 4: Board membership

The NRC currently comprises Messrs Roger Tan Chade Phang (who is the Lead Independent Director), Lee Yi Shyan, Tadahiro Kiyosu, Eric Sho Kian Hin and Jackson Tay Eng Kiat. More than half of the members of the NRC, including the chairman of NRC, Mr. Roger Tan Chade Phang, are independent. The NRC has written terms of reference that describe the responsibilities of its members. The NRC met once in 2020.

The principal functions of the NRC, in addition to reviewing and recommending to the Board a framework of remuneration for the Directors and executive officers, are as follows:

- to review and recommend the appointment or re-appointment of the Directors having regard to each Director's contribution and performance;
- to evaluate the performance of the Directors and the Board as a whole and the Board Committees;
- to review and be mindful of the independence of the Directors;
- to make recommendations to the Board on relevant matters relating to the review of training and professional development programmes for the Board; and
- to review the succession plan for Directors, the Chairman, the CEO and/or KMP.

For the financial year under review, the NRC reviewed all cessation (including retirement) and appointment of Directors and KMP by the Board during the year and the nomination of Directors seeking re-appointment at the last Annual General Meeting ("**AGM**") of the Company. As part of its annual assessment, the NRC also reviewed the composition of the Board, the performance of the Board, Board Committees and individual Directors, multiple board representations and independence of each Director, on an annual basis.

Selection, Appointment and Re-appointment process

The selection and nomination process for suitable candidates to the Board is as follows:

(i) in carrying out its review, the NRC takes into account that the Board composition should reflect balance in matters such as skill representation, tenure, experience, age spread and diversity as set out in the Board Diversity Policy;
(ii) the NRC identifies suitable candidates for appointment to the Board, having regard to the skills required and the skills represented on the Board;
(iii) external consultants may be used from time to time to access a wide base of potential non-executive directors;
(iv) those considered are assessed against a range of criteria including the nominee's track record, background, experience, professional skills, financial literacy, core competencies and personal qualities;
(v) the NRC and the Board also consider whether a candidate's skills and experience will complement the existing Board and whether the candidate has sufficient time available to commit to his responsibility as a director; and
(vi) the NRC makes recommendations to the Board on candidates it considers appropriate for appointment.

In the search and selection process adopted by the NRC, the NRC may tap on its network of contacts and/or engage professional head-hunters to assist with identifying and shortlisting candidates.

With regard to the re-appointment of existing Directors each year, the NRC makes recommendations to the Board as to whether the Board should support the re-appointment of a Director who is retiring. In making recommendations, the NRC evaluates the retiring Director's performance and contributions to the Board, taking into account factors such as attendance, preparedness and participation at meetings and trainings and the Director's annual declaration of independence. However, the replacement of a Director does not necessarily reflect the Director's performance or contributions to the Board, as the NRC may have to consider the need to shape the Board in line with the evolving needs of the Company.

All Directors must submit themselves for re-nomination and re-appointment at least once every three (3) years. Under Article 92 of the Company's Constitution, any person appointed to the Board by the Directors shall hold office only until the next AGM of the Company, and shall then be eligible for re-appointment, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting. No new Directors were appointed to the Board in 2020. Under Article 93 of the Company's Constitution, at least one third (1/3) of the Board is to retire by rotation and subject themselves to re-appointment by shareholders at every AGM. Accordingly, the NRC has determined that Mr. Yet Kum Meng, Mr. Roger Tan Chade Phang and Mr. Jackson Tay Eng Kiat will retire at the forthcoming AGM. They will subject themselves to re-appointment by shareholders at the forthcoming AGM.

Each Director abstains from making any recommendation and from voting on any resolution in respect of the assessment of his own performance or re-appointment as a Director.

Corporate Governance Report

Multiple Directorships

Key information on the current Directors, including their dates of appointment, re-appointment and directorships in other listed companies, are set out below. Further details of the current Directors (including their principal commitments) can be found on pages 16 to 20 of this Annual Report.

				Directorship in other Listed Companies	
Name of Directors	**Position**	**Date of Appointment**	**Date of Re-appointment**	**Present**	**For the Past 3 Years (since 1 January 2018)**
Mr. Lee Yi Shyan	Non-Independent and Non-Executive Chairman	17/07/2017	20/05/2020	OUE Commercial REIT Management Pte. Ltd. (the REIT manager of OUE Commercial Real Estate Investment Trust)	OUE Hospitality REIT Management Pte. Ltd. (the REIT manager) and OUE Hospitality Trust Management Pte. Ltd. (the trustee-manager) of OUE Hospitality Business Trust
Mr. Yet Kum Meng	Chief Executive Officer and Executive Director	28/02/2019	25/04/2019	-	-
Mr. Tadahiro Kiyosu	Non-Independent and Non-Executive Director	07/05/2019	20/05/2020	-	Daiken Corporation
Mr. Roger Tan Chade Phang	Lead Independent and Non-Executive Director	23/01/2017	25/04/2019	Starland Holdings Limited; TIH Limited; REVEZ Corporation Ltd.; Camsing Healthcare Limited	Dapai International Limited; Transcorp Holdings Limited; TBK & Sons Holdings Limited
Mr. Eric Sho Kian Hin	Independent and Non-Executive Director	23/01/2017	20/05/2020	QT Vascular Ltd; Choo Chiang Holding Ltd	-
Mr. Jackson Tay Eng Kiat	Independent and Non-Executive Director	23/01/2017	25/04/2019	Sim Leisure Group Ltd.; Sapphire Corporation Limited	-
Mr. Johji Sato	Independent and Non-Executive Director	15/02/2018	20/05/2020	-	Sumida Corporation

Excluding their directorships in the Company, the number of listed company board representations currently held by each Director does not exceed four (4).

Directors must ensure that they are able to give sufficient time and attention to the affairs of the Company, and as part of its review process, the NRC decides whether or not a director is able to do so and whether he has been adequately carrying out his duties as a director of the Company. The NRC reviews from time to time the board representations of each Director to ensure that the Directors continue to meet the demands of the Group and are able to discharge their duties adequately. The considerations in assessing the capacity of Directors include the following:

– assessments of the individual Director's effectiveness;
– actual conduct of the Directors;
– expected and/or competing time commitments of Directors;
– geographical location of Directors;
– size and composition of the Board; and
– nature and scope of the Group's operations and size.

In addition, a list of the directorships (which includes directorships within the Group and executive appointments) held by the Directors is submitted to the NRC for review. Based on its analysis and the Directors' commitments and contributions to the Company (which is also evident in their level of attendance and participation at Board and Board Committees' meetings), the NRC is satisfied that all Directors are able to carry out and have been adequately carrying out their duties as Directors of the Company.

Having considered all the above, the NRC believes that setting a maximum limit on the number of directorships a Director can hold is arbitrary, given that time requirements for each board may vary, and thus should not be prescriptive. The NRC considers an assessment of the individual Directors' participation as described above to be more effective for the Company, rather than to prescribe a numerical limit on the number of listed company directorships that a Director may hold. The NRC does not omit from considering suitable individuals who, despite the demands on their time, have the capacity to participate and contribute as members of the Board.

The Board does not appoint alternate directors.

Principle 5: Board performance

The NRC annually assesses the effectiveness of the Board as a whole and the Board Committees and the contribution by the Chairman and each Director to the Board, by implementing a formal appraisal process to assess such effectiveness. The Board performance evaluation process includes a questionnaire designed to assess the performance of the Board and enhance the overall effectiveness of the Directors. There is a self-performance assessment to be undertaken by each Director. The Directors' responses to the questionnaire will be compiled into a consolidated report. The report is discussed at the NRC meeting and shared with the entire Board. Each member of the NRC will abstain from voting on any resolution in respect of the assessment of his or her performance or re-appointment as a Director.

In evaluating the Board's and Board Committees' performance, the NRC has also set both quantitative and qualitative performance criteria which have been reviewed and approved by the Board. The performance criteria for the Board and Board Committees' evaluation include:

(a) Board size;
(b) Board and Board Committee composition;
(c) Board information and accountability;
(d) Board performance in discharging its principal functions and ensuring the integrity and quality of risk management and internal control systems;
(e) the Directors' interactions with the CEO and Executive Director, and senior Management; and
(f) Board Committees' performance in relation to discharging their responsibilities set out in their respective terms of reference.

Corporate Governance Report

The individual Director's performance criteria will be in relation to, amongst other things, the Director's:

(a) attendance, contribution, participation and candour at Board and Board Committee meetings;
(b) degree of commitment to the role and effectiveness and value of contribution to the development of strategy; and
(c) industry and business knowledge and functional expertise.

The performance criteria do not change from year to year, unless the NRC is of the view that it is necessary to review the performance criteria.

Based on the NRC's and Board's assessment and review, the performance of the Board as a whole is satisfactory, the Board Committees operate effectively and the Chairman and each Director is contributing to the overall effectiveness of the Board. Accordingly, the Board has met its performance objectives. No external facilitator was used in the evaluation process for the financial year under review.

B. REMUNERATION MATTERS

Principle 6: Procedures for developing remuneration policies
Principle 7: Level and mix of remuneration
Principle 8: Disclosure on remuneration

The NRC's principal responsibilities, in addition to identifying suitable candidates for appointment to the Board and reviewing nominations for the appointments, are to:

(i) recommend to the Board a general framework of remuneration for the Directors and KMP; and
(ii) develop policies for fixing of, and recommend to the Board, the specific remuneration packages of the individual Directors and KMP.

The composition of the NRC can be found on page 56 of the Annual Report. As recommended in the accompanying Practice Guidance of the Code, the NRC comprises all Non-Executive Directors with the majority (including the Chairman) being Independent Directors. The NRC considers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, benefits-in-kind and termination terms. The recommendations are submitted to the Board for endorsement. The remuneration policies of the Company are structured to attract and retain highly qualified persons, and also take into consideration the Company's overall goal to ensure value creation and the long-term sustainability and success of the Company. No Director is involved in deciding his own remuneration.

For the financial year under review, the NRC had reviewed the annual compensation framework and the remuneration packages for the Directors and KMP, the disclosure of remuneration of the KMP for the purposes of the annual report and payment of the Directors' fees for shareholders' approval.

The NRC is entitled to obtain any external professional advice on matters relating to remuneration as and when the need arises at the expense of the Company. For the financial year under review, the Company did not engage any remuneration consultant with regard to the remuneration of Directors and KMP.

Remuneration of the Non-Executive Directors

The remuneration of the Non-Executive Directors in the form of directors' fees is paid wholly in cash. There is no non-monetary compensation in the form of stock options or shares in the Company paid to the Non-Executive Directors.

The structure of the fees for Non-Executive Directors comprises a base fee for serving as a Director, and additional fees for (i) serving as Chairman of the Board, or Chairman of the Board Committee(s), (ii) serving as Lead Independent Director and/or (iii) serving on Board Committee(s) as members, as the case may be.

The Non-Executive Directors' fees take into account (i) the Directors' value creation, level of contribution and respective responsibilities at Board meetings and Board Committee(s) meetings and (ii) the industry practices and norms on remuneration, including guidelines set out in the Statement of Good Practice issued by the Singapore Institute of Directors. The Board determines value creation to be the amount of value-add contributed by the Director, including but not limited to deal introduction to the Company, cost-savings ideas and novel initiatives which have the potential of increasing the performance of the Company, measured against the monetary benefit/cost-savings which the Company enjoys as a result of the value-add contributed by the Director. In view of the COVID-19 pandemic and as a show of solidarity with the Group's stakeholders, the Directors have taken a 10% voluntary reduction in the Directors' fees accrued in respect of FY2019, which was approved by the shareholders for payment at the AGM of the Company held on 20 May 2020.

Based on the above, the NRC is of the view that the remuneration of the Non-Executive Directors are appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities of these Directors.

Remuneration of the Executive Director and KMP

The compensation framework for KMP (including the Executive Director) of the Company comprises monthly salaries, annual bonuses and allowances. The Company links the remuneration of executive officers to corporate and individual performance. The NRC reviews the remuneration of KMP by taking into consideration the performance and the contributions of the officer to the Company and giving due regard to the financial and business performance of the Group. The Group seeks to offer a competitive level of remuneration to attract, motivate and retain senior Management of the required competency to run the Group successfully. There is no non-monetary compensation in the form of stock options or shares in the Company paid to the KMP (including the Executive Director).

Taking into account the unprecedented disruption caused by the COVID-19 pandemic and the action plan implemented by the executive officers to alleviate its impact on the Group, the NRC has reviewed and is satisfied with the performance of the KMP for FY2020.

Currently, the Company does not have any contractual provisions allowing the Company to reclaim incentive components of remuneration from KMP in exceptional circumstances of misstatement of financial results or misconduct resulting in financial loss to the Company, but will continue to consider such use in the future.

The Company currently does not offer any termination or retirement benefits to Directors and executive officers. The Company currently also does not have any employee share option scheme or other long-term employee incentive scheme.

Corporate Governance Report

Disclosure on the Remuneration of Directors, CEO and KMP for FY2020

(a) A breakdown (in percentage terms) showing the level and mix of the remuneration of each Non-Executive Director and the CEO (who is also an Executive Director) payable for FY2020 (including payment made by its subsidiaries, if any):

Name of Director[1]	Salary (%)	Bonuses (%)	Directors' Fees (%)	Others (%)	Total/ Remuneration (%)
S$250,000 or below					
Mr. Lee Yi Shyan	-	-	100	-	100
Mr. Tadahiro Kiyosu	-	-	100	-	100
Mr. Roger Tan Chade Phang	-	-	100	-	100
Mr. Eric Sho Kian Hin	-	-	100	-	100
Mr. Jackson Tay Eng Kiat	-	-	100	-	100
Mr. Johji Sato	-	-	100	-	100
S$250,001 or S$500,000					
-	-	-	-	-	-
S$500,001 – S$750,000					
Mr. Yet Kum Meng	51	43	-[1]	6	100

Note:
(1) Director's fee of Mr. Yet Kum Meng for FY2020 was waived.

The total proposed payment of Directors' fees for FY2020 will be subject to the approval of shareholders of the Company at its forthcoming AGM.

(a) Number of Directors and KMP of the Company in each remuneration band:

Remuneration for FY 2020	Number of Directors (as at 31 December 2020)	Number of KMP [1] (who are not also Directors or the CEO) (as at 31 December 2020)
S$250,000 or below	6	-
S$250,001 – S$500,000	-	-
S$500,001 – S$750,000	1	-
Total	7	0

Note:
(1) The Code defines 'key management personnel (KMP)' to mean the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company. The Company is of the view that there is only one person, being the CEO (who is also an Executive Director), who has the authority and responsibility for planning, directing and controlling the activities of the Company.

The Code requires companies to fully disclose the remuneration of each individual Director and the CEO on a named basis in exact quantum. In the event of non-disclosure, the Company is required to provide reasons for such non-disclosure and how the Company's practices conform to the principle.

After much deliberation, the Board is of the view that full disclosure of the specific remuneration of each individual Director and the CEO is not in the best interests of the Company or its stakeholders, and that sufficient disclosure on its remuneration policies to achieve transparency is preferred. In arriving at this decision, the Board had taken into consideration, *inter alia*, the commercial sensitivity and confidential nature of remuneration matters, the relative size of the Group, the competitive business environment in which the Group operates in, and the negative impact such disclosure may have on the Group in attracting and retaining talent at the Board level on a long-term basis. Based on a comparison against a peer group of listed companies in the same industry over a multi-year period, which peer group remains constant from year to year, the Board believes that the remuneration of the Non-Executive Directors and the Executive Director, being the CEO, is in line with industry practice.

As an alternative, the Company has disclosed the name and remuneration of each individual Director and the CEO within bands of S$250,000.

The Code also recommends companies to provide full disclosure of the name and remuneration (with breakdown) of the top five (5) KMP (who are not Directors or the CEO) within bands of S$250,000 and in aggregate the total remuneration paid to such KMP. The Company takes the view that save for the CEO (who is also an Executive Director), there were no other KMP in the Group during FY2020, as only the CEO (who is also an Executive Director) has the authority and responsibility for planning, directing and controlling the activities of the Company. Accordingly, there is no disclosure of the aggregate total remuneration paid to the top five (5) KMP (who are not Directors or the CEO).

There are no employees who are substantial shareholders of the Company or immediate family members of a Director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeds S$100,000 during FY2020.

C. ACCOUNTABILITY AND AUDIT

Principle 9: Risk Management and Internal Controls

The Board has overall responsibility for the governance of risk and the maintenance of a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets. The system is intended to provide reasonable but not absolute assurance against material misstatements or loss, and to safeguard assets and ensure maintenance of proper accounting records, reliability of financial information, compliance with appropriate legislations, regulations and best practices, and the identification and containment of business risks. The Board, with the assistance of the ARC, reviews at least annually, the adequacy and effectiveness of the Group's risk management and internal control systems, including financial, operational, compliance and information technology controls.

The Board is also responsible for presenting a balanced and understandable assessment of the Company's performance, position and prospects to its shareholders, the public and the regulators, including interim and other price sensitive public reports and reports to regulators (if required). The Management is accountable to the Board and provides the Board with quarterly half year, and full-year results, which are then reviewed and approved by the Board for release to the SGXNET (as defined in the Catalist Rules), where applicable. All material information relating to the Company is disseminated via SGXNET.

In the course of their statutory duties, the Company's external auditors will highlight any material internal control weaknesses which came to their attention in carrying out their normal audit, which is designed primarily to enable them to express their opinion on the financial statements. Such material internal control weaknesses noted during their audit, and recommendations, if any, by the external auditors are reported to the ARC.

Corporate Governance Report

Internal Audit

The scope of the internal audit is:

- to review the effectiveness of the Group's internal controls;
- to provide assurance that key business and operational risks are identified and managed;
- to determine that internal controls are in place and functioning as intended; and
- to evaluate that operations are conducted in an effective and efficient manner.

The internal audit function of the Company is carried out by the Company's controlling shareholder, OUE Limited, as permitted in the Practice Guidance of the Code. OUE Limited has a dedicated internal audit team responsible for driving the internal audit activities of the Company, which is led by the Head of Internal Audit. The Head of Internal Audit reports directly to the Chairman of the ARC. The internal audit team has unfettered access to all the Company's documents, records, properties, and personnel, including access to the ARC. The scope of the internal audit reviews are carried out in accordance with the yearly plans prepared by the Head of Internal Audit and approved by the ARC. Any material non-compliance or lapse in internal controls together with corrective measures are reported to the ARC. In carrying out its functions, the internal audit team adopts the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

The ARC annually reviews the adequacy and effectiveness of the internal audit function and is satisfied with the adequacy and effectiveness of the internal audit function. The ARC is also satisfied that the internal audit team is independent, effective and adequately resourced and has appropriate standing within the Company.

Board's Commentary

Based on the respective work done by the internal audit function and the external auditors, the assurance given by the CEO and the CFO, as well as the ARC's review of the effectiveness of the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems which the Group considers relevant and material to its operations, the Board, with the concurrence of the ARC, is of the opinion that the Group's systems of internal controls and risk management are adequate and effective as at 31 December 2020.

The Board notes that the system of internal controls provides reasonable but not absolute assurance that the Group will not be affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. In this regard, the Board also notes that no system can provide absolute assurance against the occurrence of material errors, poor judgement in decision making, human error, fraud or other irregularities. The Board and Management will continue to re-evaluate the process and adequacy of the Group's risk management framework. Most of the internal controls are newly implemented and Management commits to continuously monitor and enhance the effectiveness of these measures so that sufficient information is provided to the shareholders to make informed assessment.

Management's Assurance

The Board has received assurance from the CEO and the CFO that (a) the financial records have been properly maintained and the financial statements for FY2020 gave a true and fair view of the Group's operations and finances, and (b) the Group's risk management and internal control systems are adequate and effective in identifying and addressing the material risks faced by the Group in its current business environment including financial, operational, compliance and information technology risks. This assurance covers the Company and subsidiaries which are under the Company's management control.

Principle 10: Audit committee

The ARC comprises Messrs Eric Sho Kian Hin, Roger Tan Chade Phang, Jackson Tay Eng Kiat and Johji Sato. The chairman of the ARC is Mr Eric Sho Kian Hin. The ARC has written terms of reference that describes its responsibilities.

All members of the ARC are Independent Directors who do not have any management and business relationships with the Company or any substantial shareholder of the Company. None of them are former partners of or have any financial interest in the Company's external auditors, Messrs KPMG LLP.

The Board considers Mr Eric Sho Kian Hin, who has extensive and practical accounting and financial management knowledge and experience, well qualified to chair the ARC. The other three members of the ARC also have extensive and practical expertise in accounting, financial management, corporate finance and law. The Board is of the view that the ARC members have recent and relevant accounting or related financial management expertise or experience and are appropriately qualified to discharge their responsibilities, including the principal responsibilities of the ARC listed below.

The key terms of reference of the ARC which set out the duties of the ARC are, *inter alia*, as follows:

- to review the adequacy, scope and performance/results of the external audit, its cost effectiveness, and the independence and objectivity of the external auditors;
- to review significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance;
- to review at least annually the adequacy and effectiveness of the Group's internal controls and risk management systems, including financial, operational, compliance and information technology controls;
- to review the assurance from the CEO and the CFO on the financial records and financial statements;
- to review the Company's policy and arrangements regarding possible improprieties in financial reporting or other matters to be safely raised by the employees of the Group and any other persons, and to ensure that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action;
- to review the effectiveness of the Group's internal audit and control functions, and the hiring, removal, evaluation and compensation of the Group's internal audit and control functions;
- to review interested party transactions;
- to make recommendations to the Board on the appointment, re-appointment and removal of the external auditors, taking into consideration the Audit Quality Indicators Disclosure Framework published by the Accounting and Corporate Regulatory Authority; and
- to review the remuneration and terms of engagement of the external auditors.

The ARC has explicit authority to investigate any matter within the terms of reference, full access to and co-operation by Management, full discretion to invite any Director or Management to attend its meetings and reasonable resources to enable it to discharge its functions.

The results of the ARC's review are reported to the Board.

The ARC met four (4) times in 2020. The quarterly and full year financial statements of the Group and the Company were reviewed by the ARC during the meetings, prior to their submission to the Board for approval and adoption. In their review of the financial statements for FY2020, the ARC has discussed with both the Management and the external auditors the accounting principles that were applied and their judgement of items that might affect the integrity of the financial statements.

Corporate Governance Report

For the financial year under review, the ARC met with the external auditors and internal audit staff to review the annual audit plans and the results of the audits performed by them. The ARC also examined the adequacy and effectiveness of the Company's internal controls with the assistance of the internal audit team and the external auditors. The ARC further assessed the independence and objectivity of the external auditors and the non-audit services rendered by the external auditors. The ARC has met with the external auditors and the internal audit team without the presence of Management. The external auditors have also presented to the ARC relevant updates relating to any change of accounting standards which have a direct impact on financial statements before an audit commences.

The ARC has reviewed the non-audit fees paid to the external auditors. Having considered the nature and extent of the non-audit services provided, the ARC is satisfied that the independence and objectivity of the external auditors have not been compromised by the provision of such non-audit services. The amount of fees paid to the external auditors in FY2020 was S$65,000 for non-audit services and S$346,000 for audit services.

The ARC is further satisfied that the Company has complied with the requirements of Rules 712 and 716 of the Catalist Rules in relation to the appointment of Messrs KPMG LLP as its auditing firm. The Board and ARC are satisfied that the appointment of different auditing firms for its Singapore-incorporated significant associated company would not compromise the standard and effectiveness of the audit of the Company.

Accordingly, the ARC has recommended to the Board the nomination of the external auditors, Messrs KPMG LLP, for re-appointment at the forthcoming AGM. The details of the remuneration of the auditors of the Company during FY2020 are as follows:

	S$'000
Audit services	
– Auditors of the Company	252
– Member firms of the auditors of the Company	94
– Other auditors	22
Non-audit services	
– Auditors of the Company	65
– Other auditors	5

Whistle-blowing Policy

The Company has in place a whistle-blowing procedure whereby staff of the Company and external parties may, in confidence whether anonymously or otherwise, raise concerns about possible improprieties in matters of financial reporting or other matters, without fear of reprisals in any form. The Company's website has a link for persons to write to the Company for the foregoing purpose.

The ARC has the responsibility of overseeing the whistle-blowing policy with the assistance of a designated ethical officer of the Group. Under these procedures, arrangements are in place for independent investigations of such matters raised and for appropriate follow-up action to be taken. In conducting investigations, the ethical officer shall use his or her reasonable best efforts to protect the confidentiality and anonymity of the complainants.

D. SHAREHOLDERS RIGHTS AND ENGAGEMENT, MANAGING STAKEHOLDERS RELATIONSHIPS

Principle 11: Shareholder rights and Conduct of shareholders meetings
Principle 12: Engagement with shareholders
Principle 13: Engagement with Stakeholders

Shareholders are informed of the Company's performance and developments through announcements, press releases and the publication of its half-year and full-year results on the SGXNET and annual reports, which are announced or issued within the mandatory period (and where this is not possible, relevant extensions of time are sought in accordance with applicable laws, regulations and rules). Shareholders are also regularly kept up to date on significant events and happenings through the same channels. Information on the Company is available on its corporate website at http://www.ouelh.com, where shareholders and investors can subscribe to email alerts of all announcements and press releases issued by the Company.

As announced by the Company on 6 May 2020, in line with amendments to Rule 705 of the Catalist Rules which came into effect on 7 February 2020, after due deliberation (including taking into consideration the compliance costs and efforts required in connection with quarterly reporting), the Board has decided to adopt half-yearly announcement of its financial results with effect from FY2020. Nevertheless, the Company continues to keep shareholders updated on material developments relating to the Company or the Group, as and when appropriate, in accordance with requirements of the Catalist Rules.

In addition, the Company maintains an investor relations policy that ensures fair and open communication with its stakeholders. For example, stakeholders may submit questions via an enquiry form on the Company's corporate website and such questions will be directed to the Company's Investor Relations department. The contact details of the Company's Investor Relations department are also available on the Company's corporate website. Further, the Investor Relations department maintains regular dialogues with and solicits views from the investment community through organising group or individual meetings with investors, investor conferences and/or non-deal investor roadshows. Such roadshows are attended by Management, including the CEO.

