OUE HEALTHCARE LIMITED

Registration No.: 201304341E
(Incorporated in the Republic of Singapore)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE HALF YEAR ENDED 30 JUNE 2023

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

	Note	Group 6 Months ended 30.06.2023 $'000	 6 Months ended 30.06.2022 $'000	 Change %
Revenue	5	78,687	42,602	*85*
Cost of sales		(18,204)	(3,099)	*n.m.*
Gross profit		60,483	39,503	*53*
Administrative expenses		(14,983)	(10,629)	*41*
Other (expenses)/income, net	7	(5,885)	8,490	*n.m.*
Results from operating activities		39,615	37,364	*6*
Finance income	7	374	212	*76*
Finance costs	7	(13,624)	(7,751)	*76*
Net finance costs		(13,250)	(7,539)	*76*
Share of results of equity-accounted investees, net of tax		1,137	2,243	*(49)*
Profit before tax		27,502	32,068	*(14)*
Tax expense	9	(8,952)	(7,288)	*23*
Profit after tax for the period		18,550	24,780	*(25)*
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss				
Foreign currency translation differences relating to foreign operations		12,412	(21,365)	*n.m.*
Share of foreign currency translation differences of equity-accounted investees		(403)	(1,803)	*(78)*
Items that will not be reclassified to profit or loss				
Share of fair value reserve of equity-accounted investees		(44)	(2,028)	*(98)*
Net change in fair value - equity investment at FVOCI		(115)	-	*n.m.*
Other comprehensive income, net of tax		11,850	(25,196)	*n.m.*
Total comprehensive income for the period		30,400	(416)	*n.m.*
Profit attributable to:				
Owners of the Company		1,806	8,402	*(79)*
Non-controlling interests		16,744	16,378	*2*
		18,550	24,780	*(25)*
Total comprehensive income/(loss) attributable to:				
Owners of the Company		3,774	(4,568)	*n.m.*
Non-controlling interests		26,626	4,152	*n.m.*
		30,400	(416)	*n.m.*
Earnings per share				
Basic earnings per share (cents)	10	0.04	0.19	*(79)*
Diluted earnings per share (cents)	10	0.03	0.12	*(75)*

n.m. – not meaningful

(B) Condensed Interim Statements of Financial Position

	Note	Group 30.06.2023 $'000	Group 31.12.2022 $'000	Company 30.06.2023 $'000	Company 31.12.2022 $'000
ASSETS					
Property, plant and equipment	12	10,120	8,201	934	248
Intangible assets and goodwill	13	30,778	30,785	-	-
Investment properties	14	1,150,746	1,145,343	-	-
Investment properties under development	15	49,994	52,283	-	-
Associate and joint ventures	16	74,144	70,550	23,607	23,607
Subsidiaries		-	-	*	*
Other investment		2,703	2,817	-	-
Trade and other receivables		3,211	3,358	59,223	58,872
Derivative financial instruments		1,560	1,248	-	-
Non-current assets		1,323,256	1,314,585	83,764	82,727
Inventories		772	774	-	-
Trade and other receivables		27,542	20,350	260,919	259,295
Cash and cash equivalents		72,667	66,877	5,292	9,648
Current assets		100,981	88,001	266,211	268,943
Total assets		1,424,237	1,402,586	349,975	351,670
LIABILITIES					
Loans and borrowings	17	458,884	449,614	-	-
Trade and other payables		28,108	29,023	-	-
Lease liabilities		2,291	1,252	435	-
Deferred tax liabilities		51,693	51,772	-	-
Derivative financial instruments		121	-	-	-
Non-current liabilities		541,097	531,661	435	-
Loans and borrowings	17	48,492	52,933	30,189	30,189
Trade and other payables		38,572	35,895	8,926	9,020
Provisions	20	20,232	20,724	20,232	20,724
Lease liabilities		2,116	1,024	273	-
Current tax liabilities		2,313	1,832	-	-
Derivative financial instruments		-	494	-	-
Current liabilities		111,725	112,902	59,620	59,933
Total liabilities		652,822	644,563	60,055	59,933
NET ASSETS		771,415	758,023	289,920	291,737
EQUITY					
Share capital	18	418,913	418,913	418,913	418,913
Convertible perpetual securities	19	79,635	79,635	79,635	79,635
Capital reserve		4,203	4,203	-	-
Asset revaluation reserve		3,630	3,630	-	-
Foreign currency translation reserve		(37,390)	(39,517)	-	-
Fair value reserve		(26,079)	(25,920)	-	-
Accumulated losses		(141,383)	(142,210)	(208,628)	(206,811)
Equity attributable to owners of the Company		301,529	298,734	289,920	291,737
Non-controlling interests		469,886	459,289	-	-
Total equity		771,415	758,023	289,920	291,737

* Less than $1,000

(C) Condensed Interim Statement of Changes in Equity

	Attributable to owners of the Company									
GROUP	**Share capital $'000**	**Convertible perpetual securities $'000**	**Capital reserve $'000**	**Asset revaluation reserve $'000**	**Foreign currency translation reserve $'000**	**Fair value reserve $'000**	**Accumulated losses $'000**	**Total $'000**	**Non-controlling interests $'000**	**Total equity $'000**
At 1 January 2023	**418,913**	**79,635**	**4,203**	**3,630**	**(39,517)**	**(25,920)**	**(142,210)**	**298,734**	**459,289**	**758,023**
Total comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	1,806	1,806	16,744	18,550
Other comprehensive income										
Foreign currency translation differences relating to foreign operations	-	-	-	-	2,530	-	-	2,530	9,882	12,412
Share of foreign currency translation differences of equity-accounted investees	-	-	-	-	(403)	-	-	(403)	-	(403)
Share of fair value reserve of equity-accounted investees	-	-	-	-	-	(44)	-	(44)	-	(44)
Net change in fair value - equity investment at FVOCI	-	-	-	-	-	(115)	-	(115)	-	(115)
Total other comprehensive income, net of tax	-	-	-	-	2,127	(159)	-	1,968	9,882	11,850
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**2,127**	**(159)**	**1,806**	**3,774**	**26,626**	**30,400**
Transactions with owners, recognised directly in equity										
Contributions by and distributions to owners										
Distribution to perpetual securities holders by a subsidiary	-	-	-	-	-	-	-	-	(835)	(835)
Distribution to unitholders and dividends paid to shareholders by subsidiaries	-	-	-	-	-	-	-	-	(16,173)	(16,173)
Total contributions by and distributions to owners	-	-	-	-	-	-	-	-	(17,008)	(17,008)
Changes in ownership interests in subsidiaries										
Changes in ownership interest in subsidiaries without a change in control	-	-	-	-	-	-	(979)	(979)	979	-
Total changes in ownership interests in subsidiaries	-	-	-	-	-	-	(979)	(979)	979	-
Total transactions with owners	**-**	**-**	**-**	**-**	**-**	**-**	**(979)**	**(979)**	**(16,029)**	**(17,008)**
At 30 June 2023	**418,913**	**79,635**	**4,203**	**3,630**	**(37,390)**	**(26,079)**	**(141,383)**	**301,529**	**469,886**	**771,415**