Shareholders' Meetings

The AGM of the Company is a principal forum for dialogue and interaction with shareholders. All shareholders will receive the Company's annual report and notice of AGM.

In view of the COVID-19 pandemic, the Company's last AGM held on 20 May 2020 ("**2020 AGM**") was conducted by way of electronic means in accordance with the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("**COVID-19 Order**"), guidelines or directives issued by government agencies or regulatory authorities relating to the conduct of meetings during the period where safe distancing measures are in place. Due to the COVID-19 restriction orders in Singapore, shareholders were not able to attend the 2020 AGM in person. Instead, shareholders participated in the 2020 AGM via live audio-visual webcast or live audio-only stream and appointed the Chairman of the Meeting as proxy to attend, speak and vote on their behalf at the 2020 AGM. Shareholders were invited to submit questions related to the resolutions to be tabled for approval at the 2020 AGM to the Chairman of the meeting, in advance of the 2020 AGM. Shareholders were also allowed to deposit their proxy forms and submit the questions in advance by post and by electronic mail. All Directors, including the Chairman of the ARC, the Chairman of the NRC, as well as the external auditors also attended the 2020 AGM by way of a live audio-visual webcast. The minutes of 2020 AGM were published on the Company's corporate website and SGXNET within one-month after the date of the AGM.

Nonetheless, the description below sets out the Company's usual practice for the conduct of general meetings of shareholders, had the COVID-19 Order and the alternative arrangements for meetings not been in effect and in place.

Corporate Governance Report

The Company strongly encourages and supports shareholder participation at general meetings. The Company holds its general meetings at central locations in Singapore with convenient access to public transportation. Under the Constitution and pursuant to the Companies Act, the Central Provident Fund Board and relevant intermediaries may appoint more than two proxies to attend and vote on their behalf. A registered shareholder who is not a relevant intermediary may appoint up to two proxies. There are separate resolutions at general meetings on each substantially separate issue with the necessary information provided on each resolution so as to enable shareholders to exercise their vote on an informed basis. At the AGM, shareholders will be given the opportunity and time to air their views and ask the Directors or the Management questions regarding the Company. The respective Chairman of the ARC and NRC, the Directors, as well as the external auditors will be present and on hand to address issues raised at the AGM.

As encouraged by the SGX-ST and in support of greater transparency of voting in general meetings and good corporate governance, all resolutions at the Company's general meetings are voted on by poll. Where possible, the Company employs the use of electronic poll voting devices to register the votes of shareholders who attend the general meetings, and prior to voting, the voting procedures were made known to the shareholders.

The total number of votes cast for or against the resolutions and the respective percentages were announced on the SGXNET and the Company's website on the same day of the event. Minutes of the shareholders' meetings were also prepared and available upon request. The minutes of the shareholders' meeting included substantial and relevant comments or queries from the shareholders and responses from the Board and Management.

The Code also requires that an issuer's constitution allows for absentia voting at general meetings of shareholders. Currently, the Company's Constitution allows for absentia voting through channels such as mail, email or fax subject to the applicable laws. However, given that the authentication of shareholder identity and other related integrity issues still remain a concern, the Company has decided, for the time being, not to implement voting in absentia (whether by mail, fax or electronic means). Nevertheless, the Company is of the opinion that shareholders continue to have the opportunity to communicate their views on matters and exercise their rights even when they are not in attendance at general meetings of shareholders, as shareholders may appoint proxies to attend, speak and vote on their behalf at such meetings.

Stakeholders Engagement

The Company understands the importance of maintaining regular engagement with its stakeholders and its stakeholders engagement approach is set out in its Sustainability Report, which can be found in pages 45 to 49 in this Annual Report.

Dividend policy

The Company has adopted a dividend policy, under which the Board would consider the Group's earnings, financial position, results of operations, capital needs, plans for expansion and any other appropriate factors before decided on the form, frequency and amount of dividends to declare. Taking into account the Company's financial performance in FY2020 and the need for the Company to deploy resources for the development and growth of the Group's business, no dividend was recommended or declared for FY2020. The Company's decision not to declare a dividend and its reasons for not doing so were announced when the Company released its financial statements for FY2020 on 23 February 2021.

DEALING IN SECURITIES

The Company has adopted policies in line with the requirements of Rule 1204(19) of the Catalist Rules on dealings in the Company's securities. The Company sends out memoranda and e-mails to its Directors and officers to remind them that the Directors, key executives of the Group and their connected persons are prohibited from dealing in the Company's shares during the following periods:

- one (1) month before the announcement of the Group's half year and full year financial results; and
- any time while in possession of price sensitive information.

The Directors and officers are prohibited from communicating trade-sensitive and materially price-sensitive information to any person. In addition, the Company also discourages the Directors and officers from dealing in the Company's shares on short term considerations. They are also expected to observe insider trading laws at all times even when dealing in securities within permitted trading periods. In addition, in March 2021, the Board has adopted a written policy on the handling of confidential information and dealings in securities (the "**Information Dealing Policy**") which applies the best practice recommendations or guidelines from the SGX-ST, where possible.

Pre- and Post-Dealing Procedures

Under the Information Dealing Policy, should an officer or employee of the Group decide to trade in any securities of the Company (or its related corporations listed on the SGX-ST), he or she shall abide by the pre-dealing procedures by submitting a notification and declaration (that, amongst others, he or she is not in possession of any inside information) before making such trade(s) and will have one week from the date that the notification is made to execute the trade, subject to the other prohibitions as provided in the Information Dealing Policy. Details of the transaction that had been notified prior to being undertaken must also be provided in writing to the Company within two business days after the trade.

Handling, protection and disclosure of confidential information

The Information Dealing Policy also codified the existing practices of the Group which require all officers and employees of the Group to verify that confidential information is shared only to those persons who have a legitimate reason to have access to such information, and set out in writing the procedures and safeguards which officers and employees of the Group should adopt to limit the risk of a leak of confidential information, such as signing of non-disclosure agreements, implementing Chinese walls, controlling access to documents containing confidential information, clean-desk policy, adoption of code names for each potential price-sensitive transactions (and the maintenance of a list of privy persons).

MATERIAL CONTRACTS AND LOANS

Pursuant to Rule 1204(8) of the Catalist Rules, the Company confirmed that except as disclosed in the paragraph on interested person transactions below, Directors' Statement and Financial Statements section of this Annual Report, there were no other material contracts and loans of the Company and its subsidiaries involving the interests of any Director or controlling shareholder of the Company, either still subsisting at the end of FY2020 or if not then subsisting, which were entered into since the end of the previous financial year.

INTERESTED PERSON TRANSACTIONS

The Group does not have a general mandate from shareholders for recurrent interested person transactions. The Company has adopted an internal policy in respect of any transaction with an interested person, which sets out the procedures for review and approval of such interested person transaction.

In accordance with the Company's internal policy in respect of interested person transactions, all interested person transactions are documented and submitted periodically to the ARC for review to ensure that such transactions are carried out on an arm's length basis and on normal commercial terms and are not prejudicial to the Company.

Corporate Governance Report

The interested person transactions entered into by the Group during FY2020 are set out below:

Name of Interested Person	Nature of Relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
Browny Healthcare Pte. Ltd. ("**Browny**"), ITOCHU Singapore Pte Ltd ("**ITOCHU SG**") and ITOCHU Corporation ("**ITOCHU Corp**")	Browny is a controlling shareholder of the Company and is wholly-owned by ITOCHU SG. ITOCHU SG is in turn wholly-owned by ITOCHU Corp.	S$414,160[(1)]	-
Healthway Medical Corporation Limited ("**HMC**")	Lippo Limited ("**Lippo**") is a controlling shareholder of OUE Limited (which in turn is a controlling shareholder of the Company). Lippo is a controlling shareholder of HMC.	S$777,672[(2)]	-
Innovation Lab Technology Pte Ltd ("**ILT**")	Lippo is the holding company of Lippo China Resources Limited ("**LCR**"). ILT is a wholly-owned subsidiary of LCR.	S$104,035[(3)]	-

Notes:
(1) On 15 February 2018, the Company entered into a secondment agreement with Browny, ITOCHU SG and ITOCHU Corp, pursuant to which Browny, ITOCHU SG and/or ITOCHU Corp have the right to second up to three (3) employees to the Company. 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. In total, the sum of the payments made by the Company pursuant to these secondment arrangements in FY2020 is S$414,160.
(2) A Sub-lease agreement dated 7 October 2020 was entered between the Company and HMC for a period of 36 months commencing on 1 August 2020 and expiring on 31 July 2023. The term comprised of a rent rebate period for the month of July 2023. The aggregate consideration, after taking into consideration of the rent rebate period, for the term of the Sub-lease agreement is S$777,672.
(3) A Services agreement dated 1 April 2020 was entered between the Company and ILT, pursuant to which, ILT agrees to provide the Company, secondment services relating to general IT and technology management services, or such specific services requested by the Company from time to time. In total, the sum of the payments made by the Company to ILT pursuant to these services in FY2020 is S$104,035.

NON-SPONSOR FEES

In FY2020, no non-sponsor fee was paid to the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd.

Directors' Statement

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2020.

In our opinion:

(a) the financial statements set out on pages 81 to 167 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "**Act**") and Singapore Financial Reporting Standards (International); and

(b) at the date of this statement, having regard to the matters disclosed in note 2 to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

DIRECTORS

The directors in office at the date of this statement are as follows:

Lee Yi Shyan
Yet Kum Meng
Tadahiro Kiyosu
Roger Tan Chade Phang
Eric Sho Kian Hin
Jackson Tay Eng Kiat
Johji Sato

DIRECTORS' INTERESTS

According to the register kept by the Company for the purposes of Section 164 of the Act, no director who held office at the end of the financial year (including those held by their spouse and infant children) had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year or at the end of the financial year.

There were no changes in the interests in the Company between the end of the financial year and 21 January 2021.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement with the object of enabling the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SHARE OPTIONS

During the financial year, there were:

(i) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under option.

Directors' Statement

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee comprises four independent directors. The members of the Audit and Risk Committee at the date of this statement are:

Eric Sho Kian Hin (Chairman), Independent Director
Roger Tan Chade Phang, Lead Independent Director
Jackson Tay Eng Kiat, Independent Director
Johji Sato, Independent Director

The Audit and Risk Committee performs the functions specified in Section 201B of the Act, the SGX-ST Listing Manual (Section B: Rules of Catalist) and the Code of Corporate Governance 2018.

The Audit and Risk Committee held four meetings since the last directors' statement. In performing its functions, the Audit and Risk Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit and Risk Committee also reviewed the following:

- annual audit plans and scope of work of the internal and external auditors;
- results of the internal and external audit procedures;
- evaluation of the Group's internal accounting control system;
- assistance provided by the Company's officers to the internal auditors and external auditors;
- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions, as defined in Chapter 9 of the SGX-ST Listing Manual (Section B: Rules of Catalist).

The Audit and Risk Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit and Risk Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit and Risk Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing our auditors for the Company and its subsidiaries, we have complied with Rules 712 and 716 of the SGX-ST Listing Manual (Section B: Rules of Catalist). The Audit and Risk Committee and Board of Directors are satisfied that the appointment of different auditing firms for its Singapore-incorporated significant associated company would not compromise the standard and effectiveness of the audit of the Company.

AUDITORS

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Lee Yi Shyan
Director

Yet Kum Meng
Director

25 March 2021

Independent Auditors' Report

MEMBERS OF THE COMPANY
OUE LIPPO HEALTHCARE LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of OUE Lippo Healthcare Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 81 to 167.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the financial statements'* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investment properties and investment properties under development
(Refer to notes 4.6, 7 and 8 to the financial statements)

Risk

As at 31 December 2020, the Group has a portfolio of investment properties and investment properties under development in Japan, the People's Republic of China ("PRC") and Malaysia with a carrying value of $383.2 million (2019: $391.0 million). Investment properties and investment properties under development represent the most significant asset item on the statements of financial position.

The Group's accounting policy is to state these investment properties and investment properties under development at fair value, determined based on independent external valuations. The valuation process involves significant judgement in determining the valuation method to be used and estimating the underlying assumptions to be applied. The valuations are sensitive to the key assumptions applied and a change in assumptions would have a significant impact to the valuation.

In addition to the above, for investment properties under development – Wuxi land, the plot ratio adopted, entrepreneur profit and risk, ability to obtain the relevant hospital licences, gross development value, estimated total construction cost, market comparable used, and any changes to the proposed development plans may also impact the valuation significantly. The directors and management have also applied judgement in determining the potential outcome of the legal cases which may also affect the Group's ability to obtain the relevant hospital licences. In applying its judgement, the directors and management have relied on the advice provided by their external legal counsel.

For investment properties under development – Kuala Lumpur land, the directors and management applied the "forced sale value" determined by valuer as fair value as at 31 December 2020, after taking into consideration the economic conditions, market expectations and property market outlook in Malaysia.

Our response

We evaluated the competency, capability and objectivity of the external valuers and made enquiries of the valuers to understand their valuation approach and basis of valuation.

We considered the valuation methodologies used, which included the discounted cash flow method, income capitalisation method, direct comparison method and residual value method, against those applied for similar properties types. We held discussions with the valuers and assessed the reasonableness of the key assumptions used in the valuations which included a comparison of the discount rates, terminal capitalisation rates and capitalisation rates, against historical trends and available market data, taking into consideration comparable properties and market factors.

In addition to the above, for investment properties under development – Wuxi land, we evaluated management's determination of plot ratio adopted, entrepreneur profit and risk, ability to obtain the relevant hospital licences, gross development value, estimated total construction cost and market comparable used by comparing the underlying assumptions to relevant market data, supporting documents and interviewed relevant personnel, where applicable. We also considered the directors' and management's assessment on the possible outcome of the legal cases which may affect the Group's ability to obtain the relevant hospital licences, by taking into consideration the discussion held with the directors and management and reviewing the legal correspondences between the directors, management and the external legal counsel. We also checked the proportion of the proposed development plans to be held for own use and the proportion to be held for rental or capital appreciation to the latest available feasibility study.

For investment properties under development – Kuala Lumpur land, we assessed the reasonableness of management's basis for using the "forced sale value", considered the on-going negotiations between the Company and various interested parties and compared the key assumptions used with available market data.

Our findings

We are satisfied with the competency, capability and objectivity of the external valuers. The valuers are member of generally recognised professional bodies for valuers and have considered their own independence in carrying out their work. The valuation methodologies used by the valuers are in line with generally accepted market practices and comparable to methods used for similar property types and those used in the prior years. The key assumptions used in the valuations which included a comparison of the discount rates, terminal capitalisation rates and capitalisation rates were found to be reasonable, and where available, consistent with current market data.

For investment properties under development – Wuxi land, the valuation was based on management's current proposed development plan, the assumption that relevant regulatory approvals could be granted, and it is probable that there will be favourable outcome for the litigation cases.

For investment properties under development – Kuala Lumpur land, the "forced sale value" of the land is within range of recent discussions with interested parties and available market data. We found management's basis for using the "forced sale value" to be supportable and reasonable.

The development plans for Wuxi land and Kuala Lumpur land may vary depending on the Group's future intentions and developments.

Independent Auditors' Report

MEMBERS OF THE COMPANY
OUE LIPPO HEALTHCARE LIMITED

Property, plant and equipment – leasehold property under development's recoverable value and contractual obligations
(Refer to note 5 to the financial statements)

Risk

The Group's leasehold property under development refers to an integrated hospital development project in Dujiangyan, Chengdu, PRC (Chengdu land). The construction work commenced in 2018 but progress was delayed as of 31 December 2020 given the current economic and global situation, with the Group reassessing its development options. There is risk that the carrying value may not be recoverable if the project does not proceed, and any non-compliance with the development requirements set by the local government (government contract) may lead to further losses. Significant judgement and estimates are required to evaluate whether any impairment loss and provisions should be made to reflect the risk and obligations.

Provision for restoration costs of $5,619,000 has been made for reinstatement of the Chengdu land to its original condition should the Group decides to return the land, in accordance with the government contract. The Group has an obligation to restore the land because of the changes in management intent, and hence the provision is recognised at the time that the obligation arises. The estimated cost was recognised as an adjustment to the cost of the asset.

The Group engaged an independent external valuer to determine the fair value of the property as at 31 December 2020, on an as-is basis, and consequently a $31,959,000 impairment loss was recognised in the profit or loss with a corresponding reduction of the carrying value. Judgement and estimates are involved in determining the appropriate valuation method and assumptions applied in the valuation.

The Group also engaged external legal counsel to review the contract terms with the local government and assess its possible exposures arising from the delay of development (contract penalty). The Group's exposure for contract penalty is of a wide range and dependent on the outcome of its negotiation with the local government and its future development plan. Management is considering various possibilities of future actions to be taken, leading to uncertainties about the amount and timing of outflows. On the basis of uncertainty of the outflow of benefits and the amount cannot be estimated reliably, no provision was recognised for contract penalty as at 31 December 2020.

The directors and management are required to apply judgement in determining the potential outcome of the negotiation and the possible course of actions. The assumptions applied by the directors and management will have a material effect on the carrying amount of the property, plant and equipment and the outcome of the possible liabilities.

Our response

We assessed the reasonableness of management's basis for impairment and reviewed the impairment assessment performed by management.

We also evaluated the competency, capability and objectivity of the external valuers and made enquiry of the valuer to understand their valuation approach and basis of valuation. We considered the valuation methodology used and assessed the reasonableness of the key assumptions used in the valuations, which included comparison of market comparables used against available market data, taking into consideration comparable properties and market factors, reviewing supporting documents and interviewed relevant personnel, where applicable.

We reviewed the agreement with the local government and legal opinion from the external legal counsel, as well as assessed adequacy of disclosures in the financial statements. We also considered the directors' and management's assessment on the possible outcome of the negotiation with government, contractual obligations under the contract and future course of actions, by taking into consideration the discussion held with the directors and management and reviewing the legal correspondences between the directors, management and the external legal counsel.

Our findings

We found the basis for impairment of the leasehold property under development to be supportable and reasonable.

The Group determined the recoverable value of Chengdu land based on valuation by external valuer. We are satisfied with the competency, capability and objectivity of the external valuer. The valuer is a member of generally recognised professional body for valuers and have considered its own independence in carrying out the work. The valuation methodology used by the valuer is in line with generally accepted market practices and comparable to methods used for similar property types. The key assumptions used in the valuations which included market comparable were found to be reasonable, and where available, consistent with current market data and supporting documents.

We found management's assessment of the Group's contractual obligations and possible exposures arising from the government contract and its development delay to be supportable, and the disclosure of the contingent liabilities to be appropriate.

Valuation of associate and joint ventures
(Refer to note 10 to the financial statements)

Risk

The Group has significant investments in associate and joint ventures. Considering the economic effects of Covid-19 and the major restructuring of master lease agreements by an associate, there is risk of impairment of investments in associate and joint ventures. Significant judgement is involved in estimating the recoverable amount of the investments in equity-accounted investees.

The Group assessed whether there is any indication, based on either internal or external sources of information, that the investments may be impaired. For the following associate and joint ventures with impairment trigger noted, management has performed impairment assessments by estimating the recoverable amounts:

- First Real Estate Investment Trust (associate);
- First REIT Management Limited (joint venture); and
- Yoma Siloam Hospital Pun Hlaing Limited and Pun Hlaing International Hospital Limited (collectively known as "Myanmar Group") (joint venture).

The recoverable amount is the discounted sum of individually forecasted cash flows for each year and the terminal value is determined using a long-term growth rate.

For Myanmar Group, the recoverable amount was calculated to be below the carrying value of the joint ventures and an impairment loss of $4.1 million (2019: nil) was recognised in the profit or loss with a corresponding reduction of the carrying value of the investment.

As the recoverable amount for the other associate and joint venture was calculated to be in excess of the respective carrying amounts, no impairment was determined.

Forecasting of future cash flows is a highly judgemental process which requires estimation of revenue growth rates, profit margin, discount rates, terminal growth rates and future economic conditions.

Independent Auditors' Report

MEMBERS OF THE COMPANY
OUE LIPPO HEALTHCARE LIMITED

Our response

We evaluated management's assessment for indication of possible impairment for the equity-accounted investees.

For the associate and joint ventures with impairment trigger noted, we assessed the reasonableness of the key assumptions used by management in developing the cash flow forecasts, the discount rates and terminal growth rates used in computing the recoverable amounts. We challenged the appropriateness of cash flow forecasts used by comparing against historical trends and recent performance and industry trends, evaluated management's expectations of the future business developments and operational improvements, corroborated certain information with market data, and compared the discount rates and terminal growth rates to observable market data.

We assessed the sensitivity of the outcome of the impairment assessment to changes in key assumptions, including forecast growth rate and discount rate applied and considered whether there were any indicators of management bias in the selection of the key assumptions. We also assessed adequacy of disclosures in the financial statements.

Our findings

We found the identification of triggering events to be reasonable and appropriate.

We found the key assumptions and estimates used in determining the recoverable amount for First Real Estate Investment Trust, First REIT Management Limited and Myanmar Group to be within a supportable range. No impairment was noted for First Real Estate Investment Trust and First REIT Management Limited, and the computation of the impairment amount for Myanmar Group is reasonable.

The Group included disclosure of quantitative information of a reasonably possible change in key assumptions that would result in an impairment for First Real Estate Investment Trust and First REIT Management Limited, in note 10 to the financial statements.

Key assumptions and estimates made by management in determining the recoverable values, and sensitivity analysis are adequately disclosed in the financial statements.

Litigations, claims and other contingencies
(Refer to note 18 and 26 to the financial statements)

Risk

The Group was involved in several on-going litigations and claims, and provisions for legal and related expenses amounted to $27,601,000 (2019: $29,661,000) as at 31 December 2020. There are uncertainties as to the possible outcome of these on-going litigations and claims, and the eventual outcome may be subjected to change, which can potentially affect the amount of provisions made.

Our response

We assessed the reasonableness of management's basis for the provisions made in relation to the on-going litigations and claims. We held discussions with management and the external legal counsel. We reviewed relevant correspondences and/or agreements between the parties involved and adequacy of disclosures in the financial statements. We also obtained confirmation letters from the external legal counsel.