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

GROUP	Note	Share capital $'000	Convertible perpetual securities $'000	Capital reserve $'000	Asset revaluation reserve $'000	Foreign currency translation reserve $'000	Fair value reserve $'000	Accumulated losses $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
		Attributable to owners of the Company									
At 1 January 2022		**418,913**	**79,635**	**-**	**3,630**	**(6,791)**	**(22,797)**	**(147,967)**	**324,623**	**(429)**	**324,194**
Total comprehensive income for the period											
Profit for the period		-	-	-	-	-	-	8,402	8,402	16,378	24,780
Other comprehensive income											
Foreign currency translation differences relating to foreign operations		-	-	-	-	(9,139)	-	-	(9,139)	(12,226)	(21,365)
Share of foreign currency translation differences of equity-accounted investees		-	-	-	-	(1,803)	-	-	(1,803)	-	(1,803)
Share of fair value reserve of equity-accounted investees		-	-	-	-	-	(2,028)	-	(2,028)	-	(2,028)
Total other comprehensive income, net of tax		-	-	-	-	(10,942)	(2,028)	-	(12,970)	(12,226)	(25,196)
Total comprehensive income for the period		**-**	**-**	**-**	**-**	**(10,942)**	**(2,028)**	**8,402**	**(4,568)**	**4,152**	**(416)**
Transactions with owners, recognised directly in equity											
Contributions by and distributions to owners											
Distribution to unitholders by a subsidiary		-	-	-	-	-	-	-	-	(8,035)	(8,035)
Total contributions by and distributions to owners		-	-	-	-	-	-	-	-	(8,035)	(8,035)
Changes in ownership interests in subsidiaries											
Disposal of subsidiaries to non-controlling interests without a change in control		-	-	4,203	-	4,630	-	-	8,833	92,190	101,023
Capital contribution from a fellow subsidiary*		-	-	-	-	-	-	-	-	400	400
Acquisition of a subsidiary with perpetual securities holders		-	-	-	-	-	-	-	-	59,651	59,651
Acquisition of subsidiaries with non-controlling interest*	21	-	-	-	-	-	-	-	-	376,406	376,406
Total changes in ownership interests in subsidiaries		-	-	4,203	-	4,630	-	-	8,833	528,647	537,480
Total transactions with owners		**-**	**-**	**4,203**	**-**	**4,630**	**-**	**-**	**8,833**	**520,612**	**529,445**
At 30 June 2022		**418,913**	**79,635**	**4,203**	**3,630**	**(13,103)**	**(24,825)**	**(139,565)**	**328,888**	**524,335**	**853,223**

** The amendments based on 31 December 2022 effect.*

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

COMPANY	Share capital $'000	Convertible perpetual securities $'000	Accumulated losses $'000	Total equity $'000
At 1 January 2023	**418,913**	**79,635**	**(206,811)**	**291,737**
Total comprehensive income for the period				
Loss for the period	-	-	(1,817)	(1,817)
Total comprehensive income for the period	**-**	**-**	**(1,817)**	**(1,817)**
At 30 June 2023	**418,913**	**79,635**	**(208,628)**	**289,920**
At 1 January 2022	**418,913**	**79,635**	**(262,189)**	**236,359**
Total comprehensive income for the period				
Profit for the period	-	-	81,229	81,229
Total comprehensive income for the period	**-**	**-**	**81,229**	**81,229**
At 30 June 2022	**418,913**	**79,635**	**(180,960)**	**317,588**

(D) Condensed Interim Consolidated Statements of Cash Flows

	Note	Group 6 Months ended 30.06.2023 $'000	Group 6 Months ended 30.06.2022 $'000
Cash flows from operating activities			
Profit after tax		18,550	24,780
Adjustments for:			
Depreciation of property, plant and equipment		1,083	583
Trade and other receivables written off		16	48
Net gain from the First REIT transaction	21(a)	-	(3,144)
Fair value losses/(gains) on investment properties		7,546	(4,213)
Adjustment on rental straight-lining		(7,604)	(6,443)
Net fair value gains of derivative financial instruments		(585)	(673)
Losses on disposal of quoted shares		7	4
Interest income	7	(374)	(212)
Interest expense	7	12,864	6,907
Manager's management fees settled in units		2,226	-
Share of results of equity-accounted investees, net of tax		(1,137)	(2,243)
Tax expense	9	8,952	7,288
		41,544	22,682
Changes in working capital:			
Inventories		2	54
Trade and other receivables		(13,408)	28,445
Trade and other payables		(748)	(15,259)
Cash generated from operations		27,390	35,922
Tax paid		(2,756)	(3,850)
Net cash from operating activities		24,634	32,072
Cash flows from investing activities			
Capital expenditure to investment properties		(1,123)	(1,189)
Dividends from an equity-accounted investee		-	1,629
Net cash inflow from the First REIT transaction	21(a)	-	58,484
Net cash inflow on disposal of a subsidiary	22	246	-
Rental income received		18	-
Acquisition of subsidiaries, net of cash acquired	21(b)	-	(18,639)
Capital contribution from a fellow subsidiary		-	400
Investment in quoted shares		(117)	(130)
Disposals of quoted shares		110	136
Capital contribution in equity-accounted investees		(2,904)	(1,059)
Interest received		352	212
Purchase of property, plant and equipment		(397)	(228)
Repayment of advance to joint venture partner		1,800	2,310
Net cash (used in)/from investing activities		(2,015)	41,926
Cash flows from financing activities			
Proceeds from borrowings		119,000	100,000
Repayment of borrowings		(103,084)	(105,232)
Payment of lease liabilities		(907)	(269)
Loan from a fellow subsidiary	8(c)	-	8,000
Distribution to perpetual securities holders by a subsidiary		(835)	-
Distribution to unitholders and dividends paid to shareholders by subsidiaries		(15,932)	(8,035)
Payment of transaction costs related to loans and borrowings		(2,447)	(6,755)
Interest paid		(10,958)	(4,022)
Net cash used in financing activities		(15,163)	(16,313)
Net increase in cash and cash equivalents		7,456	57,685
Cash and cash equivalents at beginning of financial period		66,877	43,823
Effect of exchange rate fluctuations on cash and cash equivalents		(1,666)	(846)
Cash and cash equivalents at end of financial period		72,667	100,662

(E) Notes to the Condensed Interim Consolidated Financial Statements

1. Domicile and activities

OUE Healthcare Limited (formerly known as 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, #10-10, OUE Downtown, Singapore 068809. Shares of the Company are publicly traded on the Catalist Board of the Singapore Exchange.

The Company's immediate holding company is Treasure International Holdings Pte. Ltd. and the intermediate holding company is OUE Limited. Both companies are incorporated in Singapore. The Company's ultimate holding company is Lippo ASM Asia Property Limited, a company incorporated in the Cayman Islands.