Our findings

We found management's basis for the provision relating to legal and related expenses to be supportable, taking into consideration the legal advices obtained, latest development on the litigations and claims, and the possible course of actions to be taken. We found the disclosures of litigation cases to be adequate and appropriate.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

Independent Auditors' Report

MEMBERS OF THE COMPANY
OUE LIPPO HEALTHCARE LIMITED

Auditors' responsibilities for the audit of the financial statements (cont'd)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Teo Han Jo.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
25 March 2021

Statements of Financial Position

AS AT 31 DECEMBER 2020

		Group		Company	
	Note	2020 $'000	2019 $'000	2020 $'000	2019 $'000
ASSETS					
Property, plant and equipment	5	**12,528**	36,262	**789**	358
Intangible assets and goodwill	6	**3,004**	4,851	**–**	–
Investment properties	7	**308,749**	299,770	**–**	–
Investment properties under development	8	**74,492**	91,237	**–**	–
Subsidiaries	9	**–**	–	**84,092**	116,692
Associate and joint ventures	10	**134,686**	173,547	**23,607**	40,553
Trade and other receivables	12	**–**	–	**10,445**	10,118
Non-current assets		**533,459**	605,667	**118,933**	167,721
Inventories	11	**219**	325	**–**	–
Trade and other receivables	12	**14,244**	50,815	**271,852**	349,345
Cash and cash equivalents	13	**68,973**	52,709	**33,117**	30
Current assets		**83,436**	103,849	**304,969**	349,375
Total assets		**616,895**	709,516	**423,902**	517,096
EQUITY					
Share capital	14	**418,913**	418,913	**418,913**	418,913
Merger reserve	15	**(65,742)**	(65,742)	**–**	–
Asset revaluation reserve	15	**3,630**	3,630	**–**	–
Foreign currency translation reserve	15	**5,901**	(3,653)	**–**	–
Fair value reserve	15	**(27,862)**	(5,473)	**–**	–
Accumulated losses		**(193,603)**	(94,877)	**(315,861)**	(192,155)
Equity attributable to owners of the Company		**141,237**	252,798	**103,052**	226,758
Non-controlling interests		*****	304	**–**	–
Total equity		**141,237**	253,102	**103,052**	226,758
LIABILITIES					
Loans and borrowings	16	**137,012**	16,596	**–**	–
Trade and other payables	17	**7,914**	7,666	**159**	489
Lease liabilities	27	**495**	–	**390**	–
Deferred tax liabilities	19	**39,179**	40,792	**–**	–
Non-current liabilities		**184,600**	65,054	**549**	489
Loans and borrowings	16	**218,689**	324,855	**195,601**	195,601
Trade and other payables	17	**38,784**	36,586	**96,849**	64,446
Provisions	18	**33,220**	29,661	**27,601**	29,661
Lease liabilities	27	**338**	220	**250**	141
Current tax liabilities		**27**	38	**–**	–
Current liabilities		**291,058**	391,360	**320,301**	289,849
Total liabilities		**475,658**	456,414	**320,850**	290,338
Total equity and liabilities		**616,895**	709,516	**423,902**	517,096

* *Less than $1,000*

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

YEAR ENDED 31 DECEMBER 2020

	Note	2020 $'000	2019 $'000
Revenue	20	**19,980**	19,649
Cost of sales		**(4,815)**	(5,143)
Gross profit		**15,165**	14,506
Administrative expenses		**(15,452)**	(17,770)
Other (expenses)/income, net	21	**(57,896)**	10,921
Results from operating activities		**(58,183)**	7,657
Finance income		**1,341**	547
Finance costs		**(10,186)**	(9,749)
Net finance costs	22	**(8,845)**	(9,202)
Share of results of equity-accounted investees (net of tax)		**(35,037)**	7,299
(Loss)/Profit before tax	23	**(102,065)**	5,754
Tax credit/(expense)	24	**2,873**	(2,516)
(Loss)/Profit after tax for the year		**(99,192)**	3,238
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences relating to foreign operations		**6,771**	4,115
Share of foreign currency translation differences of equity-accounted investees		**2,783**	(14)
Share of fair value reserve of equity-accounted investees		**(22,389)**	98
Other comprehensive income, net of tax		**(12,835)**	4,199
Total comprehensive income for the year		**(112,027)**	7,437
(Loss)/Profit attributable to:			
Owners of the Company		**(98,726)**	3,357
Non-controlling interests		**(466)**	(119)
		(99,192)	3,238
Total comprehensive income attributable to:			
Owners of the Company		**(111,561)**	7,556
Non-controlling interests		**(466)**	(119)
		(112,027)	7,437
Earnings per share			
Basic and diluted earnings per share (cents)	25	**(2.22)**	0.08

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

YEAR ENDED 31 DECEMBER 2020

	Note	Attributable to owners of the Company								
		Share capital $'000	Merger reserve $'000	Asset revaluation reserve $'000	Foreign currency translation reserve $'000	Fair value reserve $'000	Accumulated losses $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
2020										
At 1 January 2020		418,913	(65,742)	3,630	(3,653)	(5,473)	(94,877)	252,798	304	253,102
Total comprehensive income for the year										
Loss for the year		–	–	–	–	–	(98,726)	(98,726)	(466)	(99,192)
Other comprehensive income										
Foreign currency translation differences relating to foreign operations		–	–	–	6,771	–	–	6,771	–	6,771
Share of foreign currency translation differences of equity-accounted investees		–	–	–	2,783	–	–	2,783	–	2,783
Share of fair value reserve of equity-accounted investees		–	–	–	–	(22,389)	–	(22,389)	–	(22,389)
Total other comprehensive income, net of tax		–	–	–	9,554	(22,389)	–	(12,835)	–	(12,835)
Total comprehensive income for the year		–	–	–	9,554	(22,389)	(98,726)	(111,561)	(466)	(112,027)
Transactions with owners, recognised directly in equity										
Contribution from non-controlling interests		–	–	–	–	–	–	–	162	162
Total transactions with owners		–	–	–	–	–	–	–	162	162
At 31 December 2020		418,913	(65,742)	3,630	5,901	(27,862)	(193,603)	141,237	*	141,237

* *Less than $1,000*

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

YEAR ENDED 31 DECEMBER 2020

		Attributable to owners of the Company								
	Note	Share capital $'000	Merger reserve $'000	Asset revaluation reserve $'000	Foreign currency translation reserve $'000	Fair value reserve $'000	Accumulated losses $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
2019										
At 1 January 2019		418,913	(65,742)	3,630	(7,754)	(5,571)	(98,206)	245,270	79	245,349
Adjustment on initial application of SFRS(I) 16 (net of tax)		–	–	–	–	–	(28)	(28)	–	(28)
Adjusted balance at 1 January 2019		418,913	(65,742)	3,630	(7,754)	(5,571)	(98,234)	245,242	79	245,321
Total comprehensive income for the year										
Profit for the year		–	–	–	–	–	3,357	3,357	(119)	3,238
Other comprehensive income										
Foreign currency translation differences relating to foreign operations		–	–	–	4,115	–	–	4,115	–	4,115
Share of foreign currency translation differences of equity-accounted investees		–	–	–	(14)	–	–	(14)	–	(14)
Share of fair value reserve of equity-accounted investees		–	–	–	–	98	–	98	–	98
Total other comprehensive income, net of tax		–	–	–	4,101	98	–	4,199	–	4,199
Total comprehensive income for the year		–	–	–	4,101	98	3,357	7,556	(119)	7,437
Transactions with owners, recognised directly in equity										
Contribution from non-controlling interests		–	–	–	–	–	–	–	464	464
Acquisition of subsidiary with non-controlling interests	29	–	–	–	–	–	–	–	(120)	(120)
Total transaction with owners		–	–	–	–	–	–	–	344	344
At 31 December 2019		418,913	(65,742)	3,630	(3,653)	(5,473)	(94,877)	252,798	304	253,102

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

YEAR ENDED 31 DECEMBER 2020

	Note	2020 $'000	2019 $'000
Cash flows from operating activities			
(Loss)/Profit after tax		**(99,192)**	3,238
Adjustments for:			
Depreciation of property, plant and equipment	5	**946**	1,277
Amortisation of intangible assets	6	**–**	226
Fair value losses/(gains) on investment properties	7	**1,675**	(706)
Fair value losses on investment properties under development	8	**18,486**	1,185
Impairment loss on goodwill		**1,804**	–
Impairment losses on property, plant and equipment		**32,134**	–
Impairment losses on joint venture investment		**4,135**	–
Interest income		**(296)**	(232)
Interest expense		**10,186**	9,749
Loss on disposal of property, plant and equipment		**23**	–
Reversal of provisions for legal and related expenses	18	**–**	(9,750)
Share of results of equity-accounted investees, net of tax		**35,037**	(7,299)
Tax (credit)/expense	24	**(2,873)**	2,516
Trade and other receivables written off		**610**	–
		2,675	204
Changes in:			
- Inventories		**106**	(57)
- Trade and other receivables		**4,165**	(3,068)
- Trade and other payables		**(5,815)**	(1,358)
Cash generated from/(used in) operations		**1,131**	(4,279)
Tax paid		**(116)**	(1)
Net cash from/(used in) operating activities		**1,015**	(4,280)
Cash flows from investing activities			
Acquisition of equity-accounted investees		**(24,889)**	(27,985)
Acquisition of subsidiaries, net of cash acquired	29	**–**	(1,335)
Additions to investment properties		**(971)**	(1,371)
Advance to joint venture partner		**–**	(4,110)
Capital contribution in equity-accounted investees		**(498)**	–
Contribution from non-controlling interests		**162**	464
Dividends from an equity-accounted investee		**5,364**	7,189
Settlement from litigation with Crest Funds		**28,939**	–
Loan to joint venture		**–**	(2,712)
Proceeds from sale of property, plant and equipment		**–**	27
Purchase of property, plant and equipment		**(1,372)**	(1,129)
Net cash from/(used in) investing activities		**6,735**	(30,962)

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

YEAR ENDED 31 DECEMBER 2020

	Note	2020 $'000	2019 $'000
Cash flows from financing activities			
Proceeds from borrowings		**143,000**	34,654
Repayment of borrowings		**(131,946)**	(4,449)
Payment of lease liability		**(358)**	(351)
Interest paid		**(2,911)**	(2,601)
Net cash from financing activities		**7,785**	27,253
Net increase/(decrease) in cash and cash equivalents		**15,535**	(7,989)
Cash and cash equivalents at beginning of financial year		**52,709**	60,442
Effect of exchange rate fluctuations on cash and cash equivalents		**729**	256
Cash and cash equivalents at end of financial year	13	**68,973**	52,709

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

YEAR ENDED 31 DECEMBER 2020

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 25 March 2021.

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.

The principal activity of the Company is that of investment holding. The principal activities of its significant subsidiaries are as disclosed in note 9 to the financial statements.

The financial statements of the Group as at and for the year ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interests in equity-accounted investees.

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.

2. GOING CONCERN

As at 31 December 2020, the Group's net current liabilities amounted to $207,622,000 (2019: $287,511,000). The Group's net current liabilities included loan from a shareholder, Treasure International Holdings Pte. Ltd. ("TIHPL"), and its accrued interests amounting to $142,609,000 (2019: $137,606,000), and loan from a fellow subsidiary, OUE Treasury Pte. Ltd. ("OUET"), and its accrued interest amounting to $45,929,000 (2019: $44,316,000) (the loans and its accrued interests together referred to as the "Shareholder Loan") and provisions of $33,220,000 (2019: $29,661,000). The loan from OUET was assigned to TIHPL on 1 January 2021.

The Group also reported a net loss of $99,192,000 (2019: net profit of $3,238,000) for the year ended 31 December 2020. The Group's net loss for 2020 included fair value losses on investment properties and investment properties under development of $20,161,000 (2019: $479,000), and impairment losses relating to goodwill, property, plant and equipment, and joint venture of $38,073,000 (2019: nil).

Notwithstanding the above, the financial statements have been prepared on a going concern basis because management, having assessed the sources of liquidity and funding available to the Group, believes that the Group can continue as a going concern for the foreseeable future. These include unutilised loan facilities of $35,000,000, projected net operating cash inflows for the financial year ending 31 December 2021 and available cash reserves as at 31 December 2020 to finance the Group's working capital and day-to-day operation requirements.

On 23 February 2021, the Company entered into a conversion agreement with TIHPL. TIHPL is a wholly-owned subsidiary of OUE Limited ("OUE"). OUE is the Company's controlling shareholder. Under the agreement, the Company has agreed to issue, and TIHPL has agreed to subscribe for, 4.0% convertible perpetual bonds of an aggregate principal amount of $189,607,700, representing the outstanding amount of the Shareholder Loan and its accrued interests as at 28 February 2021 (the "Proposed Shareholder Loan Conversion").

On 12 March 2021, shareholders of the Company approved the Proposed Shareholder Loan Conversion at an extraordinary general meeting. The Shareholder Loan conversion was completed on 16 March 2021 upon the allotment and issuance of convertible perpetual bonds to TIHPL, and the convertible perpetual bonds will be classified as equity.

Notes to the Financial Statements

YEAR ENDED 31 DECEMBER 2020

3. BASIS OF PREPARATION

3.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)). The changes to significant accounting policies are described in note 3.5.

3.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

3.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated.

3.4 Use of estimates and judgements

The preparation of the 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.

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 is included in the following notes:

- note 8 – classification of investment properties under development; and
- notes 9 and 10 – assessment of ability to control or exert significant influence over partly owned investments.

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

- notes 5 and 6 – measurement of recoverable amounts for property, plant and equipment and goodwill;
- notes 7 and 8 – determination of fair value of investment properties and investment properties under development;
- notes 9 and 10 – measurement of recoverable amounts for subsidiaries, and associate and joint ventures;
- note 12 – measurement of recoverable amount of trade and other receivables;
- note 19 – estimation of tax liabilities; and
- notes 18 and 26 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

3. BASIS OF PREPARATION (CONT'D)

3.4 Use of estimates and judgements (cont'd)

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. The framework includes a finance team that reports directly to the Chief Financial Officer and has overall responsibility for all significant fair value measurement, including Level 3 fair values, where applicable.

The finance team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the finance team assesses and documents the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of SFRS(I), including the level in the fair value hierarchy in which the valuations should be classified. Significant valuation issues are reported to the Group's Audit and Risk Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1	:	quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2	:	inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3	:	inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- note 7 – investment properties;
- note 8 – investment properties under development;
- note 29 – acquisition of subsidiaries; and
- note 30 – financial instruments.

3.5 Changes in accounting policies

New standards and amendments

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 January 2020:

- *Amendments to References to Conceptual Framework in SFRS(I) Standards*
- *Definition of a Business* (Amendments to SFRS(I) 3)
- *Definition of Material* (Amendments to SFRS(I) 1-1 and SFRS(I) 1-8)
- *Interest Rate Benchmark Reform* (Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7)

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

Notes to the Financial Statements

YEAR ENDED 31 DECEMBER 2020

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Group entities, except as explained in note 3.5, which addresses changes in accounting policies.

4.1 Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group (see note ii). In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests ("NCI") in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured, and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by SFRS(I)s.

Costs related to the acquisition, other than those associated with the issue of debt or equity investments, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Basis of consolidation (cont'd)

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

(iii) Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group's controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any gain/loss arising is recognised directly in equity.

(iv) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(v) Investments in associate and joint ventures (equity-accounted investees)

Associate is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies of the entity. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investments in associate and joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("OCI") of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its investment in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

Notes to the Financial Statements

YEAR ENDED 31 DECEMBER 2020

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Basis of consolidation (cont'd)

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(vii) Subsidiaries, associate and joint ventures in the separate financial statements

Investments in subsidiaries, associate and joint ventures are stated in the Company's statement of financial position at cost less accumulated impairment losses.

4.2 Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and presented in the foreign currency translation reserve in equity. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the NCI. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in OCI, and are presented in the foreign currency translation reserve in equity.

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Notes to the Financial Statements

YEAR ENDED 31 DECEMBER 2020

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 Financial instruments (cont'd)

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. For the purpose of the statement of cash flows, bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

(vi) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with SFRS(I) 1-12.

Notes to the Financial Statements

YEAR ENDED 31 DECEMBER 2020

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 Financial instruments (cont'd)

(vii) Intra-group financial guarantees in the separate financial statements

Financial guarantees are financial instruments issued by the Company that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with SFRS(I) 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15.

Expected credit losses ("ECLs") are a probability-weighted estimate of credit losses. ECLs are measured for financial guarantees issued as the expected payments to reimburse the holder less any amounts that the Company expects to recover.

Liabilities arising from ECLs for financial guarantees issued are presented in the Company's statement of financial position as 'loans and borrowings'.

4.4 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 Property, plant and equipment (cont'd)

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years are as follows:

• Leasehold land held for own use	50 years
• Buildings	16 – 35 years
• Properties leased for own use	2 – 8 years
• Office renovation, furniture, fixtures and equipment	3 – 8 years
• Medical equipment	8 years
• Motor vehicles	5 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

4.5 Intangible assets and goodwill

(i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see note 4.1(i).

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of associate and joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the associate and joint ventures.

(ii) Medical distribution licences

Medical distribution licences acquired is measured at cost less accumulated amortisation and accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Notes to the Financial Statements

YEAR ENDED 31 DECEMBER 2020

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 Intangible assets and goodwill (cont'd)

(iv) Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of the intangible assets, other than goodwill, from the date they are available for use. The estimated useful lives for the current and comparative years are as follows:

- Medical distribution licences 5 years

Amortisation methods and useful lives are reviewed at the end of each reporting period and adjusted if appropriate.

4.6 Investment properties and investment properties under development

Investment properties (including those under development) are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties and investment properties under development are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment properties (including those under development). The cost of self-constructed investment properties and investment properties under development includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment properties (including those under development) to a working condition for their intended use and capitalised borrowing costs.

Any gain or loss on disposal of investment properties and investment properties under development (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When an investment property (including those under development) that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

When the use of the property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

4.7 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 Leases (cont'd)

As a lessee (cont'd)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. Generally, the Group uses the lessee's incremental borrowing rate as the discount rate.

The Group determines the lessee's incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'lease liabilities' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 Leases (cont'd)

As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, then the Group applies SFRS(I) 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in SFRS(I) 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

4.8 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

4.9 Impairment

(i) Non-derivative financial assets

The Group recognises loss allowances for ECLs on financial assets measured at amortised costs and intra-group financial guarantee contracts ("FGC").

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 Impairment (cont'd)

(i) Non-derivative financial assets (cont'd)

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments and FGCs. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Company considers a FGC to be in default when the debtor of the loan is unlikely to pay its credit obligations to the creditor and the Company in full, without recourse by the Company to actions such as realising security (if any is held). The Company only applies a discount rate if, and to the extent that, the risks are not taken into account by adjusting the expected cash shortfalls.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Notes to the Financial Statements

YEAR ENDED 31 DECEMBER 2020

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 Impairment (cont'd)

(i) Non-derivative financial assets (cont'd)

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Loss allowances for FGC are recognised as a financial liability to the extent that they exceed the initial carrying amount of the FGC less the cumulated income recognised.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties, investment properties under development and inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 Impairment (cont'd)

(ii) Non-financial assets (cont'd)

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro-rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

An impairment loss in respect of an associate or joint venture is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with the requirements for non-financial assets. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount and only to the extent that the recoverable amount increases.

Goodwill that forms part of the carrying amount of an investment in an associate or joint venture is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in associate or joint ventures is tested for impairment as a single asset when there is objective evidence that the investment in an associate or joint venture may be impaired.

4.10 Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

4.11 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Notes to the Financial Statements

YEAR ENDED 31 DECEMBER 2020

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.12 Revenue recognition

(i) Goods and services sold

Revenue from sale of goods and services in the ordinary course of business is recognised when the Group satisfies a performance obligation ("PO") by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The individual standalone selling price of a good or service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods and/or services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those POs.

The transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

(ii) Rental income

Rental income received from investment properties under operating leases is recognised on a straight-line basis over the lease term.

(iii) Rendering of services

Revenue from hospital and other healthcare services is recognised in the period in which the services are rendered.

4.13 Government grants

Government grants that compensate the Group for expenses incurred are recognised in profit or loss as 'other income' on a systematic basis in the periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.14 Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- the foreign currency gain or loss on financial assets and financial liabilities; and
- amortisation expense.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

4.15 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associate and joint ventures to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Notes to the Financial Statements

YEAR ENDED 31 DECEMBER 2020

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.15 Tax (cont'd)

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the carrying amount of the investment property is presumed be recovered through sale, and the Group has not rebutted this presumption. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

4.16 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effect of all dilutive potential ordinary shares.

4.17 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Executive Officer (the "Group CEO") (the chief operating decision maker) of the Company to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses and tax liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, investment properties, investment properties under development and intangible assets other than goodwill.

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.18 New standards and interpretations not yet adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new SFRS(I)s, interpretations and amendments to SFRS(I)s are not expected to have a significant impact on the Group's consolidated financial statements and the Company's statement of financial position.

- SFRS(I) 17 *Insurance Contracts*
- *Classification of Liabilities as Current or Non-current* (Amendments to SFRS(I)1-1)
- *Covid-19-Related Rent Concessions* (Amendment to SFRS(I) 16)
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to SFRS(I) 10 and SFRS(I) 1-28)

5 PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets $'000	Buildings $'000	Office renovation, furniture, fixtures and equipment $'000	Medical equipment $'000	Motor vehicles $'000	Leasehold property under development $'000	Total $'000
Group							
Cost							
At 1 January 2019	–	2,131	1,616	3,582	311	28,899	36,539
Recognition of right-of-use assets on initial application SFRS(I) 16	6,777	–	–	–	–	–	6,777
Adjusted balance at 1 January 2019	6,777	2,131	1,616	3,582	311	28,899	43,316
Acquisition of subsidiary	–	–	1	77	2	–	80
Additions	–	–	110	7	–	1,623	1,740
Disposal	–	–	(54)	–	–	–	(54)
Effect of movements in exchange rates	(175)	(65)	(26)	(104)	(9)	(890)	(1,269)
At 31 December 2019	6,602	2,066	1,647	3,562	304	29,632	43,813
At 1 January 2020	6,602	2,066	1,647	3,562	304	29,632	43,813
Additions	1,028	–	130	2	–	6,773	7,933
Disposal	–	–	(70)	–	–	–	(70)
Effect of movements in exchange rates	208	112	53	183	16	1,174	1,746
At 31 December 2020	7,838	2,178	1,760	3,747	320	37,579	53,422

Notes to the Financial Statements

YEAR ENDED 31 DECEMBER 2020

5 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Right-of-use assets $'000	Buildings $'000	Office renovation, furniture, fixtures and equipment $'000	Medical equipment $'000	Motor vehicles $'000	Leasehold property under development $'000	Total $'000
Group							
Accumulated depreciation and impairment losses							
At 1 January 2019	–	414	1,074	3,102	266	–	4,856
Recognition of right-of-use assets on initial application SFRS(I) 16	1,650	–	–	–	–	–	1,650
Adjusted balance at 1 January 2019	1,650	414	1,074	3,102	266	–	6,506
Depreciation charge for the year	368	437	174	258	40	–	1,277
Disposal	–	–	(27)	–	–	–	(27)
Effect of movements in exchange rates	(57)	(23)	(22)	(94)	(9)	–	(205)
At 31 December 2019	1,961	828	1,199	3,266	297	–	7,551
At 1 January 2020	1,961	828	1,199	3,266	297	–	7,551
Depreciation charge for the year	396	322	176	45	7	–	946
Impairment loss	–	–	–	175	–	31,959	32,134
Disposal	–	–	(47)	–	–	–	(47)
Effect of movements in exchange rates	26	51	43	174	16	–	310
At 31 December 2020	2,383	1,201	1,371	3,660	320	31,959	40,894
Carrying amounts							
At 1 January 2019	–	1,717	542	480	45	28,899	31,683
At 31 December 2019	4,641	1,238	448	296	7	29,632	36,262
At 31 December 2020	5,455	977	389	87	–	5,620	12,528

5 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Right-of-use assets $'000	Office renovation, furniture, fixtures and equipment $'000	Total $'000
Company			
Cost			
At 1 January 2019	–	433	433
Recognition of right-of-use assets on initial application of SFRS(I) 16	663	–	663
Adjusted balance at 1 January 2019	663	433	1,096
Additions	–	35	35
Disposal	–	(16)	(16)
At 31 December 2019	663	452	1,115
At 1 January 2020	663	452	1,115
Additions	746	7	753
At 31 December 2020	1,409	459	1,868
Accumulated depreciation			
At 1 January 2019	–	131	131
Recognition of right-of-use assets on initial application of SFRS(I) 16	314	–	314
Adjusted balance at 1 January 2019	314	131	445
Depreciation	220	94	314
Disposal	–	(2)	(2)
At 31 December 2019	534	223	757
At 1 January 2020	534	223	757
Depreciation	233	89	322
At 31 December 2020	767	312	1,079
Carrying amounts			
At 1 January 2019	–	302	302
At 31 December 2019	129	229	358
At 31 December 2020	642	147	789

Notes to the Financial Statements

YEAR ENDED 31 DECEMBER 2020

5 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

		Group		Company	
	Note	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Ownership interests in leasehold land held for own use, carried at depreciated cost	(i)	**4,631**	4,435	**–**	–
Other properties leased for own use, carried at depreciated cost	(ii)	**824**	206	**642**	129
		5,455	4,641	**642**	129

(i) Ownership interests in leasehold land held for own use

The Group holds a piece of leasehold land in the Republic of China (PRC), where its hospital is located. The leases expire in 2055. The Group is the registered owner of the property interests. Lump sum payments were made upfront to acquire these property interests from the PRC government authorities, and there is no ongoing payments to be made under the terms of the land lease.

(ii) Other properties leased for own use

The Group and the Company have obtained the right to use other properties as their offices through tenancy agreements.

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, then the asset's recoverable amount is estimated. When considering impairment indicators, the Group considers both internal (e.g. adverse changes in operating and financial performance of the assets) and external sources (e.g. adverse changes in the business environment). If an indicator of impairment is noted, further management estimate is required 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

Based on the Group's assessment, there were indications of possible impairment for the leasehold property under development at the reporting date due to the delay in progress of the construction, weak economic conditions and outlook, and management's continuing reassessment of the development plans.

5 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Right-of-use assets (cont'd)

(ii) Other properties leased for own use (cont'd)

The Group has engaged external independent valuer to determine the fair value of the property on "as-is" basis. The fair value measurement was categorised as a level 3 fair value based on the inputs the valuation technique used. The fair value obtained was lower than the carrying amount of the leasehold property under development. There is no value-in-use calculation based on discounted cash flow projections as the development plans are still being assessed at the reporting date.

An impairment loss of $31,959,000 was recorded for leasehold property under development in 2020. The impairment loss was determined based on the fair value of the property on an "as-is" basis, taking into consideration the additions during the year which included the provision for site restoration costs of $5,534,000 (note 18). Following the impairment loss recognised, the recoverable amount was equal to the carrying amount. Therefore, any adverse movement in a key assumption may lead to further impairment loss.

The following table shows the valuation techniques used in measuring the recoverable amount of property, plant and equipment as well as the significant unobservable inputs used:

Valuation techniques	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Direct comparison method: The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sales price to those reflective of the leasehold property under development.	Price per square metre ("psm"): Chengdu: $301 (2019: Not applicable)	The estimated fair value would increase (decrease) if price psm was higher (lower).

Contingent liabilities arising from leasehold property under development

The leasehold property under development is held by a subsidiary. The subsidiary of the Group has potential contingencies arising from the delays in the progress of construction. Based on the terms of the land use right agreement with local government and advice from the Group's legal counsel, management has assessed that the exposure for contract penalty is of a wide range as the outcome is dependent on discussions with the local government and the development plans for the property. There is an uncertainty of outflow of benefits and the amount cannot be estimated reliably, thus no provision was recognised at reporting date.

Notes to the Financial Statements

YEAR ENDED 31 DECEMBER 2020

6 INTANGIBLE ASSETS AND GOODWILL

	Note	Goodwill $'000	Medical distribution licences $'000	Total $'000
Group				
Cost				
At 1 January 2019		3,453	1,142	4,595
Acquisitions through business combinations	29	1,808	–	1,808
Effect of movements in exchange rates		(49)	(34)	(83)
At 31 December 2019		5,212	1,108	6,320
Effect of movements in exchange rates		61	–	61
At 31 December 2020		5,273	1,108	6,381
Accumulated amortisation and impairment losses				
At 1 January 2019		372	913	1,285
Amortisation	23	–	226	226
Effect of movements in exchange rates		(11)	(31)	(42)
At 31 December 2019		361	1,108	1,469
Impairment loss		1,804	–	1,804
Effect of movements in exchange rates		104	–	104
At 31 December 2020		2,269	1,108	3,377
Carrying amounts				
At 1 January 2019		3,081	229	3,310
At 31 December 2019		4,851	–	4,851
At 31 December 2020		3,004	–	3,004

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 units ("CGU") for impairment testing:

	Note	Group 2020 $'000	Group 2019 $'000
Brainy World Holdings Limited ("BWH")		**3,004**	3,043
Wuxi Lippo Xi Nan Hospital Company Limited ("WLXN")	29	**–**	1,808
		3,004	4,851

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

6 INTANGIBLE ASSETS AND GOODWILL (CONT'D)

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 a 8-year-period (2019: 7-year-period), including construction period of 3 years (2019: 2 years). Management considers the 8-year-period used in discounted cash flow is appropriate considering the investment cycle of the healthcare industry. The estimated recoverable amount of the CGU exceeded its carrying amount by approximately $726,000 (2019: $744,000). The key assumptions used in the estimation of the recoverable amount are set out below. The value assigned to the key assumptions represent management's assessment of future trends and have been based on historical data derived from both external and internal sources.

	2020 %	2019 %
Key assumptions used for value-in-use calculations:		
Revenue growth rate[1]	**4th to 6th year: 39.5**	3rd to 5th year: 39.5
	7th to 8th year: 35.3	6th to 7th year: 35.3
EBITDA margin[2]	**4th year: (16)**	3rd year: (16)
	5th to 8th year: 1 to 24	4th to 7th year: 1 to 24
Discount rate[3]	**15.0**	15.0
Enterprise value[4]	**18 times**	15 times

1 Weighted average growth rate used to extrapolate cash flows

2 Earnings before interest, tax, depreciation and amortisation expenses ("EBITDA") as a percentage of the revenue

3 Pre-tax discount rate applied to the pre-tax cash flow projections, based on the historical industry average weighted-average cost of capital, with a possible debt leveraging of 80% at a market interest rate of 4.8%

4 Enterprise value determined based on multiples of EBITDA from the last year's cash flow projection

The following table shows the amount by which the assumption would need to change for the estimated recoverable amount to be equal to the carrying amount.

	Change required for carrying amount to equal the recoverable amount	
	2020 %	2019 %
Group		
Revenue growth rate	**(1.4)**	(0.8)
EBITDA margin	**(2.2)**	(2.3)
Discount rate	**0.3**	0.4
Enterprise value	**(0.4) times**	(0.3) times

Notes to the Financial Statements

YEAR ENDED 31 DECEMBER 2020

6 INTANGIBLE ASSETS AND GOODWILL (CONT'D)

WLXN

In 2019, the Group acquired 70% equity interests in WLXN and goodwill amounting to $1,808,000 arose from the acquisition had been recognised (note 29).

During the year, the carrying amount was determined to be higher than its recoverable amount and the goodwill amounting to $1,804,000 was fully impaired in 2020. The impairment loss was recognised in "other (expenses)/income" (note 21). No asset other than goodwill was impaired.

The recoverable amount is determined based on value-in-use calculations using a discounted cash flow projection covering a five-year period.

The key assumptions used in the estimation of the recoverable amount are set out below. The value assigned to the key assumptions represent management's assessment of future trends and have been based on historical data derived from both external and internal sources.

	2020 **%**	**2019** **%**
Key assumptions used for value-in-use calculations:		
Revenue growth rate[1]	**1st to 3rd year:**	2rd to 3rd year:
	42	14
	4th to 5th year:	4th to 5th year:
	23	7
Discount rate[2]	**13.0**	13.0
Terminal value growth rate[3]	**2.6**	3.0

[1] Revenue annual growth for 2020 is higher due to a lower starting base revenue, which took into account the actual revenue for 2020 and the impact of Covid-19 on operations.

[2] Pre-tax discount rate applied to the pre-tax cash flow projections, based on the historical industry average weighted-average cost of capital, with a possible debt leveraging of 0.8% at a market interest rate of 4.8%.

[3] Terminal growth rate to determine terminal value from the last year's cash flow projection

The following table shows the amount by which the assumption would need to change for the estimated recoverable amount to be equal to the carrying amount.

	2019 **%**
Group	
Revenue compound annual growth rate	(0.4)
Discount rate	1.8
Terminal value growth rate	(2.7)

7 INVESTMENT PROPERTIES

	Note	Group 2020 $'000	2019 $'000
At 1 January		**299,770**	290,231
Additions		**971**	1,644
Fair value (losses)/gains recognised in profit or loss	21	**(1,675)**	706
Effect of movements in exchange rates		**9,683**	7,189
At 31 December		**308,749**	299,770

During the year, rental income of $17,526,000 (2019: $16,983,000) and direct operating expenses (including repairs and maintenance) of $1,994,000 (2019: $2,236,000) in respect of investment properties were recognised in profit or loss.

As at 31 December 2020, the details of investment properties held by the Group are set out below:

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

Investment properties are leased to non-related parties under operating leases (see note 27), and have lease tenures ending in 2043 (2019: ending in 2043), with an option to renew the tenure for a period of five (5) years on the same conditions. The operating leases all provide for a "non-cancellation period" (ranging from approximately 7.5 to 10 years from the start of the respective leases with the Group) and, unless otherwise provided for in the respective lease agreements, if the lessee seeks to terminate a lease during the applicable non-cancellation period, the lessee will be required to compensate the lessor for the damages (including rent payable for the remaining portion of the non-cancellation period) caused by the early termination. Upon the expiry of the non-cancellation period, the lessee may terminate the leases by giving a 12-month notice, subject to the terms and condition of the lease agreements.

Changes in fair values are recognised as gains or losses in profit or loss and included within "other (expenses)/income, net" in the consolidated statement of comprehensive income. All gains or losses are unrealised.

As at 31 December 2020, investment properties of the Group with carrying amounts of $308,749,000 (2019: $299,770,000) are mortgaged to banks to secure the related borrowings (see note 16(d)).

Measurement of fair value

Fair value hierarchy

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

The fair value measurement of all of the investment properties of $308,749,000 (2019: $299,770,000) has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used (see note 3.4).

Notes to the Financial Statements

YEAR ENDED 31 DECEMBER 2020

7 INVESTMENT PROPERTIES (CONT'D)

Valuation techniques and inputs used in Level 3 fair value measurements

The following table shows the valuation techniques used in measuring the fair value of investment properties, as well as the significant unobservable inputs used.

Valuation techniques	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Income capitalisation method: The income capitalisation method capitalises an income stream into a present value using single-year capitalisation rate.	Capitalisation rates ranging from 4.4% to 4.8% (2019: 4.4% to 4.8%)	The higher the capitalisation rate, the lower the fair value.
Discounted cash flow method: The discounted cash flow method involves the estimation and projection of an income stream over a period and discounting the income stream with an internal rate of return to arrive at the market value.	Discount rates ranging from 4.2% to 4.6% (2019: 4.2% to 4.6%)	The higher the discount rate, the lower the fair value.
	Terminal capitalisation rates ranging from 4.5% to 5.0% (2019: 4.6% to 5.1%)	The higher the terminal capitalisation rate, the lower the fair value.

8 INVESTMENT PROPERTIES UNDER DEVELOPMENT

		Group	
	Note	2020 $'000	2019 $'000
At 1 January		**91,237**	93,663
Fair value losses recognised in profit or loss	21	**(18,486)**	(1,185)
Effect of movements in exchange rates		**1,741**	(1,241)
At 31 December		**74,492**	91,237

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

Description	Unexpired term of leasehold land
Land - Wuxi land	35 years
Land - Kuala Lumpur, Malaysia	87 years

An investment property under development with carrying amount of $41,920,000 (2019: $58,932,000) is mortgaged to secure bank borrowings (see note 16(e)).

Changes in fair values are recognised as gains or losses in profit or loss and included within "other (expenses)/ income, net" in the consolidated statement of comprehensive income. All gains or losses are unrealised.

8 INVESTMENT PROPERTIES UNDER DEVELOPMENT (CONT'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.

Fair value hierarchy

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

The fair value measurement of all of the investment properties under development of $74,492,000 (2019: $91,237,000) has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (see note 3.4).

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

Valuation techniques and inputs used in Level 3 fair value measurements

The following table shows the valuation techniques used in measuring the fair value of investment properties under development as well as the significant unobservable inputs used:

Valuation techniques	**Key inputs**		**Inter-relationship between key inputs and fair value measurement**
	Malaysia	**PRC**	
Direct comparison method: The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sales price to those reflective of the investment properties under development.	Price per square metre ("psm"): $11,092 (2019: $12,475)	Not applicable	The estimated fair value would increase (decrease) if price psm was higher (lower).
Forced sale value: The forced sale value refers to the amount which may reasonably be received from the sale of an asset under forced sale conditions which do not meet all the criteria of a normal market transaction.	Price per square metre ("psm"): $8,874 (2019: nil)	Not applicable	The estimated fair value would increase (decrease) if price psm was higher (lower).

Notes to the Financial Statements

YEAR ENDED 31 DECEMBER 2020

8 INVESTMENT PROPERTIES UNDER DEVELOPMENT (CONT'D)

Valuation techniques	Key inputs		Inter-relationship between key inputs and fair value measurement
	Malaysia	**PRC**	
Income capitalisation method: The income capitalisation method capitalises an income stream into a present value using single-year capitalisation rates.	Not applicable	Capitalisation rates ranging from: Wuxi: 4.25% (2019: 4.25%)	The higher the capitalisation rate, the lower the fair value.
Discounted cash flow method: The discounted cash flow method involves the estimation and projection of an income stream over a period and discounting the income stream with an internal rate of return to arrive at the market value.	Not applicable	Discount rate: Wuxi: 15.0% (2019: 15.0%) Terminal capitalisation rate: Wuxi: 13.0% (2019: 13.0%)	The higher the discount rate, the lower the fair value. The higher the terminal capitalisation rate, the lower the fair value.
Residual value method: The value of the investment properties under development is arrived at by deducting the estimated cost to complete as of valuation date and other relevant costs from the gross development value of the proposed development assuming satisfactory completion and accounting for developer profit.	Not applicable	Plot ratio: Wuxi: 4.5 (2019: 4.5) Entrepreneur profit and risk: Wuxi: 20.0% (2019: 20.0%) Construction costs psm: Wuxi: $1,412(2019: $1,341)	The estimated fair value would increase (decrease) if: • Gross development value was higher (lower); • Entrepreneurship profit and risk was lower (higher); or • Estimated total construction cost was lower (higher).

In addition to the above, the valuation of the PRC properties included critical assumptions made by management as follows:

(1) *Plot ratio and class 3A hospital license*

Plot ratio represents a building's total floor area (gross floor area) to the size of the land upon which it is built.

The valuation of the Wuxi land as at 31 December 2020 was based on management's assessment that:

- written approval is expected to be granted to increase the plot ratio from 2.0 to 4.5 (2019: from 2.0 to 4.5); and
- a class 3A hospital license is expected to be granted.

If the written approval is not granted or the approved plot ratio differs from current assumption, the valuation of the Wuxi land will change significantly. Also, the Group is in various litigations with David Lin, a non-controlling shareholder of certain subsidiaries of the Group (see note 26(b)). The valuation of the Wuxi land will be significantly affected should there be any adverse outcome from the litigations.

8 INVESTMENT PROPERTIES UNDER DEVELOPMENT (CONT'D)

(2) *Gross development value and construction cost*

Gross development value is the estimated value that a property or new development would derive in the open market if it is to be sold in the current economic climate and condition.

The valuation of Wuxi land is based on the current proposed development plan of the respective projects, with the following gross development values of:

	2020		2019	
	RMB'000	**$'000**	**RMB'000**	**$'000**
Wuxi land				
Gross development value	**971,000**	**197,696**	983,000	190,112

It also includes the following management's estimates of the average construction cost per square metre for Wuxi land:

	2020		2019	
	RMB'000	**$'000**	**RMB'000**	**$'000**
Wuxi land				
Estimated construction cost per square metre	**6.9**	**1.4**	6.9	1.3

In arriving at the average construction cost for Wuxi land for 2020 and 2019, management has relied on construction cost furnished by Rider Levett Bucknall, an independent global property consultant.

Any change in the proposed development plan will result in a change in the gross development value and construction costs, and consequently, a change in the valuation of Wuxi land.

(3) *Entrepreneur profit and risk*

Entrepreneur profit and risk represents return required by a buyer of the partially completed investment property under development in the marketplace. This reflects the risks associated with the completion of the construction programme taken into consideration the anticipated income or capital value. It is presented as a percentage of total gross development value.

The value of Wuxi land is derived by taking the total gross development value subtracting the entrepreneur profit and other costs, including construction costs, to be incurred to complete the Wuxi project.

The valuation of Wuxi land as at 31 December 2020 was based on the assumption of an entrepreneur profit and risk of 20.0% (2019: 20.0%) of the gross development value. Any change in the entrepreneur profit and risk will result in a change in the valuation of Wuxi land.

Notes to the Financial Statements

YEAR ENDED 31 DECEMBER 2020

9 SUBSIDIARIES

	Company	
	2020 $'000	2019 $'000
Equity investments at cost	**116,937**	116,937
Less: Allowance for impairment loss	**(48,147)**	(19,078)
	68,790	97,859
Loan to a subsidiary	**14,883**	14,883
Corporate guarantees issued for subsidiaries' borrowings	**4,320**	4,320
Less: Allowance for doubtful receivables	**(3,901)**	(370)
	15,302	18,833
Total subsidiaries	**84,092**	116,692

Loan to a subsidiary is unsecured, interest-free and have no fixed term of repayment. The settlement of the loan is neither planned nor likely to occur in the foreseeable future and hence the loan is classified as non-current.

Movement in allowance for impairment loss in respect of the loan to a subsidiary and corporate guarantee issued were as follows:

	Company	
	2020 $'000	2019 $'000
At 1 January	**370**	370
Impairment loss	**3,531**	–
At 31 December	**3,901**	370

Allowance for impairment loss on investments in subsidiaries

The Company assessed the carrying amount of its investments in subsidiaries for indicators of impairment. This assessment takes into account the assumptions about future business outlook, operational and financial cash flows of the investee companies. The recoverable amount is determined based on the higher of fair value less costs to sell and value-in-use calculations by management, on cash generating unit (CGU) basis.

Based on this assessment, the Company recognised an impairment loss of $29,069,000 (2019: $2,346,000) on its investments in subsidiaries. The recoverable amounts of the subsidiaries were based on the fair value less cost to sell estimated taking into consideration the fair value of the underlying assets of the companies and the liabilities to be settled. The fair value measurement was categorised as a Level 3 fair value based on the inputs in the valuation technique used.

Movement in allowance for impairment losses were as follows:

	Company	
	2020 $'000	2019 $'000
At 1 January	**19,078**	16,732
Impairment loss	**29,069**	2,346
At 31 December	**48,147**	19,078

9 SUBSIDIARIES (CONT'D)

The Group's significant subsidiaries are as follows:

Name of subsidiaries	Principal activities	Country of incorporation	Effective equity held by the Group 2020 %	2019 %
Held by the Company				
OUELH Japan Medical Facilities Pte. Ltd. [(a)] *	Investment holding	Singapore	**100**	100
OUELH Medical Assets Pte. Ltd. [(a)]	Investment holding	Singapore	**100**	100
Held by subsidiaries				
OLH Healthcare Investment Pte. Ltd. [(a)]	Investment holding	Singapore	**100**	100
OUELH Seasons Residences Sdn. Bhd. [(b)]	Property investment	Malaysia	**100**	100
OUELH Japan First TMK [(d)]	Property investment	Japan	**51.0***	51.0*
Healthkind Medical Holding Co., Ltd. [(c)]	Property investment	PRC	**100**	100

(a) audited by KPMG LLP, Singapore
(b) audited by Roger Yue, Tan & Associates, Malaysia
(c) not required to be audited under the laws of the country of incorporation
(d) audited by KPMG AZSA LLC, Tokyo

KPMG LLP are the auditors of all significant Singapore-incorporated subsidiaries. For this purpose, a subsidiary is considered significant as defined under the Singapore Exchange Limited Listing Manual if its net tangible assets represent 20% or more of the Group's consolidated net tangible assets, or if its pre-tax profits account for 20% or more of the Group's consolidated pre-tax profits.

* OUELH Japan Medical Facilities Pte. Ltd. owns directly and indirectly 100% of the preferred shares in OUELH Japan First TMK. OUELH Japan Medical Facilities Pte. Ltd. and OUELH Japan One ISH as common shareholders of OUELH Japan First TMK have waived their rights to receive the economic benefits of OUELH Japan First TMK. Under Japanese laws, as the common shareholders have waived their rights to receive economic benefits of OUELH Japan First TMK, OUELH Japan Medical Facilities Pte. Ltd. is entitled to the full economic benefits of OUELH Japan First TMK via its direct and indirect ownership of 100% of the preferred shares in OUELH Japan First TMK, notwithstanding that OUELH Japan Medical Facilities Pte. Ltd. does not have full beneficial ownership of OUELH Japan First TMK.

Management is of the opinion that the NCI for each subsidiary are immaterial to the Group individually and in aggregate and accordingly, no summarised financial information for subsidiaries with NCI is disclosed.

Notes to the Financial Statements

YEAR ENDED 31 DECEMBER 2020

10 ASSOCIATE AND JOINT VENTURES

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Interest in an associate	**61,785**	103,198	**–**	–
Interests in joint ventures	**77,036**	70,349	**40,553**	40,553
Less: Allowance for impairment loss	**(4,135)**	–	**(16,946)**	–
	134,686	173,547	**23,607**	40,553

RSM Chio Lim LLP is the auditor of the significant Singapore-incorporated associate and joint venture. An associated company or joint venture is considered significant as defined under the Singapore Exchange Limited Listing Manual if the Group's share of its net tangible assets represents 20% or more of the Group's consolidated net tangible assets, or if the Group's share of its pre-tax profits accounts for 20% or more of the Group's consolidated pre-tax profits. The Group's associate and a joint venture met the definition of significant associate and joint venture.

Associate

The Group has one (2019: one) associate that is material to the Group and is equity accounted. The following is the material associate:

	First Real Estate Investment Trust ("First REIT")
Nature of relationship with the Group	Healthcare real estate investment trust which invests in a diversified portfolio of income-producing real estate and/or real estate-related assets in Asia
Principal place of business/Country of incorporation	Asia
Ownership interest	10.4% (2019: 10.5%)
Fair value of ownership interest	$19,645,000 (2019: $83,176,000) *

* Based on the quoted market price at 31 December (Level 1 in the fair value hierarchy).

As at 31 December 2020, the Group has a direct equity interest of 10.4% (2019: 10.5%) in First REIT, and indirect equity interest of 3.7% (2019: 3.3%) in First REIT.

10 ASSOCIATE AND JOINT VENTURES (CONT'D)

The following summarises the financial information of First REIT Group based on its (consolidated) financial statements prepared in accordance with SFRS(I), modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

	First REIT	
	2020 **$'000**	**2019** **$'000**
Profit from continuing operations	**(352,410)**	48,916
OCI	**(164)**	(133)
Total comprehensive income	**(352,574)**	48,783
Attributable to Unitholders of Trust	**(355,992)**	45,375
Attributable to Perpetual securities holders	**3,418**	3,408
Non-current assets	**939,711**	1,342,302
Current assets	**65,197**	84,834
Non-current liabilities	**(317,494)**	(527,366)
Current liabilities	**(223,444)**	(44,056)
Net assets	**463,970**	855,714
Attributable to Unitholders of Trust	**403,092**	794,836
Attributable to Perpetual securities holders	**60,878**	60,878
Group's interest in net assets of investee at beginning of the year	**103,198**	105,598
Group's share of:		
- (loss)/profit from continuing operations	**(36,832)**	4,803
- OCI	**(17)**	(14)
- total comprehensive income	**(36,849)**	4,789
Dividends received during the year	**(4,564)**	(7,189)
Carrying amount of interest in investee at end of the year	**61,785**	103,198

Notes to the Financial Statements

YEAR ENDED 31 DECEMBER 2020

10 ASSOCIATE AND JOINT VENTURES (CONT'D)

Joint venture

The Group has four (2019: three) joint ventures that are material and nil (2019: nil) joint venture that is immaterial to the Group. All are equity accounted.

The following are the material joint ventures:

Name of joint ventures	Country of incorporation	Ownership interest 2020 %	2019 %
First REIT Management Limited (formerly known as Bowsprit Capital Corporation Limited ("Bowsprit"))	Singapore	**40**	40
Yoma Siloam Hospital Pun Hlaing Limited ("YSHPH") #	Myanmar	**40**	40
Pun Hlaing International Hospital Limited ("PHIH") #	Myanmar	**35**	35
China Merchants Lippo Hospital Management (Shenzhen) Limited ("CMLHM")	PRC	**50**	50
Riviera Quad International Limited ("Riviera Quad")	PRC	**50**	–

\# The Group owns 40% economic interests in YSHPH and PHIH (collectively known as the "Myanmar Group"), in which 5% economic interests in PHIH is held via Deed of Assignment.

10 ASSOCIATE AND JOINT VENTURES (CONT'D)

The following table summarises the financial information of joint ventures of the Group based on their financial statements prepared in accordance with SFRS(I), modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

	First REIT Management Limited		Myanmar Group		CMLHM	
				Period from date of acquisition to 31/12/2019		
	2020	2019	**2020**		**2020**	2019
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Revenue	**13,454**	16,714	**30,229**	22,149	**2,246**	–
Profit/(Loss) from continuing operations	**8,862**	11,535	**(3,652)**	(2,709)	**(133)**	(2,270)
OCI	**(55,973)**	246	**–**	–	**–**	–
Total comprehensive income	**(47,111)**	11,781	**(3,652)**	(2,709)	**(133)**	(2,270)
Attributable to NCI	**–**	–	**(628)**	(261)	**–**	–
Attributable to investees' shareholders	**(47,111)**	11,781	**(3,024)**	(2,448)	**(133)**	(2,270)
Non-current assets	**19,210**	65,898	**39,201**	41,957	**82**	559
Current assets	**11,053**	12,773	**15,560**	6,768	**1,484**	161
Non-current liabilities	**(444)**	–	**(7,578)**	(16,987)	**–**	–
Current liabilities	**(3,024)**	(2,766)	**(36,812)**	(19,218)	**(721)**	(756)
Net assets/(liabilities)	**26,795**	75,905	**10,371**	12,520	**845**	(36)
Attributable to NCI	**–**	–	**1,523**	1,100	**–**	–
Attributable to investees' shareholders	**26,795**	75,905	**8,848**	11,420	**845**	(36)
Group's interest in net assets of investee at beginning of the year	**43,251**	38,531	**26,966**	–	**132**	1,218
Group's share of:						
- profit/(loss) from continuing operations	**3,545**	4,622	**(1,655)**	(989)	**(121)**	(1,135)
- OCI	**(22,389)**	98	**–**	–	**–**	–
- total comprehensive income	**(18,844)**	4,720	**(1,655)**	(989)	**(121)**	(1,135)
Dividends received during the year	**(800)**	–	**–**	–	**–**	–
Impairment loss	**–**	–	**(4,135)**	–	**–**	–
Group's contribution during the year	**–**	–	**–**	26,585	**498**	–
Transaction cost	**–**	–	**–**	1,370	**–**	–
Translation adjustments	**–**	–	**2,000**	–	**(106)**	49
Carrying amount of interest in investee at end of the year	**23,607**	43,251	**23,176**	26,966	**403**	132

Notes to the Financial Statements

YEAR ENDED 31 DECEMBER 2020

10 ASSOCIATE AND JOINT VENTURES (CONT'D)

Myanmar Group

On 24 April 2019, the Group completed the acquisition of 40% economic interests in YSHPH and PHIH (collectively known as the "Myanmar Group"), in which 5% economic interests in PHIH is held via Deed of Assignment, for a total cash consideration of $26,585,000.

The Group has engaged an external expert to perform a purchase price allocation ("PPA") exercise for its acquisition of its joint venture, Myanmar Group on 24 April 2019. The Group's share of net assets of Myanmar Group was based on the fair values of the identifiable assets and liabilities of Myanmar Group as at 24 April 2019.

The following table summarises the consideration transferred and the proportionate share of the fair value of net assets of Myanmar Group as at the date of acquisition:

	Group 2019 $'000
Total consideration transferred	26,585
Less: Proportionate share of fair value of net assets	10,374
Goodwill	16,211

The PPA exercise was finalised in 2020 and goodwill amounting to $16,211,000 arose from acquisition of equity interest in Myanmar Group. The amount had been included in the carrying amount of associate and joint ventures in the statement of financial position as at 31 December 2020. The goodwill is attributable mainly to the synergies expected to be achieved from integrating the Myanmar Group into the Group's existing healthcare business.

Riviera Quad

On 17 January 2020, the Group had completed the share subscription exercise with Golden Pinnacle Enterprises Limited ("Golden Pinnacle") to subscribe an aggregate of 10,000 new ordinary shares in the capital of Riviera Quad International Limited ("Riviera Quad"), a wholly-owned subsidiary of Golden Pinnacle, for an aggregate consideration of RMB126,339,000 (equivalent to $24,889,000).

Upon subscription, both the Group and Golden Pinnacle hold 50% of the total issued shares of Riviera Quad respectively. The Group had subsequently entered into a shareholders' agreement with Golden Pinnacle to regulate the management and control of Riviera Quad.

10 ASSOCIATE AND JOINT VENTURES (CONT'D)

Riviera Quad (cont'd)

The following table summarises the consideration transferred and the proportionate share of the fair value of net assets of Riviera Quad as at the date of acquisition:

	Riviera Quad 2020 $'000
Total consideration transferred	24,889
Less: Proportionate share of fair value of net assets	25,107
Negative goodwill	(218)

The PPA exercise was finalised in 2020 and negative goodwill amounting to $218,000 arose from acquisition of equity interest in Riviera Quad Group. The amount had been included in the carrying amount of associate and joint ventures in the statement of financial position as at 31 December 2020. The goodwill is attributable mainly to the synergies expected to be achieved from integrating the Riviera Quad Group into the Group's existing healthcare business.

The following table summarises the financial information of Riviera Quad, based on its financial statements prepared in accordance with SFRS(I), modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

	Riviera Quad Period from date of acquisition to 31/12/2020 $'000
Revenue	–
Profit from continuing operations	53
OCI	–
Total comprehensive income	53
Attributable to NCI	–
Attributable to investees' shareholders	53
Non-current assets	43,774
Current assets	16,453
Current liabilities	(650)
Net assets	59,577
Attributable to NCI	–
Attributable to investees' shareholders	59,577
Group's interest in net assets of investee at beginning of the year	–
Group's share of:	
- profit from continuing operations	26
- OCI	–
- total comprehensive income	26
Group's contribution during the year	24,889
Translation adjustments	800
Carrying amount of interest in investee at end of the year	25,715

Notes to the Financial Statements

YEAR ENDED 31 DECEMBER 2020

10 ASSOCIATE AND JOINT VENTURES (CONT'D)

Recoverable amount of interests in associate and joint ventures

At each reporting date, the Group assesses whether the investments are impaired. This assessment takes into account the assumptions about future business outlook, operational and financial cash flows of the investee companies. Under the Group's formal impairment assessment of its investment, the recoverable amount is determined based on the higher of fair value less costs to sell and value-in-use calculations by management, on cash generating unit (CGU) basis.