These condensed interim consolidated financial statements as at and for the half year ended 30 June 2023 comprise the Company and its subsidiaries (collectively, the "**Group**") and the Group's interests in equity-accounted investees.

The principal activity of the Company is that of investment holding. The principal activities of the Group and its significant subsidiaries include healthcare operations and property investment. Please refer to note 5 for information on the Group's business segments.

2. Going concern

The Group consolidated the financial position and performance of First REIT and the Medical Partners with effect from 1 March 2022 and 1 July 2022 respectively. Please refer to notes 21 (a) and (b).

As at 30 June 2023, the Group had total assets of $1,424,237,000 (31 December 2022: $1,402,586,000) and net assets of $771,415,000 (31 December 2022: $758,023,000).

Notwithstanding the Group's net current liability position as at 30 June 2023, the financial statements have been prepared on a going concern basis because management, having assessed the sources of liquidity and funding available to the Group, believes that the Group can continue as a going concern for the foreseeable future. These include the projected net operating cash inflows for the next 12 months and available cash reserves as at 30 June 2023 to finance the Group's working capital and day-to-day operation requirements.

3. Basis of preparation

The condensed interim financial statements for the half year ended 30 June 2023 have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("**SFRS(I)s**") 1-34 Interim Financial Reporting issued by Accounting Standard Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 3.1.

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency.

3.1 Changes in accounting policies

New standards and amendments

The Group has 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 2023:

- IFRS 17: *Insurance Contracts*
- Amendments to IAS 1 and IFRS Practice Statement 2*: Disclosure of Accounting Policies*
- Amendments to IAS 8: *Definition of Accounting Estimate*
- Amendments to IAS 12: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The application of the new accounting standards and amendments does not have a material effect on the financial statements.

The Group will apply the following standards and/or amendments that are effective for the financial year beginning 1 January 2024:

- Amendments to IAS 1: *Non-current Liabilities with Covenants*
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current
- Amendments to IFRS 16: *Lease Liabilities in a Sale and Leaseback*
- Amendments to IFRS 10 and IAS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

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

3.2 Use of estimates and judgements

The preparation of the condensed interim financial statements in conformity with SFRS(I) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgement made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the consolidated financial statements as at and for the year ended 31 December 2022.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in the following notes:

- note 15 – classification of investment properties under development; and
- note 16 – assessment of ability to control or exert significant influence over partly owned investments

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

- notes 12 and 13 – measurement of recoverable amounts for property, plant and equipment and goodwill;
- notes 14 and 15 – determination of fair value of investment properties and investment properties under development;
- notes 16 – measurement of recoverable amounts for joint ventures;
- notes 20 and 23 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

4. Seasonal operations

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

5. Segment and revenue information

The Group has the following four (2022: 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, clinics and supply of medical equipment and pharmaceutical products. The Group currently has operations in the People's Republic China ("**PRC**"), Myanmar and Singapore. Healthcare operation in Singapore was acquired through acquisition of a subsidiary on 30 June 2022 (note 21(b)).

(ii) Healthcare assets – Rental of investment properties and assets owned by the Group. The Group currently has assets in the PRC, Indonesia, Singapore and Japan. Healthcare assets in Singapore and Indonesia were acquired through acquisition of a subsidiary on 1 March 2022 (note 21(a)).

(iii) Properties under development – Development of medical facilities, healthcare-related assets and integrated mixed-used projects. The Group currently has development properties in the PRC and Malaysia.

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

Others mainly comprise head office and corporate functions, including investment holding related activities.

The revenue from external parties reported to the Board of Directors is measured in a manner consistent with that in the condensed interim consolidated statement of profit and loss.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit/(loss) before tax, as included in the internal management reports that are reviewed by the key management. Segment profit/(loss) is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

5.1 Information about reportable segments

	Healthcare operations $'000	Healthcare assets $'000	Properties under development $'000	Investments $'000	Others $'000	Total $'000
Group						
1 January 2023 to 30 June 2023						
Revenue						
External revenue	24,698	53,989	-	-	-	78,687
Inter-segment revenue	-	-	-	-	358	358
Segment revenue (including inter-segment revenue)	24,698	53,989	-	-	358	79,045
Segment profit/(loss) before tax	4,247	18,017	(3,597)	1,556	7,279	27,502
Depreciation	(847)	(33)	-	-	(203)	(1,083)
Interest expense	(76)	(11,220)	(95)	-	(1,473)	(12,864)
Interest income	-	240	-	-	134	374
Share of results of equity-accounted investees, net of tax	(419)	-	-	1,556	-	1,137
Other material non-cash items						
Fair value losses on investment properties	-	(7,546)	-	-	-	(7,546)
Net fair value gains of derivative financial instruments	-	585	-	-	-	585
Trade and other receivables written off	(2)	-	-	-	(14)	(16)
Reportable segment assets	76,427	1,219,307	50,957	32,817	44,729	1,424,237
Additions to:						
- Property, plant and equipment	2,308	-	44	-	35	2,387
- Investment properties	-	1,123	-	-	-	1,123
- Capital contribution in equity-accounted investees	2,904	-	-	-	-	2,904
Reportable segment liabilities	79,584	488,844	3,258	-	27,130	598,816
Current tax liabilities						2,313
Deferred tax liabilities						51,693
						652,822

5.1 Information about reportable segments (continued)

	Healthcare operations $'000	Healthcare assets $'000	Properties under development $'000	Investments $'000	Others $'000	Total $'000
Group						
1 January 2022 to 30 June 2022						
Revenue						
External revenue	2,025	40,577	-	-	-	42,602
Inter-segment revenue	-	-	-	-	597	597
Segment revenue (including inter-segment revenue)	2,025	40,577	-	-	597	43,199
Segment (loss)/profit before tax	(1,047)	31,442	(405)	2,327	(249)	32,068
Depreciation	(344)	(47)	-	-	(192)	(583)
Interest expense	(33)	(6,001)	(181)	-	(692)	(6,907)
Interest income	-	67	-	-	145	212
Net gain from First REIT transaction	-	3,144	-	-	-	3,144
Share of results of equity-accounted investees, net of tax	(84)	-	-	2,327	-	2,243
Other material non-cash items						
Fair value gains on investment properties	-	4,213	-	-	-	4,213
Net fair value gains of derivative financial instruments	-	673	-	-	-	673
Trade and other receivables written off	-	-	-	-	(48)	(48)
Reportable segment assets	3,393	1,303,617	57,024	31,687	122,075	1,517,796
Additions to:						
- Property, plant and equipment	493	26	193	-	29	741
- Investment properties	-	1,189	-	-	-	1,189
- Capital contribution in equity-accounted investees	1,059	-	-	-	-	1,059
Reportable segment liabilities	29,981	543,564	9,406	-	15,114	598,065
Current tax liabilities						1,861
Deferred tax liabilities						52,382
						652,308

5.2 Disaggregation of Revenue

	Group		
	6 months ended 30 June 2023		
	Healthcare operations $'000	Healthcare assets $'000	Total $'000
Type of goods or service:			
Medical services	17,360	-	17,360
Sale of medicine and medical equipment	7,338	-	7,338
Rental income	-	53,989	53,989
Total revenue	24,698	53,989	78,687
Timing of revenue recognition:			
At a point in time	24,698	-	24,698
Over time	-	53,989	53,989
Total revenue	24,698	53,989	78,687
Geographical information:			
PRC	3,094	-	3,094
Indonesia	-	44,334	44,334
Singapore	21,604	2,098	23,702
Japan	-	7,557	7,557
Total revenue	24,698	53,989	78,687

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

6. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2023 and 31 December 2022.

	Group		Company	
	30.06.2023	31.12.2022	30.06.2023	31.12.2022
	$'000	$'000	$'000	$'000
Financial assets not measured at fair value				
Trade and other receivables*	28,767	22,337	320,006	317,998
Cash and cash equivalents	72,667	66,877	5,292	9,648
Financial assets at amortised costs	101,434	89,214	325,298	327,646
Financial assets measured at fair value				
Other investment	2,703	2,817	-	-
Derivative financial instruments				
- Interest rate swaps (net-settled)	411	176	-	-
- Interest rate cap (net-settled)	1,149	1,072	-	-
	4,263	4,065	-	-
Financial liabilities measured at fair value				
Derivative financial instruments				
- Forward exchange contracts (net-settled)	(121)	(494)	-	-
Financial liabilities not measured at fair value				
Loan and borrowing	(507,376)	(502,547)	(30,189)	(30,189)
Trade and other payables#	(52,658)	(50,027)	(8,926)	(9,020)
Rental deposits received	(10,789)	(11,704)	-	-
Financial liabilities at amortised costs	(570,823)	(564,278)	(39,115)	(39,209)

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

7. Profit before tax

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

	Note	Group 6 Months ended 30.06.2023 $'000	6 Months ended 30.06.2022 $'000	Change %
Depreciation of property, plant and equipment		(1,083)	(583)	*86*
Trade and other receivables written off		(16)	(48)	*(67)*
Manager's management fees		(4,768)	(3,255)	*46*
Other (expenses)/income net				
Fair value (losses)/gains on investment properties		(7,546)	4,213	*n.m.*
Net fair value gains of derivative financial instruments		585	673	*(13)*
Proceeds from liquidation of a subsidiary		1,000	-	*n.m.*
Net gain from the First REIT transaction	21(a)	-	3,144	*n.m.*
Recovery of litigation costs and settlement sum		-	500	*n.m.*
Government grants		30	12	*n.m.*
Others		46	(52)	*n.m.*
Other (expenses)/income, net		(5,885)	8,490	*n.m.*
Finance Income				
Interest income		374	212	*76*
Finance costs				
Interest expense		(12,864)	(6,907)	*86*
Foreign exchange loss, net		(760)	(844)	*(10)*
		(13,624)	(7,751)	*76*

8. Related party transactions

(a) Management fees received by FRML from First REIT

From 1 January 2023 to 30 June 2023, FRML received management fees from First REIT totaling $4,738,000.

(b) Shareholder Loan from OUE Treasury Pte. Ltd. ("OUE Treasury")

The repayment date of the outstanding loan of $1,800,000 from OUE Treasury to OUELH Medical Assets Pte Ltd ("**OMA**") was extended from 29 March 2022 to 11 April 2023. The loan was fully paid on 11 April 2023.

OUE Treasury is a wholly-owned subsidiary of OUE Limited, which is a controlling shareholder of the Company. OMA is a subsidiary of the Company. The interest on the loan is 4% per annum.

(c) Loan from TI Echo Pte. Ltd. ("TI Echo")

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

ECHM is a 60:40 joint venture between the Company and OUE Limited (via TI Echo). ECHM was setup for purpose of the O2 Group Acquisition. See note 21(b).

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

(d) Secondment agreement with Browny Healthcare Pte. Ltd. ("Browny"), ITOCHU Singapore Pte Ltd ("ITOCHU SG") and ITOCHU Corporation ("ITOCHU Corp") (collectively, the "ITOCHU Entities")

On 15 February 2018, the Company entered into a secondment agreement with the ITOCHU Entities, pursuant to which the ITOCHU Entities have the right to second up to three employees to the Company ("**Secondment Agreement**"). Pursuant to the Secondment Agreement and related documentation, the Company is obliged to make remuneration-related payments either directly to the seconded employees and/or in the form of secondment fees payable to ITOCHU SG.

On 23 March 2021, the Company entered into a letter supplemental to the Secondment Agreement with the ITOCHU Entities ("**Supplemental Letter**"). Pursuant to the Supplemental Letter, the number of employees in relation to the secondment arrangement with the ITOCHU Entities is reduced to two.

The total remuneration-related payments expected for FY2023 is $697,000 (FY2022: $580,000).

Save as disclosed above, there are no other material related party transactions as at 30 June 2023.

9. Tax expense

The Group calculated the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit and loss are:

	Group	
	6 Months ended 30.06.2023 $'000	**6 Months ended 30.06.2022 $'000**
Current income tax expense	(4,971)	(2,616)
Withholding tax	(2,287)	(2,315)
Deferred income tax expense relating to origination and reversal of temporary differences	(1,694)	(2,357)
Tax expense for the period	(8,952)	(7,288)

10. Earnings per ordinary share ("EPS")

	Group	
	6 Months ended 30.06.2023	**6 Months ended 30.06.2022**
Net profit attributable to owners of the Company ($'000)	1,806	8,402
Weighted average number of ordinary shares in issue	4,443,129,206	4,443,129,206
Basic earnings per ordinary share (cents)	0.04	0.19
Weighted average number of ordinary shares (post conversion of convertible perpetual securities into ordinary shares)	7,151,810,635	7,151,810,635
Diluted earnings per ordinary share (cents)	0.03	0.12

On 16 March 2021, the Company issued convertible perpetual securities of a principal amount of $189,608,000 to Treasure International Holdings Pte. Ltd. ("**TIHPL**"). Please refer to Note 19 for information on the convertible perpetual securities.

The calculation of the diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the period, assuming all convertible perpetual securities were converted into ordinary shares at the beginning of the period. Under the terms of the conversion agreement, the convertible perpetual securities can only be converted into ordinary shares on or after 31 August 2026. Please refer to note 19 – Convertible Perpetual Securities.

11. Net asset value

	Group		Company	
	30.06.2023	31.12.2022	30.06.2023	31.12.2022
Net asset value attributable to owners of the Company ($'000)	301,529	298,734	289,920	291,737
Number of ordinary shares in issue	4,443,129,206	4,443,129,206	4,443,129,206	4,443,129,206
Net asset value per ordinary share (cents)	6.79	6.72	6.53	6.57

12. Property, plant and equipment

For the period ended 30 June 2023, additions to property, plant and equipment amounted to $2,387,000 (30 June 2022: $741,000). The amount included additions of right-of-use assets (30 June 2022: additions from the acquisition of subsidiaries).

There was no disposal during the period (30 June 2022: $nil).