Based on the Group's assessment, there were indications of possible impairment for its associate, First Real Estate Investment Trust (First REIT), and joint ventures, First REIT Management Limited (FRML), and Yoma Siloam Hospital Pun Hlaing Limited and Pun Hlaing International Hospital Limited (collectively known as the "Myanmar Group"), at the reporting date.

The carrying values of CGUs subject to impairment testing at reporting date (gross value before impairment) are as follows:

	Group 2020 $'000	Company 2020 $'000
First REIT	61,785	–
FRML	23,607	40,553
Myanmar Group	27,311	–

At the Group level, the estimated recoverable amounts for each CGU are higher than their carrying amounts, except for the Myanmar Group, at the reporting date. The recoverable amounts were assessed based on value-in-use of each CGU.

At the Company level, the estimated recoverable amounts based on the value-in-use for the joint venture is lower than the carrying amounts.

The recoverable amount of each of the CGUs at reporting date:

	Group 2020 $'000	Company 2020 $'000
First REIT	66,865	–
FRML	24,206	23,607
Myanmar Group	23,175	–

The value-in-use calculations use discounted cash flow projections based on financial projections prepared by management covering a 13-year period for First REIT, which is based on First REIT weighted average lease expiry period, and a 5-year period for FRML and Myanmar Group.

The key assumptions used in the estimation of the recoverable amount are set out below. The value assigned to the key assumptions represent management's assessment of future trends and have been based on historical data derived from both external and internal sources.

10 ASSOCIATE AND JOINT VENTURES (CONT'D)

	First REIT 2020 %	FRML 2020 %	Myanmar Group 2020 %
Key assumptions used for value-in-use calculations:			
Revenue growth rate[1]	Not applicable	4.0	17.0
Dividend growth rate[1]	4.0	Not applicable	Not applicable
Discount rate[2]	8.5	11.0	17.0
Terminal growth rate[3]	2.0	2.0	5.0

1 Weighted average growth rate used to extrapolate revenue.

2 Cost of equity discount rate was applied to dividend return projections of First REIT. Pre-tax discount rate was applied to the pre-tax cash flow projections of FRML and Myanmar Group, based on the historical industry average weighted-average cost of capital, with a possible debt leveraging of 0.8% and 22.8% at a market interest rate of 4.8% and 14.5% for FRML and Myanmar Group respectively.

3 Terminal growth rates to determine terminal value from the last year's cash flow projection.

Allowance for impairment loss on interests in joint venture

Based on the assessment of recoverable amounts of the associate and joint ventures described above, the impairment loss of $4,135,000 (2019: nil) on the Myanmar Group was recognised in current year's profit or loss, in "other (expenses)/income" (note 21). Following the impairment loss recognised in the Myanmar Group, the recoverable amounts were equal to the carrying amounts, and any adverse movement in a key assumption may lead to further impairment loss.

The Company recognised impairment loss of $16,946,000 (2019: nil) on its investment in joint venture, FRML.

Movement in allowance for impairment loss was as follows:

	Group 2020 $'000	Company 2020 $'000
At 1 January	–	–
Impairment loss	4,135	16,946
At 31 December	4,135	16,946

Notes to the Financial Statements

YEAR ENDED 31 DECEMBER 2020

10 ASSOCIATE AND JOINT VENTURES (CONT'D)

The recoverable amounts of the associate and joint ventures are sensitive to changes to the discount rate and terminal growth rate used in the value-in-use calculations. The following changes in assumptions would have resulted in a significant increase in the impairment loss as follows:

	Impairment higher by $'000 for		
	First REIT	FRML	Myanmar Group
Key assumptions used for value-in-use calculations:			
A decrease of revenue/dividend growth rate by 1.0% per annum during projection period	187	448	6,235
An increase in discount rate by 1%	4,308	1,228	2,480
A decrease in terminal growth rate by 1%	No impairment	733	1,557

The following table shows the amount by which the assumption would need to change for the estimated recoverable amount to be equal to the carrying amount.

	Change required for carrying amount to equal the recoverable amount	
	First REIT 2020 %	FRML 2020 %
Group		
Revenue/Dividend growth rate	(1.0)	(0.5)
Discount rate	0.5	0.2
Terminal growth rate	(1.1)	(0.2)

11 INVENTORIES

	Group	
	2020	**2019**
	$'000	**$'000**
Pharmacy supplies	**195**	315
Medical and surgical supplies	**24**	10
	219	325

The cost of inventories recognised as an expense and included in "cost of sales" amounted to $1,869,000 (2019: $2,563,000).

12 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables	**479**	1,434	**–**	–
Other receivables:				
- due from a non-controlling shareholder of certain subsidiaries	**7,771**	7,804	**5,259**	5,363
- due from Deconsolidated subsidiaries	**–**	53,856	**–**	50,041
- due from Crest entities	**25,786**	–	**21,964**	–
- others	**2,186**	14,847	**702**	7,268
Amounts due from subsidiaries	**–**	–	**383,013**	363,204
Advance to a joint venture partner	**4,110**	4,110	**–**	–
Loan to a joint venture	**2,659**	2,712	**–**	–
	42,991	84,763	**410,938**	425,876
Less: Impairment losses	**(29,478)**	(38,740)	**(128,862)**	(70,276)
	13,513	46,023	**282,076**	355,600
Deposits	**320**	3,973	**38**	3,593
	13,833	49,996	**282,114**	359,193
Prepayments	**411**	819	**183**	270
Total trade and other receivables	**14,244**	50,815	**282,297**	359,463
Non-current	**–**	–	**10,445**	10,118
Current	**14,244**	50,815	**271,852**	349,345
	14,244	50,815	**282,297**	359,463

Amounts due from a non-controlling shareholder of certain subsidiaries, Deconsolidated subsidiaries, Crest entities, subsidiaries and loan to a joint venture are unsecured, interest-free and repayable on demand.

Crest entities refer to the subsidiaries that were derecognised in August 2016 as these subsidiaries were placed under receivership. The subsidiaries are IHC Management Pte. Ltd., IHC Management (Australia) Pty Ltd, IHC Medical RE Pte. Ltd., IHC Healthcare REIT, IHC Australia First Trust and IHC Australia Second Trust. In 2019 these entities were referred to as "Deconsolidated subsidiaries". During the year, the Group re-gained control over the Crest entities and recovered part of the receivables (see note 26(a)).

Notes to the Financial Statements

YEAR ENDED 31 DECEMBER 2020

12 TRADE AND OTHER RECEIVABLES (CONT'D)

In 2019, "others" balance mainly relates to amount due from Healthway Medical Development (Private) Limited and its subsidiaries.

Advance to a joint venture partner is secured, interest-bearing at 6% (2019: 6%) per annum and repayable in 2020.

The non-current portion of the amounts due from subsidiaries is unsecured and interest-bearing at 1% (2019: 1%) per annum.

Movement in allowance for impairment losses in respect of other receivables during the year were as follows:

	Group		Company	
	2020 **\$'000**	**2019** **\$'000**	**2020** **\$'000**	**2019** **\$'000**
Balance at 1 January	**38,740**	38,792	**70,276**	71,660
Utilisation of impairment losses	**(9,416)**	–	**(4,322)**	–
Reversal of impairment losses	**–**	–	**–**	(1,307)
Impairment losses recognised	**–**	–	**63,006**	–
Effect of movements in exchange rates	**154**	(52)	**(98)**	(77)
Balance at 31 December	**29,478**	38,740	**128,862**	70,276

13 CASH AND CASH EQUIVALENTS

	Group		Company	
	2020 **\$'000**	**2019** **\$'000**	**2020** **\$'000**	**2019** **\$'000**
Cash on hand at banks	**68,973**	52,709	**33,117**	30

Bank balances of \$23,684,000 (2019: \$15,237,000) are included as part of the floating charge to third parties for borrowings of the Group (see notes 16 (d) and (e)). This amount is included as part of cash and cash equivalents as the utilisation of these bank balances is not restricted.

Significant restrictions

Cash and bank balances of \$3,040,000 (2019: \$6,673,000) in the Group are held in the PRC and are subject to local exchange control regulations. The conversion of these RMB-denominated balances into foreign currencies is subject to the foreign exchange rules and regulations promulgated by the PRC government.

14 SHARE CAPITAL

	2020		2019	
	No. of ordinary shares '000	**Share capital $'000**	**No. of ordinary shares '000**	**Share capital $'000**
Company				
At beginning and end of the 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.

15 RESERVES

Merger reserve

Merger reserve represents the difference between the consideration paid and net assets of entities acquired for acquisition of subsidiaries under common control. Merger reserves are non-distributable.

Asset revaluation reserve

Asset revaluation reserve represents the revaluation surplus recognised in property, plant and equipment.

Foreign currency translation reserve

The foreign currency translation reserve comprises:

(a) exchange differences arising from the translation of financial statements of foreign operations;

(b) share of currency translation reserve of foreign equity-accounted investees; and

(c) exchange differences on monetary items which form part of the Group's net investment in foreign operations, provided certain conditions are met.

Fair value reserve

The fair value reserve represents the share of fair value reserve of an equity-accounted investee arising from the cumulative net change in the fair value of the quoted equity investments until the investments are derecognised or impaired.

Notes to the Financial Statements

YEAR ENDED 31 DECEMBER 2020

16 LOANS AND BORROWINGS

		Group		Company	
	Note	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Current					
Loans from third parties	(a)	**189**	189	**189**	189
Loan from a fellow subsidiary	(b)	**44,485**	44,485	**40,335**	40,335
Loan from a shareholder	(c)	**125,077**	125,077	**125,077**	125,077
Tokutei Mokuteki Kaisha ("TMK") Bond	(d)	**1,828**	120,691	**–**	–
Bank borrowings	(e)	**47,110**	34,413	**30,000**	30,000
		218,689	324,855	**195,601**	195,601
Non-current					
TMK Bonds	(d)	**137,012**	–	**–**	–
Bank borrowings	(e)	**–**	16,596	**–**	–
		137,012	16,596	**–**	–
Total loans and borrowings		**355,701**	341,451	**195,601**	195,601

Total borrowings include secured liabilities of $311,027,000 (2019: $296,777,000) and $155,077,000 (2019: $155,077,000) 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 is unsecured.

(c) Loan from a shareholder

The loan from a shareholder is secured against a debenture over the Company's real property, tangible moveable property, the accounts, intellectual property, goodwill and rights in relation to the uncalled capital of the Company, investments, the shares, all dividends, interest and other monies payable in respect of the shares, all monetary claims other than any claims which are otherwise subject to a fixed charge or assignment pursuant to this debenture and all chattels hired, leased or rented from the Company by any other person.

(d) TMK Bond

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 TMK Bonds are secured against:

(i) the total assets of a subsidiary of the Group which mainly comprise investment properties in Japan (see note 7) and cash and cash equivalents (see note 13); and
(ii) a corporate guarantee from the Company (see note 17).

16 LOANS AND BORROWINGS (CONT'D)

(e) *Bank borrowings*

The bank borrowings are secured against:

(i) a charge created over an investment property under development of the Group (see note 8);
(ii) a debenture over the assets and rights of the subsidiary pertaining to a development project of the Group (see note 8 and note 13);
(iii) joint and several guarantees by certain shareholders; and
(iv) a corporate guarantee from the Company (see note 17).

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Currency	Nominal interest rate	Year of maturity	Face value $'000	Carrying amount $'000
Group					
2020					
Unsecured loans from third parties	SGD	0%	On demand	189	189
Unsecured loan from a fellow subsidiary	SGD	4%	On demand	44,485	44,485
Secured loan from a shareholder	SGD	4%	On demand	125,077	125,077
Secured TMK Bonds	JPY	Offer rate + 1%	2025	139,885	138,840
Secured bank loan	MYR	Cost of funds + 2%	2021	16,601	16,601
Secured bank loan	RMB	4.8%	2021-2022	509	509
Secured bank loan	SGD	Sibor + 0.8%	On demand	30,000	30,000
				356,746	355,701
2019					
Unsecured loans from third parties	SGD	0%	On demand	189	189
Unsecured loan from a fellow subsidiary	SGD	4%	On demand	44,485	44,485
Secured loan from a shareholder	SGD	4%	On demand	125,077	125,077
Secured TMK Bonds	JPY	Offer rate + 1%	2020	120,900	120,691
Secured bank loan	MYR	Cost of funds + 2%	2021	20,525	20,525
Secured bank loan	RMB	5.22%	2020-2021	484	484
Secured bank loan	SGD	Sibor + 0.8%	On demand	30,000	30,000
				341,660	341,451
Company					
2020					
Unsecured loans from third parties	SGD	0%	On demand	189	189
Unsecured loan from a fellow subsidiary	SGD	4%	On demand	40,335	40,335
Secured loan from a shareholder	SGD	4%	On demand	125,077	125,077
Secured bank loan	SGD	Sibor + 0.8%	On demand	30,000	30,000
				195,601	195,601
2019					
Unsecured loans from third parties	SGD	0%	On demand	189	189
Unsecured loan from a fellow subsidiary	SGD	4%	On demand	40,335	40,335
Secured loan from a shareholder	SGD	4%	On demand	125,077	125,077
Secured bank loan	SGD	Sibor + 0.8%	On demand	30,000	30,000
				195,601	195,601

Notes to the Financial Statements

YEAR ENDED 31 DECEMBER 2020

16 LOANS AND BORROWINGS (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities			
	Loans and borrowings $'000	**Lease liabilities $'000**	**Interest payable $'000**	**Total $'000**
Balance at 1 January 2019	308,007	–	10,350	318,357
Recognition of lease liabilities on initial application SFRS(I) 16	–	560	–	560
Adjusted balance at 1 January 2019	308,007	560	10,350	318,917
Changes from financing cash flows				
Proceeds from borrowings	34,654	–	–	34,654
Repayment of borrowings	(4,449)	–	–	(4,449)
Payment of lease liability	–	(351)	–	(351)
Interest paid	–	–	(2,601)	(2,601)
Total changes from financing cash flows	30,205	(351)	(2,601)	27,253
The effect of changes in foreign exchange rates	2,816	–	(12)	2,804
Other changes				
Liability-related				
Amortisation expense	423	–	–	423
Interest expense	–	11	9,315	9,326
Total liability-related other changes	423	11	9,315	9,749
Balance at 31 December 2019	341,451	220	17,052	358,723
Balance at 1 January 2020	341,451	220	17,052	358,723
Additions	–	1,028	–	1,028
Changes from financing cash flows				
Proceeds from borrowings	143,000	–	–	143,000
Repayment of borrowings	(131,946)	–	–	(131,946)
Payment of lease liability	–	(358)	–	(358)
Interest paid	–	–	(2,911)	(2,911)
Total changes from financing cash flows	11,054	(358)	(2,911)	7,785
The effect of changes in foreign exchange rates	2,746	(67)	(43)	2,636
Other changes				
Liability-related				
Amortisation expense	450	–	–	450
Interest expense	–	10	9,726	9,736
Total liability-related other changes	450	10	9,726	10,186
Balance at 31 December 2020	355,701	833	23,824	380,358

17 TRADE AND OTHER PAYABLES

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Current				
Trade payables	**1,327**	2,230	**–**	–
Other payables	**5,952**	10,271	**664**	3,551
Amount due to Deconsolidated subsidiaries	**–**	504	**–**	442
Amount due to Crest entities	**543**	–	**478**	–
Amounts due to subsidiaries	**–**	–	**69,465**	40,691
Amount due to a former shareholder	**644**	644	**644**	644
Interest payable	**23,824**	17,052	**23,153**	16,552
Accrued expenses	**4,940**	4,432	**2,164**	2,285
Corporate guarantee	**–**	–	**281**	281
Deferred revenue	**1,554**	1,453	**–**	–
	38,784	36,586	**96,849**	64,446
Non-current				
Corporate guarantee	**–**	–	**159**	489
Rental deposit received	**7,914**	7,666	**–**	–
	7,914	7,666	**159**	489
Total trade and other payables	**46,698**	44,252	**97,008**	64,935

The amounts due to Deconsolidated subsidiaries, Crest entities, subsidiaries and a former shareholder are unsecured, interest-free and repayable on demand.

In 2020, included in the Group's other payables and accrued expenses are outstanding consultancy fee and accrued designed fees amounting to $2,659,000 and $812,000 respectively.

In 2019, the Group's other payables and accrued expenses relate mainly to outstanding consideration for the purchase of property, plant and equipment and accrued capital expenditure on investment properties amounting to $611,000 and $273,000 respectively.

The Group's and the Company's exposure to currency risk and liquidity risk related to trade and other payables is disclosed in note 30.

Notes to the Financial Statements

YEAR ENDED 31 DECEMBER 2020

18 PROVISIONS

	Note	Legal $'000	Site restoration $'000	Total $'000
Group				
At 1 January 2019		42,079	–	42,079
Reversal of provision	21	(9,750)	–	(9,750)
Utilisation during the year		(2,668)	–	(2,668)
At 31 December 2019		29,661	–	29,661
At 1 January 2020		29,661	–	29,661
Provision made during the year		–	5,534	5,534
Utilisation during the year		(2,060)	–	(2,060)
Effect of movements in exchange rates		–	85	85
At 31 December 2020		27,601	5,619	33,220

	Note	Legal 2020 $'000	Legal 2019 $'000
Company			
At 1 January		**29,661**	42,079
Reversal of provision	21	**–**	(9,750)
Utilisation during the year		**(2,060)**	(2,668)
At 31 December		**27,601**	29,661

Legal

Provisions are related to legal and related expenses (see note 26). During the year, provisions were utilised for legal costs incurred.

Site restoration

Provision for site restoration relates to the provision of reinstatement cost to be incurred for restoration of the Group's leasehold property under development in Dujiangyan, Chengdu, China.

A provision for reinstatement cost is recognised when the Group has a legal and constructive obligation to restore the property to its original condition under property lease agreements with external parties. The provision is initially capitalised and included in the cost of property, plant and equipment. The provision is based on the best estimate of the expenditure with reference to quotation from an independent contractor.

19 DEFERRED TAX LIABILITIES

Deferred tax liabilities are attributable to the following:

	Group	
	2020	**2019**
	$'000	**$'000**
Investment properties under development	**6,070**	10,807
Unremitted income from OUELH Japan First TMK	**33,109**	29,985
	39,179	40,792

The movement in the deferred tax liabilities during the year is as follows:

	Investment properties under development $'000	**Unremitted income from OUELH Japan First TMK $'000**	**Total $'000**
Group			
Deferred tax liabilities			
At 1 January 2019	11,175	26,782	37,957
Recognised in profit or loss	(82)	2,560	2,478
Effect of movements in exchange rates	(286)	643	357
At 31 December 2019	10,807	29,985	40,792
At 1 January 2020	10,807	29,985	40,792
Recognised in profit or loss	(5,152)	2,174	(2,978)
Effect of movements in exchange rates	415	950	1,365
At 31 December 2020	6,070	33,109	39,179

Unrecognised deferred tax assets

As at 31 December 2020, deferred tax assets have not been recognised in respect of tax losses of $23,315,000 (2019: $22,331,000). Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom. Tax losses and other deductible temporary differences do not expire under current tax legislation.

Unrecognised deferred tax liabilities

Deferred tax liabilities have not been recognised for withholding taxes that would be payable on the unremitted earnings of $48,005,000 (2019: $34,607,000) of the subsidiaries for the year ended 31 December 2020 as the timing of the reversal of the temporary differences arising from such amounts can be controlled and it is probable that such temporary differences will not be reversed in the foreseeable future.

Notes to the Financial Statements

YEAR ENDED 31 DECEMBER 2020

20 REVENUE

	Group	
	2020	**2019**
	$'000	**$'000**
Medical services	**591**	–
Rental income	**17,526**	16,983
Sale of medicine and medical equipment	**1,863**	2,666
	19,980	19,649

The following table provides information about the nature and timing of the satisfaction of performance obligation in contracts with customers, including significant payment terms and the related revenue recognition policies:

Healthcare operations segment

Nature of goods or services	The Group principally generates revenue from providing medical services, selling medicine and medical equipment. The contracts with its customers for selling medicine and medical equipment are received on an ad-hoc basis. Goods may be sold separately or in bundled packages. For the bundled contracts, the Group accounts for individual goods separately if they are distinct i.e, if a good is separately identifiable from other items in the bundled package and if a customer can benefit from it.
When revenue is recognised	Revenue is recognised at point in time when customer receives the services or when customer obtains control, based on the relative stand-alone selling prices of each of the goods.
Significant payment terms	Payment is due when the goods or services are delivered to the customers.

In the following table, revenue is disaggregated by primary geographical markets, major product and services lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with Group's reportable segments (see note 32).

	Healthcare operations	
	2020	**2019**
	$'000	**$'000**
Primary geographical markets		
China	**2,454**	2,666
Major products and services lines		
Medical services	**591**	–
Sale of medicine and medical equipment	**1,863**	2,666
	2,454	2,666
Timing of revenue recognition		
Products transferred at a point in time	**2,454**	2,666

21 OTHER (EXPENSES)/INCOME, NET

	Note	Group 2020 $'000	Group 2019 $'000
Fair value losses on investment properties	7	**(1,675)**	–
Fair value losses on investment properties under development	8	**(18,486)**	(1,185)
Impairment loss on goodwill	6	**(1,804)**	–
Impairment loss on property, plant and equipment	5	**(32,134)**	–
Impairment loss on joint venture	10	**(4,135)**	–
Other expenses		**(58,234)**	(1,185)
Fair value gains on investment properties	7	**–**	706
Government grants		**320**	–
Reversal of provisions for legal and related expenses	18	**–**	9,750
Other income from sale of IT software and equipment		**–**	1,589
Others		**18**	61
Other income		**338**	12,106
Other (expenses)/income, net		**(57,896)**	10,921

22 NET FINANCE COSTS

	Group 2020 $'000	Group 2019 $'000
Interest income	**296**	232
Foreign exchange gain, net	**1,045**	315
Finance income	**1,341**	547
Amortisation expense	**(450)**	(423)
Interest expense	**(9,736)**	(9,326)
Finance costs	**(10,186)**	(9,749)
Net finance costs	**(8,845)**	(9,202)

Notes to the Financial Statements

YEAR ENDED 31 DECEMBER 2020

23 (LOSS)/PROFIT BEFORE TAX

The following items have been included in arriving at (loss)/profit before tax:

	Note	Group 2020 $'000	Group 2019 $'000
Audit fees paid/payable to:			
- auditors of the Company		**252**	351
- member firms of the auditors of the Company		**94**	94
- other auditors		**22**	8
Non-audit fees paid/payable to:			
- auditors of the Company		**65**	95
- other auditors		**5**	3
Amortisation of intangible assets	6	**–**	226
Depreciation of property, plant and equipment	5	**946**	1,277
Employee benefits expense (see below)		**6,428**	8,066
Trade and other receivable written off		**610**	–
Operating expenses arising from rental of investment properties		**1,550**	1,506
Employee benefits expense			
Salaries, wages and related cost		**5,694**	6,967
Employer's contribution to defined contribution plan		**452**	640
Others		**282**	459
		6,428	8,066

24 TAX (CREDIT)/EXPENSE

	Group 2020 $'000	Group 2019 $'000
Current tax expense		
Current year	**105**	38
Deferred tax expense		
Origination and reversal of temporary differences	**(2,978)**	2,478
Total tax (credit)/expense	**(2,873)**	2,516

24 TAX (CREDIT)/EXPENSE (CONT'D)

	Group	
	2020	**2019**
	$'000	**$'000**
Reconciliation of effective tax rate		
(Loss)/Profit before tax	**(102,065)**	5,754
Tax using Singapore tax rate of 17% (2019: 17%)	**(17,351)**	978
Effect of tax rates in foreign jurisdictions	**(3,854)**	(10)
Effect of changes in tax rates	**–**	99
Effects of results of equity-accounted investees presented net of tax	**5,956**	(1,241)
Tax-exempt income	**(2,742)**	(1,792)
Non-deductible expenses	**11,332**	2,130
Current tax losses for which no deferred tax assets are recognised	**167**	544
Tax losses not allowed to be carried forward	**3,619**	1,808
	(2,873)	2,516

Tax losses not allowed to be carried forward

During 2020, the Group has incurred tax losses of $21,288,000 (2019: $10,638,000). The untilised losses arise from investment holding companies cannot be carried forward to offset the income of future years of assessment.

25 EARNINGS PER SHARE

The calculation of basic and diluted earnings per share has been based on the (loss)/profit attributable to owners of the Company of $98,726,000 (2019: $3,357,000) and the weighted average number of ordinary shares outstanding during the financial year, calculated as follows:

	Group	
	2020	**2019**
	$'000	**$'000**
Net (loss)/profit attributable to owners of the Company	**(98,726)**	3,357

	Group	
	2020	**2019**
Weighted average number of ordinary shares during the year ('000)	**4,443,129**	4,443,129

There were no potential dilutive ordinary shares for the years ended 31 December 2020 and 2019. As such, the profit attributable to ordinary shareholders and the number of ordinary shares used in the calculation of diluted earnings per share are the same as those used in the calculation of basic earnings per share.

Notes to the Financial Statements

YEAR ENDED 31 DECEMBER 2020

26 LITIGATION CASES

The Group is exposed to several litigation cases as at 31 December 2020.

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

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

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

Separately, the Funds counter-sued in related proceedings for damages, on the basis that the Group had deprived the Funds of the alleged security over the shares of IHC Medical, IHC Management and IHC Australia and had caused losses to the Funds as a result of the diminution in the value of the shares. The Funds have since withdrawn this action in July 2019, and paid costs to the Group.

In 2017, the Company commenced further proceedings for a declaration that it had validly avoided the standby facility extended to the Company for contravention of Section 76 of the Companies Act. The Company also commenced proceedings against the Receivers and the Funds to set aside the purported sale of the entire issued share capital of IHC Medical by the Receivers to the Funds.

In July 2018, the High Court declared that the Company had validly avoided the standby facility and its related contracts and transactions. Following the High Court's decision, the Company commenced further proceedings against the Funds in September 2018 for the return of sums paid to the Funds under the avoided standby facility. The Company also took out court applications for the release of part of the net proceeds of the sale of the underlying assets of IHC Medical ("Release Applications") which are held by the Funds pursuant to an Order of Court. The Funds' appeal against the High Court's decision on the avoidance of the standby facility was dismissed in September 2019. The Funds have also commenced proceedings against the Company for statutory relief under the Companies Act arising from the avoidance of the standby facility.

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

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

26 LITIGATION CASES (CONT'D)

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

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

The Company received a total of $13,066,592 from the Crest Funds and a further A$16,315,443 (approximately $15,864,000) pursuant to a by-consent Order of Court dated 11 September 2020 for the discharge of banker's guarantee.

On 7 January 2021, the Company received a further A$4,699,679 (approximately $4,821,000) of the surplus sale proceeds of the three properties in Australia (553 St Kilda Road, 541 St Kilda Road and 73-79 Little Ryrie Street, Geelong, collectively the "Australian Properties") from the Australian trustee. The Australian Trusts were previously set up by the Company to hold the Australian Properties.

The Crest Funds, Fan Kow Hin and Lim Beng Choo have filed appeals (CA113, CA132 and CA 135) against the Suit 441 Judgment to the Court of Appeal. On 13 January 2021, parties attended a mediation prior to the appeals but were unable to reach a settlement of the dispute. The appeals were heard on 29 January 2021. The Court of Appeal has reserved its judgment.

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

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

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

In 2018, the Company commenced arbitration proceedings in Singapore against David Lin. The substantive evidential hearing for the proceedings concluded in 2018. 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.

In 2019, the Company commenced recognition and enforcement proceedings in Hong Kong, Taiwan and Shanghai against David Lin to enforce the said award. As at 31 December 2020, the Company has obtained permission to enforce the award in Hong Kong, Taiwan and Shanghai.

As at 31 December 2020, the Company continues to hold a charging order absolute over David Lin's shares in Healthcare Solution Investment Limited 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 Healthcare Solution Investment Limited shares. Healthcare Solution Investment Limited is the sole shareholder of Weixin.

Notes to the Financial Statements

YEAR ENDED 31 DECEMBER 2020

26 LITIGATION CASES (CONT'D)

(b) *Litigation cases with David Lin, a non-controlling shareholder of certain subsidiaries (cont'd)*

In 2018, Weixin commenced proceedings against Wuxi Yilin Real Estate Development Co Ltd ("Wuxi Yilin Real Estate"), a subsidiary of the Group, for a return of 20 Chang Jiang North Road (i.e. the land on which the Wuxi New District Phoenix Hospital is situated) (the "Land Litigation"). In 2019, the Wuxi Xinwu District Court dismissed Weixin's application. Weixin appealed to the Wuxi Intermediate District Court.

In 2020, Weixin (which is now under the control of the receivers of Healthcare Solution Investment Limited) applied to withdraw the Land Litigation appeal, and commenced proceedings against David Lin and Chiang Hui-Hua for a return of inter alia Weixin's business license and company stamp on the basis that Chiang Hui-Hua is no longer the legal representative of Weixin (the "Weixin Control Dispute"). The Shanghai Pudong Court issued a decision in favour of Weixin in the Weixin Control Dispute. David Lin has appealed against the Shanghai Pudong Court's decision. On 15 March 2021, the Shanghai First Intermediate Court has dismissed David Lin's appeal, with costs to be borne by David Lin. The court noted that the board of directors of Healthcare Solution Investment Limited had passed a valid board resolution to remove Chiang Hui-Hua as Weixin's legal representative, executive director and general manager. As such, Chiang Hui-Hua no longer had the legal right since 27 November 2019 to retain Weixin's business license and company stamp.

On 18 March 2021, the Wuxi Intermediate Court has issued a judgment accepting Weixin's application to withdraw the Land Litigation appeal. The effect of the withdrawal of the Land Litigation appeal is that the decision of the Wuxi Xinwu District Court is final and binding on all parties. In that judgment, the Court found that the land transfer agreement between Wuxi Yilin Real Estate and Wuxi Co. dated 15 January 2015, in relation to the Wuxi land at 20 Chang Jiang North Road, is legitimate and binding on all parties. Thus, the Company's subsidiary, Wuxi Yilin Real Estate, is the rightful and legal owner of the Wuxi land, and there are currently no pending legal challenges in relation to the ownership of Wuxi land.

As at 31 December 2020, the Company was informed by its PRC counsel that the Shanghai No.1 Court has received approximately RMB3.25 million (approximately $662,000) as part of the Shanghai enforcement proceedings. In March 2021, the Company received a sum of NTD14,991,033 (approximately $710,000), being the deposit and trust assets held by the David Lin in his bank accounts.

In 2018, Wuxi Yilin Health Management Co Ltd ("Wuxi Yilin Health"), a subsidiary of the Group, commenced proceedings against David Lin for damages in relation to the breaches of his duties to Wuxi Yilin Health. In 2019, the Wuxi Intermediate Court dismissed Wuxi Yilin Health's claim against David Lin. Wuxi Yilin Health has appealed against the Wuxi Intermediate Court's decision. A hearing date for the appeal has been fixed on 12 April 2021.

In 2018, Health Kind Shanghai commenced proceedings against David Lin for breaches of his duties to Health Kind Shanghai and for a return of 100% of the shares in Wuxi Co. In 2019, the Shanghai No. 1 Intermediate Court dismissed Health Kind Shanghai's claim. Health Kind Shanghai has appealed against the decision. On 27 November 2020, the Shanghai High Court dismissed Health Kind Shanghai's appeal.

In 2018, Wuxi Yilin Real Estate commenced legal proceedings against Wuxi Co for outstanding rental under a Tenancy Agreement dated 7 February 2015 in relation to the property at 20 Chang Jiang North Road and an Equipment Rental Agreement dated 15 January 2015. As at 31 December 2020, the proceedings have been withdrawn due to the internal Court timelines.

In accordance to paragraph 92 of SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*, details of the provisions made for each litigation case were not disclosed in order not to prejudice the Group's legal position in the proceedings.

27 LEASES

Leases as lessee

The Group and the Company lease five office spaces under non-cancellable operating lease agreements. The leases typically run for a period of between one and three years with escalation clauses and renewal rights.

Information about leases for which the Group and the Company as lessees are presented below.

Right-of-use assets

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Balance at 1 January	**4,641**	5,127	**129**	349
Additions	**1,028**	–	**746**	–
Depreciation charge for the year	**(396)**	(368)	**(233)**	(220)
Effect of movement in exchange rates	**182**	(118)	**–**	–
Balance at 31 December	**5,455**	4,641	**642**	129

Lease liabilities

The potential exposure to these future lease payments for the Group and the Company as at reporting date is $833,000 (2019: $220,000) and $640,000 (2019: $141,000) respectively.

Amounts recognised in profit or loss

	2020	**2019**
	$'000	**$'000**
Leases under SFRS(I) 16		
Interest on lease liabilities	**10**	11

Amounts recognised in statement of cash flows

	2020	**2019**
	$'000	**$'000**
Total cash outflow for leases	**(358)**	(351)

Notes to the Financial Statements

YEAR ENDED 31 DECEMBER 2020

27 LEASES (CONT'D)

Leases as lessor

The Group leases out healthcare-related facilities to non-related parties. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Note 7 sets out the information about the operating leases of investment properties.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date:

	2020 $'000	2019 $'000
Operating leases		
Within one year	**16,939**	16,983
One to two years	**9,069**	16,416
Two to three years	**1,750**	8,817
Three to four years	**–**	1,710
	27,758	43,926

28 COMMITMENTS

Capital commitments

	Group	
	2020 $'000	2019 $'000
Property, plant and equipment	**599**	1,575

29 ACQUISITION OF SUBSIDIARIES

Acquisition of Wuxi Lippo Xi Nan Hospital Company Limited ("WLXN")

On 31 October 2019, the Group acquired 70% equity interests in Wuxi Lippo Xi Nan Hospital Company Limited ("WLXN") (formerly known as Wuxi Bohai Hospital Company Limited), a limited company incorporated in People's Republic of China ("PRC") for a consideration of RMB7,923,000 (equivalent to $1,528,000).

The acquisition is expected to provide 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.

From the two months ended 31 December 2019, WLXN contributed loss of $302,000 to the Group's result. There was no material impact on the consolidated loss for the year if the acquisition had occurred on 1 January 2019.

29 ACQUISITION OF SUBSIDIARIES (CONT'D)

Acquisition-related costs

The Group incurred acquisition-related costs of $116,200 on legal fees and due diligence costs. These costs had been included in 'administrative expenses' in 2019.

Identifiable assets acquired and liabilities assumed

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

	2019 $'000
Property, plant and equipment	80
Cash and cash equivalents	37
Trade and other payables	(517)
Total identifiable net liabilities	(400)

Cash flows relating to the acquisition

	2019 $'000
Purchase consideration	(1,528)
Add: Outstanding consideration unpaid as at year end	156
Add: Cash acquired	37
Net cash outflow	(1,335)

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	Note	**2019 $'000**
Total consideration transferred		1,528
NCI, based on their proportionate interest in the recognised in the amounts of the assets and liabilities		(120)
Fair value of identifiable net liabilities		400
Goodwill	6	1,808

The purchase price allocation was finalised in 2019 and goodwill amounting to $1,808,000 arose from the acquisition of WLXN. The goodwill is attributable mainly to the synergies expected to be achieved from integrating the company into the Group's existing healthcare business. None of the goodwill recognised is expected to be deductible for tax purposes.

Notes to the Financial Statements

YEAR ENDED 31 DECEMBER 2020

30 FINANCIAL INSTRUMENTS

Financial risk management

Overview

The Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

Risk management is integral to the whole business of the Group. The Board of Directors continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade and other receivables, and cash and cash equivalents.

The carrying amounts of financial assets in the statements of financial position represent the Group's and the Company's maximum exposures to credit risk, before taking into account any collateral held. The Group and the Company do not hold any collateral in respect of their financial assets.

Trade and other receivables

The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of these financial assets.

The Group limits its exposure to credit risk from trade receivables by collecting deposits as collateral, where possible.

In monitoring customer credit risk, the Group considers the trade history of the customers with the Group, aging profile, maturity and existence of previous financial difficulties.

30 FINANCIAL INSTRUMENTS (CONT'D)

Exposure to credit risk

The exposure to credit risk for trade receivables at the reporting date by geographic region was as follows:

	Group	
	2020	**2019**
	$'000	**$'000**
China	**479**	1,434

The exposure to credit risk for trade receivables at the reporting date by type of counterparty was as follows:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Drug distribution companies	**312**	1,219	**–**	–
Medical service providers	**167**	215	**–**	–
	479	1,434	**–**	–

Expected credit loss assessment for trade receivables

The Group uses an allowance matrix to measure the lifetime ECL of trade receivables.

Loss rates are calculated using a 'roll-rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off and are based on actual credit loss experience over the past three years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Trade receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group considers a financial asset to be in default if the counterparty fails to make contractual payments within six-months when they fall due and writes off the financial asset only when the Group is satisfied that no recovery of the amount owing is possible. When receivables are written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, those are recognised in profit or loss.

Notes to the Financial Statements

YEAR ENDED 31 DECEMBER 2020

30 FINANCIAL INSTRUMENTS (CONT'D)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 31 December 2020:

	Group	
	Gross carrying amount $'000	**Impairment loss allowance $'000**
2020		
Not past due	351	–
Past due less than 30 days	55	–
Past due 31 to 60 days	20	–
Past due 61 to 90 days	30	–
Past due over 90 days	23	–
	479	–
2019		
Not past due	637	–
Past due less than 30 days	8	–
Past due 31 to 60 days	36	–
Past due 61 to 90 days	1	–
Past due over 90 days	752	–
	1,434	–

Non-trade amounts due from subsidiaries and loan to a subsidiary

The Company holds non-trade receivables from its subsidiaries of $383,013,000 (2019: $363,204,000) and loan to a subsidiary of $14,883,000 (2019: $14,883,000). These balances are amounts lent to subsidiaries to satisfy their funding requirements. Impairment on these balances has been measured on the 12-month and lifetime expected credit loss basis. The amount of the allowance on non-trade receivables from its subsidiaries is $105,672,000 (2019: $42,666,000) and the allowance on loan to a subsidiary is $3,901,000 (2019: $370,000).

Other receivables

The Group and the Company held other receivables of $35,743,000 and $27,925,000 respectively at 31 December 2020 (2019: $76,507,000 and $62,672,000 respectively). Impairment on these balances have been measured on the 12-month and lifetime expected credit loss basis. The amounts of the allowance on other receivables for the Group and the Company are $29,478,000 and $23,191,000 respectively (2019: $29,512,000 and $23,295,000 respectively).

In 2019, the recoverability of amount due from Deconsolidated subsidiaries was dependent on the outcome of five on-going legal suits that the Company and the Deconsolidated subsidiaries had with certain lenders, and the possible course of actions the Directors and management might take in the future. The Directors and management were required to apply judgement in determining the potential outcome of these legal suits and the possible course of actions, based on the advice by external legal counsel. If the outcome differs, the level of allowance of other receivables might increase or decrease.

On 9 July 2020, Singapore High Court issued a judgement in favour of the Company in relation to the legal suits (see note 26(a)). The Group believes that, apart from the above, no further impairment allowance is necessary in respect of the other receivables.

30 FINANCIAL INSTRUMENTS (CONT'D)

Advance to a joint venture partner and loan to a joint venture

The Group holds non-trade receivables from its joint venture partner of $4,110,000 (2019: $4,110,000) and loan to a joint venture of $2,659,000 (2019: $2,712,000). These balances are amounts lent to joint venture to satisfy their funding requirements. Impairment on these balances have been measured on the 12-month and lifetime expected credit loss basis. The amount of the allowance on advance to the joint venture partner and the allowance on loan to a joint venture was negligible.

Cash and cash equivalents

The Group and the Company held cash and cash equivalents of $68,973,000 and $33,117,000 respectively at 31 December 2020 (2019: $52,709,000 and $30,000 respectively). The cash and cash equivalents are held with bank and financial institution counterparties that have a sound credit rating.

Impairment on cash and cash equivalents have been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents was negligible.

Guarantees

The Group provides financial guarantees to subsidiaries, where appropriate.

Intra-group financial guarantees comprise guarantees given by the Company to financial institutions in respect of credit facilities granted to subsidiaries. The maximum exposure of the Company is $162,672,000 (2019: $143,996,000). At the reporting date, the Company has not recognised an ECL provision as the ECL amount was lower than the amortised liability for intra-group financial guarantee contracts. The Company does not consider it probable that a claim will be made against the Company under the guarantees.

The periods in which the financial guarantees expire are as follows:

	Company	
	2020	**2019**
	$'000	**$'000**
Within 1 year	**281**	281
After 1 year but within 5 years	**159**	489
	440	770

Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of loans and borrowings. In addition, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance its operations and mitigate the effect of fluctuations in cash flows.

Notes to the Financial Statements

YEAR ENDED 31 DECEMBER 2020

30 FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk (cont'd)

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount $'000	Contractual cash outflows $'000	Cash outflows Within 1 year $'000	After 1 year but within 5 years $'000	After 5 years $'000
Group					
2020					
Non-derivative financial liabilities					
Loans and borrowings	355,701	(370,102)	(227,936)	(142,166)	–
Trade and other payables*	45,144	(45,144)	(37,230)	–	(7,914)
Lease liabilities	833	(878)	(359)	(519)	–
	401,678	(416,124)	(265,525)	(142,685)	(7,914)
2019					
Non-derivative financial liabilities					
Loans and borrowings	341,451	(351,809)	(334,403)	(17,406)	–
Trade and other payables*	42,799	(42,799)	(35,133)	–	(7,666)
Lease liabilities	220	(222)	(222)	–	–
	384,470	(394,830)	(369,758)	(17,406)	(7,666)
Company					
2020					
Non-derivative financial liabilities					
Loans and borrowings	195,601	(202,579)	(202,579)	–	–
Trade and other payables	96,568	(96,568)	(96,568)	–	–
Lease liabilities	640	(526)	(266)	(260)	–
Recognised financial liabilities	292,809	(299,673)	(299,413)	(260)	–
Financial guarantees	440	(323,650)	(181,484)	(142,166)	–
	293,249	(623,323)	(480,897)	(142,426)	–
2019					
Non-derivative financial liabilities					
Loans and borrowings	195,601	(202,988)	(202,988)	–	–
Trade and other payables	64,165	(64,165)	(64,165)	–	–
Lease liabilities	141	(143)	(143)	–	–
Recognised financial liabilities	259,907	(267,296)	(267,296)	–	–
Financial guarantees	770	(143,996)	(126,590)	(17,406)	–
	260,677	(411,292)	(393,886)	(17,406)	–

* *Excluding deferred revenue*

30 FINANCIAL INSTRUMENTS (CONT'D)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group operates predominantly in the Asia-Pacific region with operations in countries such as Singapore, Malaysia, PRC and Japan. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies"). Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as the Malaysian Ringgit ("MYR"), Japanese Yen ("JPY"), Hong Kong Dollar ("HKD"), US Dollar ("USD"), Chinese Yuan Renminbi ("RMB") and New Taiwan Dollar ("NTD").

The Group's exposures to various foreign currencies are shown in Singapore dollars ("SGD"), translated using the spot rate as at 31 December as follows:

	SGD $'000	MYR $'000	JPY $'000	HKD $'000	USD $'000	RMB $'000	NTD $'000
2020							
Financial assets							
Cash and cash equivalents	84	–	–	–	2,570	42	–
Trade and other receivables	22,994	12	14,098	2	2,488	10,613	–
	23,078	12	14,098	2	5,058	10,655	–
Financial liabilities							
Trade and other payables*	(49,115)	(471)	(1,234)	(2)	(10,731)	(19,808)	–
Net exposure	(26,037)	(459)	12,864	–	(5,673)	(9,153)	–
2019							
Financial assets							
Cash and cash equivalents	84	–	–	–	4,940	–	–
Trade and other receivables	1,225	8	22,896	–	2,712	10,192	2,274
	1,309	8	22,896	–	7,652	10,192	2,274
Financial liabilities							
Trade and other payables*	(61,768)	(471)	(1,196)	–	(8,406)	(20,006)	–
Net exposure	(60,459)	(463)	21,700	–	(754)	(9,814)	2,274

* *Excluding intra-group balances for which settlement is neither planned nor likely to occur in the foreseeable future*

Notes to the Financial Statements

YEAR ENDED 31 DECEMBER 2020

30 FINANCIAL INSTRUMENTS (CONT'D)

Currency risk (cont'd)

The Company's exposure to various foreign currencies are shown in SGD, translated using spot rate as at 31 December as follows:

	JPY $'000	USD $'000	NTD $'000
2020			
Financial assets			
Trade and other receivables	10,809	–	–
2019			
Financial assets			
Trade and other receivables	10,370	958	2,274

Sensitivity analysis

A 5% strengthening of the SGD against the following currencies at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rate, remain constant.

	Profit or loss	
	2020 $'000	**2019 $'000**
Group		
SGD	**(1,302)**	(3,023)
MYR	**23**	23
JPY	**(643)**	(1,085)
USD	**284**	38
RMB	**458**	491
NTD	**–**	(114)
Company		
JPY	**(540)**	(519)
USD	**–**	(48)
NTD	**–**	(114)

30 FINANCIAL INSTRUMENTS (CONT'D)

Interest rate risk

The Group's exposure to interest rate risk arises primarily from its variable-rate borrowings. The Group's policy is to obtain the most favourable interest rates available without increasing its foreign currency exposure.

At the reporting date, the interest rate profile of the interest-bearing financial instruments was as follows:

	Group Nominal amount		Company Nominal amount	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Fixed rate instruments				
Financial assets	**4,110**	4,110	**10,445**	10,118
Financial liabilities	**170,071**	170,046	**165,412**	165,412
	174,181	174,156	**175,857**	175,530
Variable rate instruments				
Financial liabilities	**186,486**	171,425	**30,000**	30,000

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss	
	100 bp increase $'000	**100 bp decrease $'000**
Group		
31 December 2020		
Variable rate instruments	(1,865)	1,865
31 December 2019		
Variable rate instruments	(1,714)	1,714
Company		
31 December 2020		
Variable rate instruments	(300)	300
31 December 2019		
Variable rate instruments	(300)	300

Notes to the Financial Statements

YEAR ENDED 31 DECEMBER 2020

30 FINANCIAL INSTRUMENTS (CONT'D)

Capital management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern. The Group defines "capital" as including all components of equity, including non-controlling interests.

The Company is a subsidiary of OUE Limited through its wholly-owned subsidiary, Treasure International Holdings Pte. Ltd.. As the Group is part of a larger group, the Group's sources of additional capital may also be affected by OUE Limited's capital management objectives. The Group receives financial support from its intermediate holding company for its working capital purposes, when required.

The Group's capital structure is reviewed and managed with due regard to the capital management practices of the group to which it belongs. Adjustments may be made to the capital structure in light of changes in economic conditions affecting the Company or the Group to the extent that these do not conflict with the directors' fiduciary duties towards the Company or the requirements of the Singapore Companies Act.

Apart from that disclosed above, neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

30 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount			Fair value			
	Financial assets at amortised cost $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group							
2020							
Financial assets not measured at fair value							
Trade and other receivables*	13,833	–	13,833				
Cash and cash equivalents	68,973	–	68,973				
	82,806	–	82,806				
Financial liabilities not measured at fair value							
Loans and borrowings	–	(355,701)	(355,701)				
Trade and other payables#	–	(37,230)	(37,230)				
Rental deposits received	–	(7,914)	(7,914)	–	–	(6,246)	(6,246)
	–	(400,845)	(400,845)				
2019							
Financial assets not measured at fair value							
Trade and other receivables*	49,996	–	49,996				
Cash and cash equivalents	52,709	–	52,709				
	102,705	–	102,705				
Financial liabilities not measured at fair value							
Loans and borrowings	–	(341,451)	(341,451)				
Trade and other payables#	–	(35,133)	(35,133)				
Rental deposits received	–	(7,666)	(7,666)	–	–	(5,987)	(5,987)
	–	(384,250)	(384,250)				

* *Excluding prepayments*

\# *Excluding rental deposits received and deferred revenue*

Notes to the Financial Statements

YEAR ENDED 31 DECEMBER 2020

30 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

	Carrying amount			Fair value			
	Financial assets at amortised cost $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Company							
2020							
Financial assets not measured at fair value							
Loan to a subsidiary	14,513	–	14,513				
Trade and other receivables*	282,114	–	282,114	–	–	10,184	10,184
Cash and cash equivalents	33,117	–	33,117				
	329,744	–	329,744				
Financial liabilities not measured at fair value							
Loans and borrowings	–	(195,601)	(195,601)				
Trade and other payables	–	(97,008)	(97,008)				
	–	(292,609)	(292,609)				
2019							
Financial assets not measured at fair value							
Loan to a subsidiary	14,513	–	14,513				
Trade and other receivables*	359,193	–	359,193	–	–	10,064	10,064
Cash and cash equivalents	30	–	30				
	373,736	–	373,736				
Financial liabilities not measured at fair value							
Loans and borrowings	–	(195,601)	(195,601)				
Trade and other payables	–	(64,935)	(64,935)				
	–	(260,536)	(260,536)				

* *Excluding prepayments*

Financial instruments not measured at fair value

Type	Valuation technique
Group	
Rental deposits received	Discounted cash flows

31 RELATED PARTY TRANSACTIONS

Other than disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties during the financial year:

	Group	
	2020 **$'000**	**2019** **$'000**
Rental and related expense paid to a fellow subsidiary	**–**	(60)
Interest expense paid/payable to a fellow subsidiary	**(1,779)**	(1,677)
Interest expense paid/payable to a shareholder	**(5,003)**	(5,003)
Hospitality related expense paid to a fellow subsidiary	**–**	(5)
Salary paid to a fellow subsidiary	**(104)**	(59)
Recharge of employee expenses to a joint venture	**623**	–

An affiliated corporation is defined as one:

(a) in which a director of the Company has substantial financial interest or who is in a position to exercise significant influence; and/or
(b) which directly or indirectly, through one or more intermediaries, are under the control of a common shareholder.

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group.

Key management personnel compensation comprised:

	Group	
	2020 **$'000**	**2019** **$'000**
Salaries and other short-term employee benefits	**566**	523
Directors' fees of the Company	**570**	570
Post-employment benefits (including contributions to defined contribution plan)	**17**	17
	1,153	1,110

Included in the above is total compensation to directors of the Company amounting to $570,000 (2019: $570,000).

Notes to the Financial Statements

YEAR ENDED 31 DECEMBER 2020

32 OPERATING SEGMENTS

The Group's has the following four (2019: four) 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 CEO reviews internal management reports of each division at least quarterly.

The following summary describes the operations in each of the Group's reportable segments:

(i) Healthcare operations – Operation of hospitals and trading of pharmaceutical supplies and drugs. The Group currently has operations in PRC and Myanmar.

(ii) Healthcare assets – Rental of investment properties and assets owned by the Group. The Group currently has assets in Japan and PRC.

(iii) Properties under development – Development of medical facilities, healthcare-related assets and integrated mixed-used projects. The Group currently has development properties in PRC and Malaysia.

(iv) Investments – Investments in real estate investment trust ("REIT") and REIT manager.

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

None of these segments meets any of the quantitative thresholds for determining reportable segments in 2020 and 2019.

The revenue from external parties reported to the Board of Directors is measured in a manner consistent with that in the statement of comprehensive income.

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.