Impairment test for property, plant and equipment

The Group reviews the carrying amounts of the assets at each reporting date to determine whether there is any indication of impairment. If any such indication exists, 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 (Chengdu land)

In 2022, the Chengdu land was fully impaired based on management's assessment of the status of the land, discussions with the relevant authority and the legal advice obtained in relation to the Group's contractual obligations. As at 30 June 2023, there was no further development and no changes to management's assessment.

13. Intangible assets and goodwill

	Goodwill $'000	Medical distribution licences $'000	Total $'000
Group			
At 31 December 2022			
Cost	32,949	1,108	34,057
Accumulated amortisation and impairment	(2,164)	(1,108)	(3,272)
Net book amount	30,785	-	30,785
6 months ended 30 June 2023			
Opening net book amount	30,785	-	30,785
Effect of movements in exchange rates	(7)	-	(7)
Closing net book amount	30,778	-	30,778
At 30 June 2023			
Cost	32,949	1,108	34,057
Accumulated amortisation and impairment	(2,164)	(1,108)	(3,272)
Effect of movements in exchange rates	(7)	-	(7)
Net book amount	30,778	-	30,778

Impairment test for goodwill

Goodwill arising from business combinations have been allocated to the following cash-generating unit ("**CGU**") for impairment testing:

	Group	
	30.06.2023 $'000	**31.12.2022 $'000**
Brainy World Holdings Limited ("**BWH**") and its joint ventures	3,024	3,031
Echo Healthcare Management Pte. Ltd. ("**ECHM**") and its subsidiaries	27,754	27,754
	30,778	30,785

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

BWH

In 2018, the Group acquired 100% equity interests in BWH, a limited company incorporated in the British Virgin Islands. BWH is an investment holding company which owns 50% equity interest in a joint venture company, China Merchants Lippo Hospital Management (Shenzhen) Limited ("**CMJV**"). The acquisition provides the Group with the opportunity to establish a strategic partnership with China Merchants Shekou Industrial Zone Holdings Co., Ltd, a member of China Merchants Group ("**CMG**") for expanding its healthcare business across PRC.

The recoverable amount is determined based on value-in-use calculation using a discounted cash flow projection covering a 9-year-period (31 December 2022: 9-year-period), including a construction period of 1 year (31 December 2022: 1 year). Management considers the 8-year operating period (31 December 2022: 8-year operating period) used in discounted cash flow appropriate considering investment cycle of the healthcare industry.

Management assessed the value-in-use for indicators of potential impairment, taking into account the prevailing economic conditions and market outlook, as well as the status of on-going projects. Based on management's assessment, no impairment is required for the period under review.

ECHM

On 30 June 2022, the Group, via its 60% owned subsidiary, Echo Healthcare Management Pte. Ltd. ("**ECHM**"), acquired 60% interest in O2 Healthcare Group Pte. Ltd. (formerly known as Echo Healthcare Services Pte. Ltd. ("**O2HG"**). Upon completion of the transaction, O2HG owns 60% of equity interest in 2 respiratory specialist practices and a thoracic and cardiovascular surgical practice (note 21(b)) ("**O2 Group Acquisition**").

Goodwill of $27,754,000 arising from the O2 Group Acquisition was determined based on a Purchase Price Allocation ("**PPA**") exercise.

Management assessed the value-in-use for indicators of potential impairment, taking into account the Company projected future cash flow of O2HG. Based on management's assessment, no impairment is required for the period under review.

14. Investment properties

		Group	
	Note	**30.06.2023 $'000**	**31.12.2022 $'000**
At 1 January		1,145,343	290,556
Capex expenditures		1,123	4,278
Acquisition of investment properties[(a)]		-	31,061
Acquisition of a subsidiary	21(a)	-	955,235
Fair value losses recognised in profit or loss		(7,546)	(8,692)
Adjustment on rental straight-lining		7,604	16,358
Disposal of a subsidiary[(b)]		-	(40,438)
Effect of movements in exchange rates		4,222	(103,015)
At end of period/year		1,150,746	1,145,343

(a) In 2022, the Group has acquired two Japan nursing homes, Medical Rehabilitation Home Bon Sejour Komaki and Loyal Residence Ayase, for a total consideration of JPY 2,580,000,000 (approximately $27,606,000), with a total acquisition cost capitalised amounting to $3,455,000.

(b) In 2022, the Group has through its indirect wholly-owned subsidiaries, Primerich Investments Pte. Ltd. and Surabaya Hospitals Investment Pte. Ltd. completed the disposal of 100% of issued and paid-up share capital of PT Tata Prima Indah ("**PT TPI**") for a total sales consideration of IDR 430,000,000,000 (approximately $40,345,000).

The fair value losses recognised in profit or loss relate to the revaluation of the properties in Japan, Singapore and Indonesia.

As at 30 June 2023, the details of investment properties held by the Group are set out below:

Investment Property	**Tenure**	**Principal activity**	**Location**
Japan			
Hikari Heights Varus Fujino	Freehold	Skilled nursing facility	Hokkaido, Japan
Hikari Heights Varus Ishiyama	Freehold	Skilled nursing facility	Hokkaido, Japan
Hikari Heights Varus Kotoni	Freehold	Skilled nursing facility	Hokkaido, Japan
Hikari Heights Varus Makomanai-Koen	Freehold	Skilled nursing facility	Hokkaido, Japan
Hikari Heights Varus Tsukisamu-Koen	Freehold	Skilled nursing facility	Hokkaido, Japan
Varus Cuore Yamanote	Freehold	Skilled nursing facility	Hokkaido, Japan
Varus Cuore Sapporo-Kita/ Annex	Freehold	Skilled nursing facility	Hokkaido, Japan
Elysion Gakuenmae	Freehold	Skilled nursing facility	Nara, Japan
Elysion Mamigaoka/ 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
Medical Rehabilitation Home Bon Séjour Komaki	Freehold	Skilled nursing facility	Aichi, Japan
Loyal Residence Ayase	Freehold	Skilled nursing facility	Kanagawa, Japan
Singapore			
Pacific Healthcare Nursing Home	Leasehold	Skilled nursing facility	Bukit Merah, Singapore
Pacific Healthcare Nursing Home II	Leasehold	Skilled nursing facility	Bukit Panjang, Singapore
The Lentor Residence	Leasehold	Skilled nursing facility	Lentor Avenue, Singapore
Indonesia			
Siloam Hospitals Lippo Village	Leasehold	Hospital	Banten, Indonesia
Siloam Hospitals Kebon Jeruk	Leasehold	Hospital	West Jakarta, Indonesia
Imperial Aryaduta Hotel & Country Club	Leasehold	Hotel & Country Club	Banten, Indonesia
Mochtar Riady Comprehensive Cancer Centre	Leasehold	Hospital	Central Jakarta, Indonesia
Siloam Hospitals Lippo Cikarang	Leasehold	Hospital	Bekasi, Indonesia
Siloam Hospitals Manado	Leasehold	Hospital	North Sulawesi, Indonesia
Hotel Aryaduta Manado	Leasehold	Hotel	North Sulawesi, Indonesia
Siloam Hospitals Makassar	Leasehold	Hospital	South Sulawesi, Indonesia
Siloam Hospitals Bali	Leasehold	Hospital	Bali, Indonesia
Siloam Hospitals TB Simatupang	Leasehold	Hospital	South Jakarta, Indonesia
Siloam Hospitals Purwakarta	Leasehold	Hospital	West Java, Indonesia
Siloam Sriwijaya	Leasehold	Hospital	South Sumatra, Indonesia
Siloam Hospitals Kupang	Leasehold	Hospital	East Nusa Tenggara, Indonesia
Lippo Plaza Kupang	Leasehold	Mall	East Nusa Tenggara, Indonesia
Siloam Hospitals Labuan Bajo	Leasehold	Hospital	East Nusa Tenggara, Indonesia
Siloam Hospitals Buton	Leasehold	Hospital	Sulawesi Tenggara, Indonesia
Lippo Plaza Buton	Leasehold	Mall	Sulawesi Tenggara, Indonesia
Siloam Hospitals Yogyakarta	Leasehold	Hospital	Yogyakarta, Indonesia

As at 30 June 2023, investment properties of the Group with carrying amounts of $1,102,246,000 (31 December 2022: $1,098,930,000) are mortgaged to banks to secure the related borrowings.

Measurement of fair value

As at 31 December 2022, the fair value of investment properties were determined by external valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The external valuers provide the fair value of the Group's investment property portfolio every year.

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

Management has engaged the external valuers who performed the 2022 annual valuations to conduct a high-level review of the key assumptions and key parameters for the valuation of each investment property as at 30 June 2023. These external valuers have maintained the same valuation methodologies, key parameters and assumptions with those as of 31 December 2022. Management is therefore of the view that the fair value of the investment properties are approximately $1,150,746,000.

15. Investment properties under development

	Group	
	30.06.2023 **$'000**	**31.12.2022** **$'000**
At 1 January	52,283	57,691
Fair value losses recognised in profit or loss	-	(1,429)
Effect of movements in exchange rates	(2,289)	(3,979)
At end of period/year	49,994	52,283

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

Description	**Unexpired term of leasehold land**
Land - Wuxi land, PRC	32.5 years
Land - Kuala Lumpur, Malaysia	84.5 years

An investment property under development with carrying amount of $37,018,000 (31 December 2022: $38,976,000) is mortgaged to secure bank borrowings (note 17(e) (ii)).

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.

Measurement of fair value

For the land in Kuala Lumpur, management has adopted the forced sale value determined by an independent valuer as the fair value, instead of the market value based on direct comparison method, after taking into consideration the economic conditions, market expectations and property market outlook in Malaysia. Management assessed that there was no change to the forced sale value as at 30 June 2023.

For the land in Wuxi, the PRC, the land valuation is based on assumptions made by management in relation to the plot ratio, hospital license, gross development value, entrepreneur profit and risk. As at 30 June 2023, management assessment that there were no changes to the assumptions made and therefore, there was no change to the valuation of the land.

16. Associate and joint ventures

	Group		Company	
	30.06.2023 $'000	31.12.2022 $'000	30.06.2023 $'000	31.12.2022 $'000
Interests in joint ventures	83,279	79,685	40,553	40,553
Less: Allowance for impairment loss	(9,135)	(9,135)	(16,946)	(16,946)
	74,144	70,550	23,607	23,607

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

Recoverable amounts of interests in associate and joint ventures

For the period ended 30 June 2023, the Group assessed the recoverable amounts for each cash generating unit ("**CGU**") based on the value-in-use, taking into consideration the potential impact from the prevailing economic conditions and market outlook on the projected cash flows and discount rates.

Based on management's assessment, no material changes to the underlying assumptions were noted. Therefore, there were no indications of additional impairment or reversal of previously recognised impairment loss of $9,135,000 in relation to the Myanmar Group. There were also no indications of impairment for the Group's interests in FRML, CMJV and Riviera Quad.

17. Loans and borrowings

	Note	Group		Company	
		30.06.2023 $'000	31.12.2022 $'000	30.06.2023 $'000	31.12.2022 $'000
Current					
Loans from third parties	(a)	189	189	189	189
Loan from a fellow subsidiary	(b)	-	1,800	-	-
Secured Tokutei Mokuteki Kaisha ("TMK") bonds A	(c)	-	1,453	-	-
Secured TMK bonds B and term loan C	(d)	948	-	-	-
Bank borrowings	(e)	47,355	49,491	30,000	30,000
		48,492	52,933	30,189	30,189
Non-current					
Secured TMK bonds A	(c)	-	106,672	-	-
Secured TMK bonds B and term loan C	(d)	110,753	-	-	-
Guaranteed bonds	(f),(i)	96,092	95,571	-	-
Social term loan A	(g),(i)	236,514	230,742	-	-
Social term loan B	(h)	15,525	16,629	-	-
		458,884	449,614	-	-
Total loans and borrowings		507,376	502,547	30,189	30,189

As at 30 June 2023, total borrowings include secured liabilities of $507,187,000 (2022: $500,558,000) and $30,000,000 (2022: $30,000,000) of the Group and the Company respectively.

(a) Loans from third parties

The loan from a third party is unsecured.

(b) Loan from a fellow subsidiary

The loan from a fellow subsidiary, OUE Treasury Pte Ltd, is unsecured and interest-bearing at 4% per annum. The loan was fully repaid on 11 April 2023.

(c) Secured TMK bonds A

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

The secured TMK bonds A pertain to a 5 year bonds issued by First REIT's indirect subsidiary, OUELH Japan First TMK, for JPY10.6 billion (approximately $108.1 million) due in May 2025 to Shinsei Bank Limited. The secured TMK bonds A were fully repaid on 23 June 2023 by new secured TMK bonds of JPY2 billion and a secured term loan of JPY10 billion (note 17(d)).

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

1) Negative pledge against the total assets of First REIT's indirect subsidiary, OUELH Japan First TMK, which mainly comprises investment properties in Japan and cash and cash equivalents.

(d) Secured TMK bonds B and Term Loan C

On 23 June 2023, OUELH Japan First TMK, a subsidiary of the First REIT Group, has issued a 7 year bonds amounting to JPY2 billion (approximately $19.0 million) to Kiraboshi Bank Ltd and has obtained a term loan of JPY10 billion (equivalent to $95.0 million) ("Term Loan C") from Kiraboshi Bank Ltd. Both facilities will be due in June 2030.

The secured TMK bonds B and term loan C agreement provides among other matters for the following:

1) Negative pledge against the total assets of First REIT's indirect subsidiary, OUELH Japan First TMK, which mainly comprises investment properties in Japan and cash and cash equivalents.

(e) Bank borrowings

(i) $433,000 (2022: $444,000) is secured against a charge over the building and rights of the subsidiary pertaining of the working capital of the subsidiary;

(ii) $1,922,000 (2022: $4,047,000) is secured against:
- a charge created over an investment property under development of the Group (note 15);
- a debenture over the assets and rights of the subsidiary pertaining to a development project of the Group (note 15);
- joint and several guarantees by certain shareholders;
- a corporate guarantee from the Company.