32 OPERATING SEGMENTS (CONT'D)

Information about reportable segments

	Healthcare operations $'000	Healthcare assets $'000	Properties under development $'000	Investments $'000	Others $'000	Total $'000
Group						
31 December 2020						
Revenue						
External revenue	2,454	17,526	–	–	–	19,980
Inter-segment revenue	–	–	–	–	1,558	1,558
Segment revenue (including inter-segment revenue)	2,454	17,526	–	–	1,558	21,538
Segment (loss)/profit before tax	(4,505)	8,874	(50,773)	(33,287)	(22,374)	(102,065)
Depreciation	(81)	(404)	(4)	–	(457)	(946)
Finance expenses	(30)	(1,871)	(973)	–	(7,312)	(10,186)
Interest income	1	1	2	–	292	296
Share of results of equity-accounted investees, net of tax	(1,750)	–	–	(33,287)	–	(35,037)
Other material non-cash items						
Fair value gains on investment properties	–	(1,675)	–	–	–	(1,675)
Fair value losses on investment properties under development	–	–	(18,486)	–	–	(18,486)
Impairment losses on goodwill	(1,804)	–	–	–	–	(1,804)
Impairment losses on joint venture investment	(4,135)	–	–	–	–	(4,135)
Impairment losses on property, plant and equipment	–	(175)	(31,959)	–	–	(32,134)
Trade and other receivables written off	–	(391)	–	–	(219)	(610)
Reportable segment assets	29,049	356,757	63,840	85,392	81,857	616,895
Additions to:						
- Property, plant and equipment	95	4	6,773	–	33	6,905
- Investment properties	–	971	–	–	–	971
- Investment in equity-accounted investees	24,889	–	–	–	–	24,889
- Capital contribution in equity-accounted investees	498	–	–	–	–	498
Reportable segment liabilities	25,852	149,609	24,338	–	236,653	436,452
Current tax liabilities						27
Deferred tax liabilities						39,179
						475,658

Notes to the Financial Statements

YEAR ENDED 31 DECEMBER 2020

32 OPERATING SEGMENTS (CONT'D)

Information about reportable segments (cont'd)

	Healthcare operations $'000	Healthcare assets $'000	Properties under development $'000	Investments $'000	Others $'000	Total $'000
Group						
31 December 2019						
Revenue						
External revenue	2,666	16,983	–	–	–	19,649
Inter-segment revenue	–	–	–	–	1,495	1,495
Segment revenue (including inter-segment revenue)	2,666	16,983	–	–	1,495	21,144
Segment (loss)/profit before tax	(2,941)	9,673	(2,224)	9,423	(8,177)	5,754
Depreciation	(51)	(773)	(4)	–	(449)	(1,277)
Amortisation	(226)	–	–	–	–	(226)
Finance expenses	(22)	(1,713)	(1,308)	–	(6,706)	(9,749)
Interest income	1	–	2	–	229	232
Share of results of equity-accounted investees, net of tax	(2,125)	–	–	9,424	–	7,299
Other material non-cash items						
Fair value gains on investment properties	–	706	–	–	–	706
Fair value losses on investment properties under development	–	–	(1,185)	–	–	(1,185)
Reportable segment assets	4,084	339,505	107,551	146,449	111,927	709,516
Additions to:						
- Property, plant and equipment	122	–	1,623	–	75	1,820
- Investment properties	–	1,644	–	–	–	1,644
- Investment in equity-accounted investees	27,985	–	–	–	–	27,985
Reportable segment liabilities	2,030	131,187	22,940	–	259,427	415,584
Current tax liabilities						38
Deferred tax liabilities						40,792
						456,414

32 OPERATING SEGMENTS (CONT'D)

Reconciliations of reportable segment revenue and loss before tax

	2020 $'000	2019 $'000
Revenue		
Total revenue for reportable segments	**19,980**	19,649
Revenue for other segment	**1,558**	1,495
Elimination of inter-segment revenue	**(1,558)**	(1,495)
Consolidated total revenue	**19,980**	19,649
Profit or loss		
Total (loss)/profit before tax for:		
- Reportable segments	**(79,691)**	13,931
- Other segment	**(22,374)**	(8,177)
Consolidated (loss)/profit before tax	**(102,065)**	5,754

Reconciliations of reportable segment assets and liabilities

	2020 $'000	2019 $'000
Assets		
Total assets for reportable segments	**535,038**	597,589
Assets for other segments	**81,857**	111,927
Consolidated total assets	**616,895**	709,516
Liabilities		
Total liabilities for reportable segments	**199,799**	156,157
Liabilities for other segments	**236,653**	259,427
Other unallocated amounts		
- Current tax liabilities	**27**	38
- Deferred tax liabilities	**39,179**	40,792
Consolidated total liabilities	**475,658**	456,414

Geographical information

	Revenue	
	2020 $'000	2019 $'000
Japan	**17,526**	16,983
PRC	**2,454**	2,666
	19,980	19,649

Notes to the Financial Statements

YEAR ENDED 31 DECEMBER 2020

32 OPERATING SEGMENTS (CONT'D)

	Non-current assets *	
	2020	**2019**
	$'000	**$'000**
Japan	**308,872**	299,892
Malaysia	**41,920**	58,932
PRC	**73,299**	73,041
Singapore	**86,193**	146,836
Myanmar	**23,175**	26,966
	533,459	605,667

* *Non-current assets relate to the carrying amounts of property, plant and equipment, intangible assets and goodwill, investment properties, investment properties under development, and associate and joint ventures.*

Major customer

Revenues from one customer of the Group's healthcare assets segment represents approximately $12,519,000 (2019: $12,128,000) of the Group's total revenues.

33 SUBSEQUENT EVENTS

Subscription of rights issue by First Real Estate Investment Trust ("First REIT")

The Company has announced on 24 February 2021 that its wholly-owned subsidiary, OLH Healthcare Investments Pte Ltd, was allotted 81,921,809 rights units being the pro-rata rights subscription and 81,334,795 rights units being the excess rights subscription in relation to First REIT's rights issue at $0.20 per unit.

The Group subscribed to 163,256,604 rights units in First REIT for an aggregate cash consideration of approximately $32,651,000. On completion of the rights issue, the Group holds 15.44% direct interest in First REIT.

In relation to the rights issue, the Company extended a loan of $5,925,000 to First REIT Management Limited ("FRML"). FRML is a joint venture between the Company and OUE Limited. The loan was in proportion to the Company's shareholding in FRML and was used by FRML to subscribe for its pro-rata rights allotment. The loan is interest free and repayable on demand.

Shareholder loan conversion

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

Under the agreement, shareholder loans and accrued interests as at 28 February 2021 amounting to $189,607,700 will be reclassified as equity upon the allotment and issuance of 4% convertible perpetual bonds (the "Perpetual Securities"). The convertible perpetual bonds are convertible to ordinary shares at a conversion price of 7 cents per share, subject to adjustments in accordance with the terms and conditions of the Perpetual Securities. The loans and accrued interests subject to the conversion are as follows:

i) Loan from a fellow subsidiary, OUE Treasury Pte. Ltd. ("OUET"), of $40,334,945 and the accrued interest of $5,855,350; and
ii) Loan from a shareholder, TIHPL, of $125,077,338 and the accrued interest of $18,340,107.

The loan from OUET was assigned to TIHPL on 1 January 2021.

On 12 March 2021, shareholders of the Company approved the proposed shareholder loan conversion at an extraordinary general meeting. The shareholder loan conversion was completed on 16 March 2021 upon the allotment and issuance of convertible perpetual bonds to TIHPL, and the convertible perpetual bonds will be classified as equity.

33 SUBSEQUENT EVENTS (CONT'D)

Myanmar

With the recent military coup and subsequent state of emergency declared by the Myanmar military junta in February 2021, the outlook for Myanmar is likely to be challenging. The Group has investment in Myanmar, the joint ventures Myanmar Group (note 10). The Myanmar joint ventures operate 3 hospitals and 4 clinics in Myanmar. Though operations are still on-going, the Group is closely monitoring the developments in Myanmar and the impact on operations.

The financial reporting effect, if any, of the above mentioned event is considered a post balance sheet non-adjusting event as the significant changes to the business activities and economic conditions occurred as a result of events occurring after the balance sheet date, accordingly no adjustments are to be made to 31 December 2020 financials. The situation is still evolving and the effect on the economy is subject to significant levels of uncertainty, with the full range of possible effects unknown.

Share purchase agreement between shareholders

On 23 March 2021, OUE Limited, a controlling shareholder of the Company, announced that its wholly-owned subsidiary, Treasure International Holdings Pte. Ltd. ("TIHPL") entered into a share purchase agreement with Browny Healthcare Pte. Ltd. ("BHPL") to purchase 266,587,752 shares of the Company, representing approximately 6% of the total issued share capital of the Company. BHPL is an indirect wholly-owned subsidiary of ITOCHU Corporation.

Memorandum of understanding and supplemental letter with BHPL

In 2018, the Company entered into a Placement Agreement with BHPL for the subscription of 562,500,000 new ordinary shares in the capital of the Company. The Placement Agreement provides for certain investor protection rights for BHPL. In relation to the placement, the Company also entered into a Secondment Agreement with BHPL on 15 February 2018. BHPL further subscribed for 562,500,000 in a rights issue undertaken by the Company in 2018.

On 23 March 2021, the Company entered into a memorandum of understanding with BHPL (the "MOU") and a supplemental letter to the secondment agreement setting out the amended investor protection rights for BHPL. The amended investor rights include: (a) the right by BHPL to propose one non-independent non-executive director to be appointed as a director of the Board; (b) rights for BHPL (and its affiliates) to appoint up to two secondees to the Group; (c) undertakings in respect of certain representations , warranties and dividend matters; and (d) anti-dilution provisions whereby for a period of five years from the MOU, the Company shall not undertake any non pro-rata issuance of Shares or securities convertible to Shares without the prior written consent of BHPL, unless contemporaneously with the non pro-rata issuance, the Company offers BHPL the right to subscribe for such number of additional securities on the same terms as is necessary for BHPL to maintain its shareholding in the Company.

Statistics of Shareholdings

AS AT 15 MARCH 2021

SHARE CAPITAL

Issued and fully paid	:	S$ 427,124,784.70
Number of shares issued and fully paid	:	4,443,129,206 ordinary shares (excluding treasury shares)
Number of treasury shares	:	Nil
Number of subsidiary holdings	:	Nil
Voting rights	:	One vote per ordinary share (excluding treasury shares)

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	593	13.24	26,244	0.00
100 - 1,000	1,010	22.54	494,629	0.01
1,001 - 10,000	1,688	37.68	7,417,066	0.17
10,001 - 1,000,000	1,138	25.40	113,496,872	2.55
1,000,001 AND ABOVE	51	1.14	4,321,694,395	97.27
TOTAL	**4,480**	**100.00**	**4,443,129,206**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	OCBC SECURITIES PRIVATE LIMITED	2,445,368,150	55.04
2	BROWNY HEALTHCARE PTE. LTD.	1,125,000,000	25.32
3	CITIBANK NOMINEES SINGAPORE PTE LTD	421,691,810	9.49
4	THE ENTERPRISE FUND III LTD	57,487,100	1.29
5	GOI SENG HUI	40,713,200	0.92
6	LIM CHAP HUAT	35,450,856	0.80
7	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	32,506,868	0.73
8	PHILLIP SECURITIES PTE LTD	18,301,147	0.41
9	DBS NOMINEES (PRIVATE) LIMITED	16,158,875	0.36
10	TOH LEONG SAN	12,805,200	0.29
11	MAYBANK KIM ENG SECURITIES PTE.LTD	10,750,676	0.24
12	MORPH INVESTMENTS LTD	8,500,000	0.19
13	YEO KAY BENG	7,700,000	0.17
14	TAN KHEEN SENG @JOHN	7,450,549	0.17
15	RAFFLES NOMINEES (PTE.) LIMITED	6,880,015	0.15
16	ZENG LIREN	6,150,000	0.14
17	WONG QUEE QUEE JEFFREY (HUANG GUIGUI JEFFREY)	5,650,985	0.13
18	JIMMY LEE PENG SIEW	5,123,000	0.12
19	TAN KOON	3,300,874	0.07
20	JANE ANG LI HUA (HONG LIHUA)	3,200,000	0.07
	TOTAL	**4,270,189,305**	**96.10**

Substantial Shareholders

AS SHOWN IN THE COMPANY'S REGISTER OF
SUBSTANTIAL SHAREHOLDERS AS AT 15 MARCH 2021

	Direct Interest	%[1]	Deemed Interest[2]	%[1]
Treasure International Holdings Pte. Ltd. ("**TIHPL**")	2,859,729,000	64.36	-	64.36
OUE Limited ("**OUE**")[3]	-	-	2,859,729,000	64.36
OUE Realty Pte. Ltd. ("**OUER**")[4]	-	-	2,859,729,000	64.36
Golden Concord Asia Limited ("**GCAL**")[5]	-	-	2,859,729,000	64.36
Fortune Crane Limited ("**FCL**")[6]	-	-	2,859,729,000	64.36
Lippo ASM Asia Property Limited ("**LAAPL**")[7]	-	-	2,859,729,000	64.36
HKC Property Investment Holdings Limited ("**HKC Property**")[8]	-	-	2,859,729,000	64.36
Hongkong Chinese Limited ("**HCL**")[9]	-	-	2,859,729,000	64.36
Hennessy Holdings Limited ("**Hennessy**")[10]	-	-	2,859,729,000	64.36
Prime Success Limited ("**PSL**")[11]	-	-	2,859,729,000	64.36
Lippo Limited ("**LL**")[12]	-	-	2,859,812,500	64.36
Lippo Capital Limited ("**LCL**")[13]	-	-	2,859,812,500	64.36
Lippo Capital Holdings Company Limited ("**LCH**")[14]	-	-	2,859,812,500	64.36
Lippo Capital Group Limited ("**LCG**")[15]	-	-	2,859,812,500	64.36
PT Trijaya Utama Mandiri ("**PT Trijaya**")[16]	-	-	2,859,812,500	64.36
Admiralty Station Management Limited ("**Admiralty**")[17]	-	-	2,859,729,000	64.36
Argyle Street Management Limited ("**ASML**")[18]	-	-	2,859,729,000	64.36
Argyle Street Management Holdings Limited ("**ASMHL**")[19]	-	-	2,859,729,000	64.36
Mr. James Tjahaja Riady[20]	-	-	2,859,812,500	64.36
Dr. Stephen Riady[21]	-	-	2,859,812,500	64.36
Mr. Kin Chan[22]	-	-	2,859,729,000	64.36
Mr. V-Nee Yeh[23]	-	-	2,859,729,000	64.36
Browny Healthcare Pte. Ltd. ("**BHPL**")	1,125,000,000	25.32	-	-
ITOCHU Singapore Pte Ltd ("**ITOCHU SG**")[24]	-	-	1,125,000,000	25.32
ITOCHU Corporation ("**ITOCHU Corp**")[25]	-	-	1,125,000,000	25.32

Substantial Shareholders

AS SHOWN IN THE COMPANY'S REGISTER OF
SUBSTANTIAL SHAREHOLDERS AS AT 15 MARCH 2021

Notes:

(1) The shareholding percentage is calculated based on the total number of issued ordinary shares of the Company of 4,443,129,206 ("**Shares**") as at 15 March 2021.

(2) Deemed interests refer to interests determined pursuant to Section 4 of the Securities and Futures Act, Chapter 289 of Singpore.

(3) OUE is deemed to have an interest in the Shares held by TIHPL. TIHPL is a wholly-owned subsidiary of OUE.

(4) OUER is deemed to have an interest in the Shares in which its subsidiary, OUE, has a deemed interest.

(5) GCAL is deemed to have an interest in the Shares in which its subsidiary, OUER, has a deemed interest.

(6) FCL is deemed to have an interest in the Shares in which its subsidiary, GCAL, has a deemed interest.

(7) LAAPL is deemed to have an interest in the Shares in which its subsidiary, FCL, has a deemed interest.

(8) LAAPL is jointly held by HKC Property and Admiralty. Accordingly, HKC Property is deemed to have an interest in the Shares in which LAAPL has a deemed interest.

(9) HCL is the immediate holding company of HKC Property. Accordingly, HCL is deemed to have an interest in the Shares in which HKC Property has a deemed interest.

(10) Hennessy is an intermediate holding company of HKC Property. Accordingly, Hennessy is deemed to have an interest in the Shares in which HKC Property has a deemed interest.

(11) PSL is an intermediate holding company of HKC Property. Accordingly, PSL is deemed to have an interest in the Shares in which HKC Property has a deemed interest.

(12) LL is an intermediate holding company of HKC Property. Accordingly, LL is deemed to have an interest in the Shares in which HKC Property has a deemed interest, as well as a deemed interest in the 83,500 Shares held by Hongkong China Treasury Limited, a subsidiary of LL (the "**HKCTL Shares**").

(13) LCL is an intermediate holding company of HKC Property and the immediate holding company of LL. Accordingly, LCL is deemed to have an interest in the Shares in which HKC Property has a deemed interest, as well as a deemed interest in the HKCTL Shares in which LL has a deemed interest.

(14) LCH is an intermediate holding company of HKC Property and LL. Accordingly, LCH is deemed to have an interest in the Shares in which HKC Property has a deemed interest, as well as a deemed interest in the HKCTL Shares in which LL has a deemed interest.

(15) LCG is the holding company of LCH, which in turn is an intermediate holding company of HKC Property and LL. Accordingly, LCG is deemed to have an interest in the Shares in which HKC Property has a deemed interest, as well as a deemed interest in the HKCTL Shares in which LL has a deemed interest.

(16) PT Trijaya holds more than 20% of the shares in LCL, which is an intermediate holding company of HKC Property and the immediate holding company of LL. Accordingly, PT Trijaya is deemed to have an interest in the Shares in which HKC Property has a deemed interest, as well as a deemed interest in the HKCTL Shares in which LL has a deemed interest.

(17) LAAPL is jointly held by Admiralty and HKC Property. Accordingly, Admiralty is deemed to have an interest in the Shares in which LAAPL has a deemed interest.

(18) ASML owns 100% of the voting shares in the capital of Admiralty. Accordingly, ASML is deemed to have an interest in the Shares in which Admiralty has a deemed interest.

(19) ASMHL is the immediate holding company of ASML. Accordingly, ASMHL is deemed to have an interest in the Shares in which ASML has a deemed interest.

(20) Mr. James Tjahaja Riady effectively holds all the shares in PT Trijaya, which holds more than 20% of the shares in LCL. LCL in turn is an intermediate holding company of HKC Property and the immediate holding company of LL. Accordingly, Mr. James Tjahaja Riady is deemed to have an interest in the Shares in which HKC Property has a deemed interest, as well as a deemed interest in the HKCTL Shares in which LL has a deemed interest.

(21) Dr. Stephen Riady holds the entire issued share capital of LCG, which is the holding company of LCH. LCH in turn is an intermediate holding company of HKC Property and LL. Accordingly, Dr. Stephen Riady is deemed to have an interest in the Shares in which HKC Property has a deemed interest, as well as a deemed interest in the HKCTL Shares in which LL has a deemed interest.

(22) Mr. Kin Chan is the beneficial holder of more than 20% of the issued share capital of ASMHL. Accordingly, Mr. Kin Chan is deemed to have an interest in the Shares in which ASMHL has a deemed interest.

(23) Mr. V-Nee Yeh is the beneficial holder of more than 20% of the issued share capital of ASMHL. Accordingly, Mr. V-Nee Yeh is deemed to have an interest in the Shares in which ASMHL has a deemed interest.

(24) ITOCHU SG is deemed to have an interest in the Shares held by BHPL. ITOCHU SG holds 60% of the issued share capital of BHPL.

(25) ITOCHU Corp is deemed to have an interest in the Shares in which its subsidiary, ITOCHU SG, has a deemed interest. ITOCHU Corp also holds 40% of the issued share capital of BHPL.

Public Float

Rule 723 of Section B: Rules of Catalist of the Listing Manual of the Singapore Exchange Securities Trading Limited requires that at least 10.0% of the total number of issued shares (excluding preference shares, convertible equity securities and treasury shares) in a class that is listed (“**Shares**”) is at all times held by the public.

The Company has complied with this requirement. As at 15 March 2021, approximately 10.32% of its Shares were held in the hands of the public.

Additional Information on Directors Seeking Re-appointment

Please see below for information of Mr. Yet Kum Meng, Mr. Roger Tan Chade Phang and Mr. Jackson Tay Eng Kiat, all of whom are seeking re-appointment as Directors at the 2021 Annual General Meeting as set out in the Appendix 7F of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**"). Additional information can also be found under their profiles within the section entitled "Board of Directors" of the Annual Report.

Name of the person	**Mr. Yet Kum Meng**	**Mr. Roger Tan Chade Phang**	**Mr. Jackson Tay Eng Kiat**
Age	50	44	43
Country of Principal Residence	Singapore	Singapore	Singapore
The Board's comments on the re-appointment, job title and whether the re-appointment is executive (if so, the area of responsibility)	The re-appointment of Mr. Yet Kum Meng as the Executive Director of the Company was recommended by the Nominating and Remuneration Committee ("**NRC**") and the Board of Directors (the "**Board**") has accepted the recommendation, after taking into consideration all factors such as his qualifications, expertise, past experiences, multiple directorships/ principal commitments and overall contribution since he joined the Company. Mr. Yet Kum Meng, upon re-appointment, will continue to also serve as Chief Executive Officer of the Company to manage and oversee the overall business and development matters of the Group.	The re-appointment of Mr. Roger Tan Chade Phang as the Independent and Non-Executive Director of the Company was recommended by the NRC and the Board has accepted the recommendation, after taking into consideration all factors such as his independence, qualifications, expertise, past experiences, multiple directorships/ principal commitments and overall contribution since he was appointed as a Director of the Company. Mr. Roger Tan Chade Phang will, upon re-appointment, continue to also serve as the Lead Independent Director, Chairman of the NRC and a member of Audit and Risk Committee ("**ARC**") of the Company.	The re-appointment of Mr. Jackson Tay Eng Kiat as the Independent and Non-Executive Director of the Company was recommended by the NRC and the Board has accepted the recommendation, after taking into consideration all factors such as his independence, qualifications, expertise, past experiences, multiple directorships/ principal commitments and overall contribution since he was appointed as a Director of the Company. Mr. Jackson Tay Eng Kiat will, upon re-appointment, continue to also serve as a member of the NRC and the ARC of the Company.
Details on date of appointment and last re-appointment (if applicable), professional qualification, working experience and occupation(s) during the past 10 years.	Please refer to page 18 of the Annual Report.	Please refer to page 19 of the Annual Report.	Please refer to page 20 of the Annual Report.
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the Company and/or substantial shareholder of the Company or of any of its principal subsidiaries	Nil	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil	Nil

Additional Information on Directors Seeking Re-appointment

Name of the person	Mr. Yet Kum Meng	Mr. Roger Tan Chade Phang	Mr. Jackson Tay Eng Kiat
Undertaking submitted to the Company in the form of Appendix 7H (Catalist Rule 704(6))	Yes	Yes	Yes
Shareholding interest in the Company and its subsidiaries?	Nil	Nil	Nil
Present Directorship(s)/ Principal Commitment	1. OUE Lippo Healthcare Limited 2. 北京视弘医院管理有限公司 3. 招商力宝医院管理(深圳)有限公司 4. 乐康置业(深圳)有限公司 5. Lippo Health Care Limited 6. Riviera Quad International Limited 7. Brainy World Holdings Limited 8. OLH Healthcare Asset Management Pte. Ltd. 9. Lippo Hospital Pte. Ltd. 10. OUELH Medical Assets Pte. Ltd. 11. OUELH KLCC Investment Pte. Ltd. 12. OUELH Chengdu Women and Child Hospital Pte. Ltd. 13. OUELH Japan Medical Facilities Pte. Ltd. 14. OUELH Japan Medical Assets Pte. Ltd. 15. OUELH Medical Developments Pte. Ltd. 16. OUELH Wuxi Hospital Pte. Ltd. 17. OUELH (SEA) Pte. Ltd. 18. MA Investment Holding Pte. Ltd. 19. MA China Medical Facilities Pte. Ltd. 20. MA Trading Pte. Ltd. 21. Yoma Siloam Hospital Pun Hlaing Limited 22. Pun Hlaing International Hospital Limited 23. Robbinz Enterprise Management Consulting (Tianjin) Co., Ltd. 24. Robbinz Department Store (Tianjin) Limited 25. Yangzhou Robbinz Department Store Limited 26. YL Capital, LLC	1. OUE Lippo Healthcare Limited 2. Voyage Research Pte Ltd 3. Starland Holdings Limited 4. TIH Limited 5. REVEZ Corporation Ltd. 6. Camsing Healthcare Limited Please refer to page 19 of the Annual Report for principal commitment.	1. OUE Lippo Healthcare Limited 2. Sim Leisure Group Ltd. 3. Sapphire Corporation Limited 4. Hafary Balestier Showroom Pte. Ltd. 5. Hafary Centre Pte. Ltd. 6. Hafary Pte. Ltd. 7. Hafary W+S Pte. Ltd. 8. Hafary Trading Sdn. Bhd. 9. One Heart Investment Pte. Ltd. 10. Wood Culture Pte. Ltd. 11. Xquisit Pte. Ltd. 12. One Heart International Trading Pte Ltd 13. Hap Seng Investment Holdings Pte. Ltd. 14. Hap Seng Building Materials Marketing Pte. Ltd. 15. HSC Melbourne Holding Pte. Ltd. 16. HSC Brisbane Holding Pte. Ltd. 17. HSC Manchester Holding Pte. Ltd. 18. HSC London Holding Pte. Ltd. 19. HSC Leeds Holding Pte. Ltd. 20. HSC Bristol Holding Pte. Ltd. 21. HSC Nottingham Holding Pte. Ltd. 22. MML Marketing Pte. Ltd.