(iii) $30,000,000 (2022: $30,000,000) is secured by a corporate guarantee from the intermediate holding company; and

(iv) $15,000,000 (2022: $15,000,000) is secured by a corporate guarantee from the Company and memorandum of charge over units in a subsidiary held by one of the subsidiaries of the Company.

(f) Guaranteed bonds

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

(g) Social term loan A

On 25 November 2022, First REIT entered into a facility agreement with two of the existing lenders, OCBC and CIMB in respect of a $300 million social term loan and revolving credit facilities agreement (the "Facilities"). On 1 December 2022, First REIT drew down social term loan A amounting to $235 million under this facilities which repayable in May 2026.

(h) Social term loan B

On 29 September 2022, First REIT's indirect subsidiary, First REIT Japan Two GK, secured a JPY1.66 billion (approximately $15.8 million) non-recourse social loan due in 27 September 2026 from Shinsei Trust Bank, Limited. The proceeds from social term loan B was utilised to partially funded the acquisition of two nursing homes, Loyal Residence Ayase and Medical Rehabilitation Home Bon Sejour Komaki, in Japan during 2022.

The secured social term loan B agreement provides amongst other matters for the following:

1) Negative pledge against the total assets of First REIT's indirect subsidiary, First REIT Japan Two GK, which mainly comprises of investment properties in Japan and cash and cash equivalents.

(i) The social term loan A and guaranteed bonds agreements provide among other matters for the following:

1) Legal mortgage over the properties in Singapore and Indonesia of the First REIT Group except for Imperial Aryaduta Hotel and Country Club and Siloam Hospitals Yogyakarta (2022: the properties in Singapore and Indonesia of the First REIT Group except for Imperial Aryaduta Hotel and Country Club and Siloam Hospitals Yogyakarta).

2) Assignment to the banks of all of the First REIT Group's rights, titles, interests and benefits under any leases, tenancies, sales proceeds and cash flows in respect of the Indonesia properties and the Singapore properties except for Imperial Aryaduta Hotel and Country Club and Siloam Hospitals Yogyakarta (2022: Indonesia properties and the Singapore properties except for Imperial Aryaduta Hotel and Country Club and Siloam Hospitals Yogyakarta).

3) Assignment to the banks of all of the First REIT Group's rights, titles and interests under the insurance policies in respect of the Indonesia properties and the Singapore properties, with the bank named as a "loss payee" except for Imperial Aryaduta Hotel and Country Club and Siloam Hospitals Yogyakarta (2022: Imperial Aryaduta Hotel and Country Club and Siloam Hospitals Yogyakarta).

4) A debenture containing first fixed and floating charges over all assets and undertakings of First REIT's Singapore subsidiaries and subsidiaries of First REIT's Singapore subsidiaries except for Lovage International Pte. Ltd., IAHCC Investment Pte. Ltd., Kalmore Investments Pte. Ltd. and Icon1 Holdings Pte. Ltd. (2022: Lovage International Pte. Ltd., IAHCC Investment Pte. Ltd., Kalmore Investments Pte. Ltd., and Icon1 Holdings Pte. Ltd).

5) Charge of all of First REIT's shares in the Singapore subsidiaries and subsidiaries of First REIT's Singapore subsidiaries except for Lovage International Pte. Ltd., IAHCC Investment Pte. Ltd., Kalmore Investments Pte. Ltd. and Icon1 Holdings Pte. Ltd. (2022: Lovage International Pte. Ltd., IAHCC Investment Pte. Ltd., Kalmore Investments Pte. Ltd., and Icon1 Holdings Pte. Ltd).

6) Charge of all of First REIT's Singapore subsidiaries' shares in the Indonesia subsidiaries except for the Joint-operation company, PT Yogya Central Terpadu (2022: Joint-operation company, PT Yogya Central Terpadu).

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

8) OUE Limited's interest held in First REIT directly and indirectly is at least at 20% (2022: 20%).

9) The Company's interest held in First REIT directly and indirectly is at least at 20% (2022: 20%).

10) OUE Limited's interest held in First REIT Management Limited directly and indirectly is at least at 51% (2022: 51%).

11) Compliance with all financial covenants.

(j) Intra-group financial guarantees

Intra-group financial guarantees comprise corporate guarantees given by the Company:

(i) RMB222,500,000 (approximately $41,897,000) (2022: RMB222,500,000 (approximately $42,965,000)) in respect of the Group's 50% share of the bank loan facilities taken up by its joint ventures in the PRC; and

(ii) $16,922,000 (2022: $19,047,000) to its subsidiaries in Malaysia and Singapore (2022: Malaysia and Singapore).

At the reporting date, the Company has not recognised an ECL provision as the ECL amount was lower than that 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 guarantee. As at 30 June 2023, management has assessed that the fair value of intra-group financial guarantees is insignificant at initial recognition.

First REIT has entered into interest rate swaps and interest rate cap arrangements to manage the interest rate risk exposure arising from the bank loans with floating rates.

The carrying amount of the current and non-current borrowings except borrowings (a), (b), (e)(i) and (f), which are at floating variable market rates, approximate their fair values at reporting date.

18. Share capital

	The Group and the Company			
	30.06.2023		31.12.2022	
	No. of ordinary shares '000	Share capital $'000	No. of ordinary shares '000	Share capital $'000
Company				
At beginning and end of the period/year	4,443,129	418,913	4,443,129	418,913

Ordinary shares

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

19. Convertible perpetual securities

The convertible perpetual securities were issued to Treasure International Holdings Pte. Ltd. ("**TIHPL**") in 2021 pursuant to a conversion agreement. Under the conversion agreement, shareholder loans and accrued interest up to 28 February 2021 amounting to $189,608,000 was converted to convertible perpetual securities. TIHPL is a wholly-owned subsidiary of OUE Limited ("**OUE**"). OUE is a controlling shareholder of the Company.

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

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

20. Provisions

	Legal $'000
Group and Company	
At 1 January 2023	20,724
Utilisation during the period	(492)
At 30 June 2023	20,232

Legal

Provisions are related to legal and related expenses (note 23), which include provision relating to obligations arising from contract and commercial arrangement, based on the best estimate of the possible outflow considering both contractual and commercial factors. In accordance to paragraph 92 of SFRS(I) 1-37 Provisions, Contingent liabilities and Contingent assets, details of the provision made for each claims were not disclosed in order not prejudice the Group's legal position.

As at 30 June 2023, provisions were utilised for legal costs incurred.