Name of the person	Mr. Yet Kum Meng	Mr. Roger Tan Chade Phang	Mr. Jackson Tay Eng Kiat
Past Directorship(s)/ Principal Commitment held over the preceding five years	1. Hipermar Hypermarket (Xuzhou) Co., Ltd. 2. Hipermart Investment (China) Co., Ltd. 3. Hyperion Planet Ltd. (dormant) 4. LEM Pte. Ltd. 5. Nationwide Building (England) Co., Ltd (dormant) 6. Nationwide Building International Co., Ltd (dormant) 7. OUELH Apex Limited 8. OUELH Peak Limited 9. OUELH Star Limited 10. OUELH Summit Limited 11. Robbinz Department Store (Chengdu) Limited 12. 康慧(成都)置业有限公司 13. Beijing Lippo Century Realty Co., Ltd. 14. Beijing Lippo Commercial Consultants Limited 15. Fujian Tati Meizhou Industrial Park Development Co., Ltd 16. Hipermar Hypermarket (Changzhou) Co., Ltd. 17. Hipermar Hypermarket (Suzhou) Co., Ltd. 18. Hipermar Hypermarket (Tianjin) Co., Ltd. 19. Hipermart Management (Suzhou) Co. Ltd. 20. Lippo Realty (Jiangsu) Limited 21. Lippo Realty (Taizhou) Limited 22. Robbinz (China) Investment Co., Ltd. 23. Robbinz Department Store (Changzhou) Limited 24. Robbinz Department Store (Shenyang) Limited 25. Robbinz Department Store (Suzhou) Limited 26. Skywealth Realty Taizhou Limited 27. Suzhou Paibo Hypermarket Co., Ltd.	1. TBK & Sons Holdings Limited 2. Dapai International Limited 3. Transcorp Holdings Limited 4. Bodhi Tree Network Pte. Ltd.	1. Viet Ceramics International Joint Stock Company

Additional Information on Directors Seeking Re-appointment

Name of the person	Mr. Yet Kum Meng	Mr. Roger Tan Chade Phang	Mr. Jackson Tay Eng Kiat
Information required pursuant to Rules 704(6) and/or 704(7) of the Catalist Rules			
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No

Name of the person	Mr. Yet Kum Meng	Mr. Roger Tan Chade Phang	Mr. Jackson Tay Eng Kiat
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:- (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	Yes Mr. Roger Tan was appointed as Independent Director of Dapai International Holdings Co. Ltd. in March 2016 and was subsequently appointed as its Audit Committee's Chairman to oversee the agreed upon procedures (conducted by BDO LLP) and special audit (conducted by KordaMentha) in consultation with SGX on matters prior to his appointment. The findings of the special audit report were released on SGXNET on 7 July 2017.	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No

Additional Information on Directors Seeking Re-appointment

Name of the person	Mr. Yet Kum Meng	Mr. Roger Tan Chade Phang	Mr. Jackson Tay Eng Kiat
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or			
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No
Any prior experience as a director of an issuer listed on the SGX-ST? If yes, please provide details of prior experience. If no, please state if the director as attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the SGX-ST. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the SGX-ST (if applicable)	Mr. Yet Kum Meng has been briefed on his role and responsibilities as a director of a listed company in Singapore and completed the training courses prescribed by the SGX-ST in connection with his duties as a Director within one year from his date of appointment to the Board.	Mr. Roger Tan Chade Phang is currently an Independent Director of TIH Limited, a company listed on the Main Board of the SGX-ST; Camsing Healthcare Limited, a company listed on the Main Board of the SGX-ST; Starland Holdings Limited, a company listed on the Catalist Board of the SGX-ST; and REVEZ Corporation Ltd., also a company listed on the Catalist Board of the SGX-ST.	Mr. Jackson Tay Eng Kiat is currently the Chief Operating Officer and Company Secretary of Hafary Holdings Limited Group ("**Hafary**"), a company listed on the Main Board of the SGX-ST. He is also the Chairman and Independent Director of Sim Leisure Group Ltd, a company listed on the Catalist Board of the SGX-ST and an Independent Director of Sapphire Corporation Limited, a company listed on the Main Board of the SGX-ST.

Notice of Annual General Meeting

All capitalised terms used in this Notice which are not defined herein shall, unless the context otherwise requires, have the same meaning ascribed to them in the Appendix to the Annual Report issued by the Company to Shareholders dated 31 March 2021.

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of OUE LIPPO HEALTHCARE LIMITED (the "**Company**") will be convened and held by way of electronic means on Thursday, 29 April 2021 at 2.00 p.m., for the following purposes:

AS ORDINARY BUSINESS:

1. To receive and adopt the Directors' Statement and Audited Financial Statements of the Company and its subsidiaries for the financial year ("**FY**") ended 31 December 2020 and the Auditors' Report thereon.

2. To approve the payment of S$570,000.00 as Directors' Fees for FY2020 (FY2019: S$513,155).

3. To re-appoint the following Directors retiring in accordance with the Company's Constitution and who, being eligible, offer themselves for re-appointment:

   a. Mr. Yet Kum Meng
   b. Mr. Roger Tan Chade Phang
   c. Mr. Jackson Tay Eng Kiat

4. To re-appoint Messrs KPMG LLP as the Company's Auditors and to authorize the Directors to fix their remuneration.

AS SPECIAL BUSINESS:

ORDINARY RESOLUTION - AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 161 OF THE COMPANIES ACT, CAP. 50 OF SINGAPORE

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution, with or without modifications:

5. That pursuant to Section 161 of the Companies Act, Cap. 50 of Singapore (the "**Companies Act**") and the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") and notwithstanding the provisions of the Constitution of the Company, authority be and is hereby given to the Directors of the Company to:

   a. (i) issue shares in the capital of the Company (whether by way of rights, bonus or otherwise); and/or

   (ii) make or grant offers, agreements or options (collectively, "**instruments**") that may or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

Notice of Annual General Meeting

b. (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any instrument made or granted by the Directors while this Resolution was in force,

provided that:

(i) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of instruments made or granted pursuant to this Resolution) does not exceed one hundred per cent (100%) of the total number of issued shares excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company (including shares to be issued in pursuance of instruments made or granted pursuant to this Resolution) does not exceed fifty per cent (50%) of the total number of issued shares excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (ii) below);

(ii) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (i) above, the percentage of the total number of issued shares excluding treasury shares and subsidiary holdings shall be calculated based on the total number of issued shares excluding treasury shares and subsidiary holdings at the time of the passing of this Resolution, after adjusting for:

(1) new shares arising from the conversion or exercise of any convertible securities;

(2) new shares arising from exercise of share options or vesting of share awards provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(3) any subsequent bonus issue, consolidation or subdivision of shares;

adjustments in accordance with sub-paragraphs (1) and (2) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution;

(iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(iv) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

SPECIAL RESOLUTION - THE PROPOSED ADOPTION OF THE NEW CONSTITUTION

To consider and, if thought fit, to pass the following resolution as a Special Resolution, with or without modifications:

6. a. that the regulations contained in the New Constitution submitted to this meeting, as set out in the Appendix to the Annual Report dated 31 March 2021, be approved and adopted as the Constitution of the Company in substitution for, and to the exclusion of, the Existing Constitution; and

   b. the Directors and each of them be and are hereby authorised to do and complete all such acts and things, including without limitation, executing all such documents and to approve any amendments, alteration or modification to any documents as they may consider necessary, desirable or expedient to give effect to this Special Resolution as they or he may think fit.

By Order of the Board
OUE Lippo Healthcare Limited

Fazilah Abdul Rahman
Company Secretary
31 March 2021
Singapore

Notice of Annual General Meeting

EXPLANATORY NOTES:

(a) **Resolution 3(a)** – Re-appointment of Mr. Yet Kum Meng as a Director retiring by rotation under Article 93 of the Company's Constitution.

Mr. Yet Kum Meng will, upon re-appointment, continue as the Chief Executive Officer and Executive Director of the Company. The profile of Mr. Yet Kum Meng can be found under the sections entitled "Board of Directors" and "Additional Information on Directors Seeking Re-appointment" in the Annual Report 2020.

(b) **Resolution 3(b)** – Re-appointment of Mr. Roger Tan Chade Phang as a Director retiring by rotation under Article 93 of the Company's Constitution.

Mr. Roger Tan Chade Phang will, upon re-election, continue as the Lead Independent Director and the Chairman of the Nominating and Remuneration Committee and a member of the Audit and Risk Committee of the Company. The profile of Mr. Roger Tan Chade Phang can be found under the sections entitled "Board of Directors" and "Additional Information on Directors Seeking Re-appointment" in the Annual Report 2020. The Board of Directors considers him independent for the purpose of Rule 704(7) of the Catalist Rules.

(c) **Resolution 3(c)** – Re-appointment of Mr. Jackson Tay Eng Kiat as a Director retiring by rotation under Article 93 of the Company's Constitution.

Mr. Jackson Tay Eng Kiat will, upon re-election, continue as an Independent Director and a member of the Nominating and Remuneration Committee and the Audit and Risk Committee of the Company. The profile of Mr. Jackson Tay Eng Kiat can be found under the sections entitled "Board of Directors" and "Additional Information on Directors Seeking Re-appointment" in the Annual Report 2020. The Board of Directors considers him independent for the purpose of Rule 704(7) of the Catalist Rules.

(d) **Resolution 5** is to empower the Directors to issue shares in the capital of the Company and/or instruments (as defined above). The aggregate number of shares to be issued pursuant to Resolution 5 (including shares to be issued in pursuance of instruments made or granted) shall not exceed one hundred per cent (100%) of the total number of issued shares excluding treasury shares and subsidiary holdings, with a sub-limit of fifty per cent (50%) for shares issued other than on a pro-rata basis (including shares to be issued in pursuance of instruments made or granted pursuant to this Resolution) to shareholders.

For the purpose of determining the aggregate number of shares that may be issued, the percentage of the total number of issued shares excluding treasury shares and subsidiary holdings will be calculated based on the total number of issued shares excluding treasury shares and subsidiary holdings at the time of the passing of Resolution 5, after adjusting for (i) new shares arising from the conversion or exercise of any convertible securities; (ii) new shares arising from exercise of share options or vesting of share awards provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and (iii) any subsequent bonus issue, consolidation or subdivision of shares. The adjustments in accordance with (i) and (ii) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of Resolution 5.

PERSONAL DATA PRIVACY:

By completing and submitting an instrument appointing the Chairman of the Meeting as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration, analysis and facilitation by the Company (or its agents or service providers) of the appointment of the Chairman of the Meeting as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, Catalist Rules, take-over rules, regulations and/or guidelines.

Notes:

1. The AGM is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this Notice of AGM ("**Notice**"), the Annual Report 2020 and the accompanying Appendix to the Annual Report dated 31 March 2021, will not be sent to members. Instead, these documents will be sent to members by electronic means via announcement on the website of the SGX-ST at the URL *https://www.sgx.com/securities/company-announcements* and may also be accessed at the Company's website at the URL *https://investor.ouelh.com/agm_egm.html*.

2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the AGM can be electronically accessed via "live" audio-and-video webcast or "live" audio-only stream), submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions either before or at the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in this Notice, which may be accessed at the Company's website at the URL *https://investor.ouelh.com/agm_egm.html*, and will also be made available on the website of the SGX-ST at the URL *https://www.sgx.com/securities/company-announcements*.

   Registration to attend the AGM

3. **Due to the current COVID-19 situation in Singapore, members will not be able to attend the AGM in person. Shareholders, CPF Investors and SRS Investors who wish to follow the proceedings through a "live" audio-and-video webcast via their mobile phones, tablets or computers or listen to the proceedings through a "live" audio-only stream via telephone must pre-register at *http://www.ouelh.com/AGM2021.html* no later than 2.00 p.m. on 26 April 2021 (the "Registration Deadline").** Following verification, an email containing instructions on how to access the "live" audio-and-video webcast and "live" audio-only stream of the proceedings of the AGM will be sent to authenticated Shareholders, CPF Investors and SRS Investors by 12.00 noon on 28 April 2021.

   Shareholders, CPF Investors and SRS Investors who do not receive any email by 12.00 noon on 28 April 2021, but have registered by the Registration Deadline, should contact the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at *AGM.teamE@boardroomlimited.com* stating: (a) his/her/its full name; and (b) his/her/its identification/registration number.

   An investor holding Shares through relevant intermediaries (as defined in Section 181 of the Companies Act ("**Investors**") (other than CPF Investors and SRS Investors) will not be able to pre-register at *http://www.ouelh.com/AGM2021.html* for the "live" broadcast of the AGM. An Investor (other than CPF Investors and SRS Investors) who wishes to participate in the "live" broadcast of the AGM should instead approach his/her relevant intermediary as soon as possible in order for the relevant intermediary to make the necessary arrangements to pre-register. The relevant intermediary is required to submit a consolidated list of participants (setting out in respect of each participant, his/her name, email address and NRIC/Passport number) to the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., via email to *AGM.teamE@boardroomlimited.com* no later than 2.00 p.m. on 26 April 2021.

   Voting by proxy only

4. **A member (whether individual or corporate) must submit his/her/its instrument appointing the Chairman of the AGM as his/her/its proxy (the "Proxy Form") to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.** The accompanying Proxy Form for the AGM will be announced together with this Notice and may be accessed at the Company's website at the URL *https://investor.ouelh.com/agm_egm.html* and the website of the SGX-ST at the URL *https://www.sgx.com/securities/company-announcements*.

   Where a member (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the proxy form, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

   CPF Investors and SRS Investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Agent Banks to submit their votes by 5.00 p.m. on 20 April 2021, being at least seven (7) working days before the date of the AGM.

5. The Chairman of the AGM, as proxy, need not be a member of the Company.

6. The Proxy Form must be submitted to the Company in the following manner:

    (a) if submitted electronically, be submitted via email to the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at *AGM.teamE@boardroomlimited.com*; or

    (b) if submitted by post, be lodged at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623,

    in either case, by **2.00 p.m. on 27 April 2021** (being 48 hours before the time appointed for holding the AGM).

    A member who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

    Due to the current COVID-19 situation in Singapore and the related safe distancing measures which may make it difficult for members to submit completed Proxy Forms by post, members are strongly encouraged to submit completed Proxy Forms electronically via email.

    Submission of questions in advance

7. **Members will not be able to ask questions during the "live" audio-and-video webcast or the "live" audio-only stream of the AGM and therefore it is important for Shareholders to submit their Questions Forms in advance of the AGM.** Members who wish to ask questions relating to the resolutions to be tabled at the AGM must complete and submit the Questions Form for the AGM, which will be announced together with this Notice and may be accessed at the Company's website at the URL *https://investor.ouelh.com/agm_egm.html* and will also be made available on the website of the SGX-ST at the URL *https://www.sgx.com/securities/company-announcements*.

8. The Questions Form must be submitted to the Company in the following manner:

    (a) if submitted electronically, be submitted via email to the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at *AGM.teamE@boardroomlimited.com*; or

    (b) if submitted by post, be lodged at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623,

    in either case, by **2.00 p.m. on 26 April 2021** (being three (3) Business Days before the time appointed for holding the AGM).

    A member who wishes to submit the Questions Form must first download, complete and sign the Question Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

    Due to the current COVID-19 situation in Singapore and the related safe distancing measures which may make it difficult for shareholders to submit completed Questions Forms by post, shareholders are strongly encouraged to submit completed Questions Forms electronically via email.

9. The Company will endeavour to address all substantial and relevant questions relating to the resolutions to be tabled for approval at the AGM as received from members either prior to the AGM on the website of the SGX-ST at the URL *https://www.sgx.com/securities/company-announcements* and the Company's website at the URL *https://investor.ouelh.com/agm_egm.html* or during the AGM.

    The Company will, within one (1) month after the date of the AGM, publish the minutes of the AGM on website of the SGX-ST and the Company's website, and the minutes will include the responses to the questions referred to above.

OUE LIPPO HEALTHCARE LIMITED

(Company Registration No. 201304341E)
(Incorporated in the Republic of Singapore)
(the "**Company**")

Proxy Form

ANNUAL GENERAL MEETING

IMPORTANT:

1. The Annual General Meeting ("**AGM**") is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this Proxy Form will not be sent to members. Instead, it will be sent to members by electronic means via announcement on the website of the SGX-ST at the URL *https://www.sgx.com/securities/company-announcements* and may be accessed at the Company's website at the URL *https://investor.ouelh.com/agm_egm.html*.
2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the AGM can be electronically accessed via "live" audio-and-video webcast or "live" audio-only stream), submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions either before or at the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the Notice of AGM, which may be accessed at the Company's website at the URL *https://investor.ouelh.com/agm_egm.html* and will also be made available on the website of the SGX-ST at the URL *https://www.sgx.com/securities/company-announcements*.
3. **Due to the current COVID-19 situation in Singapore, members will not be able to attend the AGM in person. A member (whether individual or corporate) must submit his/her/its Proxy Form appointing the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.**
4. CPF Investors and SRS Investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Agent Banks to submit their votes by 5.00 p.m. on 20 April 2021, being at least seven (7) working days before the date of the AGM.
5. By submitting an instrument appointing the Chairman of the AGM as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 31 March 2021.
6. **Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the AGM as a member's proxy to attend, speak and vote on his/her/its behalf at the AGM.**

I/We*, ____ , ____________________________
(Name) *(NRIC/Passport No./Company Registration No.*)*

of ____
(Address)

being a member/members* of OUE Lippo Healthcare Limited (the "**Company**"), hereby appoint the **Chairman of the AGM**, as my/our* proxy to attend, speak and to vote for me/us* on my/our* behalf at the AGM of the Company to be convened and held by way of electronic means on 29 April 2021 at 2.00 p.m. and at any adjournment thereof.

NO.	RESOLUTIONS:	VOTING FOR**	VOTING AGAINST**	ABSTAIN FROM VOTING**
ORDINARY BUSINESS				
1.	Adoption of the Directors' Statement and Audited Financial Statements of the Company and its subsidiaries for the financial year ended 31 December 2020 and the Auditors' Report thereon			
2.	Approval of Directors' fees			
3a.	Re-appointment of Mr. Yet Kum Meng as Director			
3b.	Re-appointment of Mr. Roger Tan Chade Phang as Director			
3c.	Re-appointment of Mr. Jackson Tay Eng Kiat as Director			
4.	Re-appointment of Messrs KPMG LLP as Auditors			
SPECIAL BUSINESS				
5.	Authority to issue Shares pursuant to Section 161 of the Companies Act, Cap. 50 of Singapore			
6.	The Proposed Adoption of New Constitution			

* Delete as appropriate

** Voting will be conducted by poll. If you wish the Chairman of the AGM as your proxy to cast all your votes "for" or "against" a resolution, please indicate with an "X" in the "For" or "Against" box provided in respect of that resolution. Alternatively, please indicate the number of votes "for" or "against" in the "For" or "Against" box in respect of that resolution. If you wish the Chairman of the AGM as your proxy to abstain from voting on a resolution, please indicate with an "X" in the "Abstain From Voting" box provided in respect of that resolution. Alternatively, please indicate the number of shares that the Chairman of the AGM as your proxy is directed to abstain from voting in the "Abstain From Voting" box in respect of that resolution. In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the AGM as your proxy for that resolution will be treated as invalid.

Dated this __________ day of __________ 2021

Total Number of Shares held in:	No. of Shares
CDP Register	
Register of Members	

____
Signature(s) of member(s) or
Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF.

NOTES:

1. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this Proxy Form will be deemed to relate to all the shares held by the member.
2. **Due to the current COVID-19 situation in Singapore, members will not be able to attend the AGM in person. A member (whether individual or corporate) must submit his/her/its Proxy Form appointing the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. Where a member (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.** The Proxy Form for the AGM will be announced together with the Notice of AGM and may be accessed at the Company's website at the URL *https://investor.ouelh.com/agm_egm.html* and the website of the SGX-ST at the URL *https://www.sgx.com/securities/company-announcements*.

   CPF Investors and SRS Investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Agent Banks to submit their votes by 5.00 p.m. on 20 April 2021, being at least seven (7) working days before the date of the AGM.
3. The Chairman of the AGM, as proxy, need not be a member of the Company.

Please fold here

PROXY FORM

Affix
Postage
Stamp

The Share Registrar
OUE LIPPO HEALTHCARE LIMITED
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

Please fold here

4. The Proxy Form must be submitted to the Company in the following manner:
   a. **if submitted electronically, be submitted via email to the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at *AGM.teamE@boardroomlimited.com*; or**
   b. **if submitted by post, be lodged at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623,**

   in either case, by **2.00 p.m. on 27 April 2021** (being 48 hours before the time appointed for holding the AGM).

   A member who wishes to submit a Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   Due to the current COVID-19 situation in Singapore and the related safe distancing measures which may make it difficult for members to submit completed Proxy Forms by post, members are strongly encouraged to submit completed Proxy Forms electronically via email.
5. The Proxy Form must be under the hand of the appointor or of his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorised officer.
6. Where a Proxy Form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
8. The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of shares entered in the Depository Register, the Company may reject a Proxy Form (or any related attachment) if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

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

Questions Form

ANNUAL GENERAL MEETING
ON 29 APRIL 2021 AT 2.00 P.M.

Please note that Shareholders and investors holding Shares through relevant intermediaries (as defined in Section 181 of the Companies Act, Chapter 50 of Singapore) ("Investors") will not be able to ask questions at the Annual General Meeting ("AGM") of the Company, "live" during the audio-and-video webcast and the audio-only stream, and therefore it is important for Shareholders who wish to ask questions related to the resolutions to be tabled at the AGM to complete and submit this Questions Form in advance of the AGM. Please read the notes overleaf which contain instructions on, inter alia, the submission of questions ahead of the AGM and the timeframe for submission of questions.

Please complete all fields below and regret that incomplete or incorrectly completed forms will not be processed.

Full Name (as per CDP / CPF / SRS / Scrip-based / DA records)	
NRIC / Passport No. / Company Registration No.	
Shareholding Type*	CDP Direct Account Holder / CPF / SRS Investment Account Holder / Physical Scrip Holder / Holder through Depository Agent

* delete as applicable

QUESTIONS FOR THE BOARD OF DIRECTORS AND MANAGEMENT:

Note: Questions should be related to the resolutions to be tabled at the AGM. Please refer to the Summary of Resolutions for the number of the relevant resolution. Please include additional pages as necessary.

Question 1	In relation to Resolution No. ____
Question 2	In relation to Resolution No. ____
Question 3	In relation to Resolution No. ____

Dated this __________ day of __________ 2021

____
Signature(s) of member(s) or
Common Seal of Corporate Shareholder

SUMMARY OF RESOLUTIONS	
No.	**Resolutions:**
1.	Adoption of the Directors' Statement and Audited Financial Statements of the Company and its subsidiaries for the financial year ended 31 December 2020 and the Auditors' Report thereon
2.	Approval of Directors' fees
3a.	Re-appointment of Mr. Yet Kum Meng as Director
3b.	Re-appointment of Mr. Roger Tan Chade Phang as Director
3c.	Re-appointment of Mr. Jackson Tay Eng Kiat as Director
4.	Re-appointment of Messrs KPMG LLP as Auditors
5.	Authority to issue Shares pursuant to Section 161 of the Companies Act, Cap. 50 of Singapore
6.	The Proposed Adoption of New Constitution

NOTES:

1. The AGM is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.

2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the AGM can be electronically accessed via "live" audio-and-video webcast or "live" audio-only stream), submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions either before or at the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the Notice of AGM, which may be accessed at the Company's website at the URL *https://investor.ouelh.com/agm_egm.html* and will also be made available on the website of the SGX-ST at the URL *https://www.sgx.com/securities/company-announcements*.

3. The Company will endeavour to address all substantial and relevant questions relating to the resolutions to be tabled for approval at the AGM as received from members either prior to the AGM on the website of the SGX-ST at the URL *https://www.sgx.com/securities/company-announcements* and the Company's website at the URL *https://investor.ouelh.com/agm_egm.html* or during the AGM.

   The Company will, within one (1) month after the date of the AGM, publish the minutes of the AGM on website of the SGX-ST and the Company's website, and the minutes will include the responses to the questions referred to above.

Please fold here

QUESTIONS FORM

Affix
Postage
Stamp

The Share Registrar
OUE LIPPO HEALTHCARE LIMITED
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

Please fold here

4. The Questions Form must be submitted to the Company in the following manner:

   a. **if submitted electronically, be submitted via email to the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at *AGM.teamE@boardroomlimited.com;* or**

   b. **if submitted by post, be lodged at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623,**

   in either case, by **2.00 p.m. on 26 April 2021** (being three (3) Business Days before the time appointed for holding the AGM).

5. A Shareholder who wishes to submit this Questions Form must first download, complete and sign the Questions Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above. **Due to the current COVID-19 situation in Singapore and the related safe distancing measures which may make it difficult to submit completed Questions Forms by post, Shareholders and Investors are strongly encouraged submit completed Questions Forms electronically via email.**

6. By completing and submitting this Questions Form, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of processing, administration, analysis and facilitation by the Company (or its agents or service providers) of the member's participation at the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes (including questions and answers) and other documents relating to the AGM (including any adjournment thereof) and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

Corporate Information

BOARD OF DIRECTORS
Lee Yi Shyan
(Non-Independent and Non-Executive Chairman)

Yet Kum Meng
(Chief Executive Officer and Executive Director)

Tadahiro Kiyosu
(Non-Independent and Non-Executive Director)

Roger Tan Chade Phang
(Lead Independent and Non-Executive Director)

Eric Sho Kian Hin
(Independent and Non-Executive Director)

Jackson Tay Eng Kiat
(Independent and Non-Executive Director)

Johji Sato
(Independent and Non-Executive Director)

AUDIT AND RISK COMMITTEE
Eric Sho Kian Hin
(Chairman)

Roger Tan Chade Phang
Jackson Tay Eng Kiat
Johji Sato

NOMINATING AND REMUNERATION COMMITTEE
Roger Tan Chade Phang
(Chairman)

Lee Yi Shyan
Tadahiro Kiyosu
Eric Sho Kian Hin
Jackson Tay Eng Kiat

COMPANY SECRETARY
Fazilah Abdul Rahman

REGISTERED OFFICE
6 Shenton Way
#10-09A OUE Downtown
Singapore 068809
Tel: 6578 9188
Fax: 6476 4647
www.ouelh.com
Co Reg No. 201304341E

SHARE REGISTRAR
Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Tel: (65) 6536 5355

SPONSOR
PrimePartners Corporate Finance Pte. Ltd.
16 Collyer Quay
#10-00 Income at Raffles
Singapore 049318

AUDITOR
KPMG LLP
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581
Partner-in-charge: Teo Han Jo
With effect from financial year ended
31 December 2017

OUE LIPPO Healthcare

OUE LIPPO HEALTHCARE LIMITED
(Company Reg. No. 201304341E)