21. Acquisition of subsidiaries and disposal of associate

(a) Acquisition of First REIT as subsidiary

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

Identifiable assets acquired and liabilities assumed

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

	Note	$'000
Plant and equipment		26
Investment properties	14	955,235
Trade and other receivables		32,955
Cash and cash equivalents		58,484
Investment in quoted shares		141
Trade and other payables		(38,757)
Current tax liabilities		(733)
Deferred tax liabilities		(20,427)
Loans and borrowings		(349,875)
Derivative financial instruments		(673)
Perpetual securities holders' fund		(59,651)
Net book value		576,725
Cash consideration received		(14,512)
Net identifiable assets and liabilities acquired		562,213

Negative goodwill and net gain from First REIT transaction

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

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

Disposal of First REIT as an associate

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

Cash flows relating to the acquisition of First REIT as a subsidiary

	$'000
Cash and bank balances of subsidiary acquired	43,972
Add: Cash consideration received from divestment of Japan subsidiaries	14,512
Net cash inflow from the First REIT transaction	58,484

The remeasurement to fair value of the Group existing 15.3% interest in First REIT resulted a gain of $3,144,000. This amount has been recognised in "other income" in the statement of profit or loss in 1H2022.

(b) Acquisition of Respiratory and Cardiothoracic Medical Practices in Singapore - O2 Group

On 23 May 2022, the Group incorporated a new subsidiary, Echo Healthcare Management Pte. Ltd. ("**ECHM**"), which is 60% owned by the Group and 40% held by a subsidiary of OUE Limited, to acquire respiratory specialists and cardiothoracic surgical practice in Singapore of RMA Global Pte. Ltd. ("**RMA**"), The Respiratory Practice (Farrer) Pte. Ltd. ("**TRPF**") and Breathing Heart Pte. Ltd. ("**BH**"). RMA, TRPF and BH collectively known as the "**Medical Partners**". The acquisition was completed on 30 June 2022.

Upon completion, ECHM owns 60% of O2 Healthcare Group Pte. Ltd. (formerly known as Echo Healthcare Services Pte. Ltd.) ("**O2HG**"), and O2HG owns 60% of equity interests in the Medical Partners ("**O2 Group Acquisition**"). The remaining 40% direct shares of O2HG and 40% direct shares of the Medical Partners are held by the founding shareholders of the Medical Partners.

The performance of the ECHM and its subsidiaries ("**O2 Group**") has been consolidated under the Group with effect from 1 July 2022.

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of O2 Group Acquisition.

	$'000
Plant and equipment	1,970
Deposit	207
Prepayment	90
Lease liabilities	(1,701)
Net identifiable assets and liabilities acquired	566

Cash flow relating to the O2 Group

	$'000
Purchase consideration	(27,958)
Add: Outstanding consideration unpaid as at period end	9,319
Net cash outflow	(18,639)

Goodwill

Goodwill arising from the O2 Group Acquisition has been recognised as follows:

	$'000
Total consideration transferred	27,958
NCI, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	362
Fair value of identifiable net assets and liabilities	(566)
Goodwill	27,754

The goodwill is attributable mainly to the field of cardiovascular and lung related specialisation, which medical services are interlinked and can provide synergy to the Group healthcare business. None of the goodwill recognised is expected to be deductible for tax purposes.

22. Disposal of a subsidiary

On 31 March 2023, the Company's indirect wholly-owned subsidiary, OLH (FTZ) Pte. Ltd., completed the disposal of 100% of the issued and paid-up share capital of FRM Japan Management Co., Ltd. ("**FRJM**") to First REIT Management Limited ("**FRML**"), in its personal capacity, for a total consideration of $260,000, paid wholly in cash (the "**FRJM Transaction**"). The consideration was arrived at on a willing-buyer, willing-seller basis following arm's length negotiations between the parties taking into account the net asset value of FRJM of $260,000 as of 31 March 2023.

Following completion of the FRJM Transaction, FRJM has become a wholly-owned subsidiary of FRML. FRML is in turn 60% owned by OUE Limited and 40% owned by the Company. Accordingly, FRJM has ceased to be a subsidiary of the Company and has become an associated company of the Company.

For more information, please refer to the announcement issued by First Real Estate Investment Trust dated 31 March 2023 on the FRJM Transaction.

Effect of the disposal

The cash flow and net asset of FRJM were as follows:

	$'000
Plant and equipment	75
Other receivables	366
Cash and cash equivalents	14
Other payables	(131)
Current tax liabilities	(9)
Lease liabilities	(55)
	260
Less: Cash and cash equivalents disposed	(14)
Net cash inflow on disposal of a subsidiary	246

23. Litigation cases

The status of the litigation cases as at 30 June 2023 is as summarised below.

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

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

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

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

In 2018, the Company commenced arbitration proceedings in Singapore against David Lin. The Tribunal issued the final arbitration award against David Lin on 7 January 2019. The Company has obtained a Singapore judgement in terms of the arbitration award on 28 November 2019.

<u>Recognition and enforcement proceedings</u>

In 2019, the Company commenced recognition and enforcement proceedings in Hong Kong, Taiwan and Shanghai against David Lin to enforce the said award. As at 30 June 2023, the Company has obtained permission from the respective authorities concerned to enforce the award in Hong Kong, Taiwan and Shanghai.

As at 30 June 2023:

- Hong Kong: the Company continues to hold a charging order absolute over David Lin's shares in Healthcare Solution Investment Limited ("**HSIL**") and Hong Kong Life Sciences and Technologies Group Limited. The Company has also obtained an order to appoint Receivers over David Lin's interest in the HSIL shares. HSIL is the sole shareholder of Weixin;

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

- Taiwan: In March 2021, the Company also received the sum of $711,000, being the deposit and trust assets held by David Lin in his bank accounts in Taiwan. Separately, David Lin's ¼ share in a real estate in New Taipei City was sold on 18 January 2021 during a public auction for the sum of NTD5,880,000, of which the Company received a sum net of costs and expenses.

(b) Other claim(s) against the Company

The Company received a letter of demand from Fan Kow Hin's ("**Fan**") private trustees dated 25 June 2021, demanding payment of the sum of $850,000 allegedly owing to Fan pursuant to shareholder advances, expense claims and a Management Advisory Service Agreement between Fan and a wholly owned subsidiary of the Company dated 1 February 2016.

This letter demanded payment of the same sums previously claimed by Fan in his letter of demand to the Company dated 27 January 2017. In 2017, the Company responded to Fan to seek further particulars and supporting documents in support of his claims, though no response was forthcoming. The Company has responded to Fan's private trustees to seek further particulars and supporting documents in support of their claims.

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

24. Subsequent event

On 3 July 2023, the Group announced the conditional exit offer for the proposed voluntary delisting of Healthway Medical Corporation Limited ("**HMC**"). The exit offer is conditional on HMC obtaining its shareholders' approval at an EGM for the voluntary delisting and certain proposed amendments to its constitution, as well as the Group, together with parties acting in-concert, holding more than 50% of HMC's shares as at the close of the exit offer.

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

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

Ordinary shares issued and fully paid-up	Number of shares	Paid-up share capital
		$
Balance as at 30 June 2023 and 30 June 2022	4,443,129,206	418,912,580

There were no outstanding convertibles, treasury shares or subsidiary holdings as at 30 June 2023 and 30 June 2022.

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

As at 30 June 2023 and 30 June 2022, the Company had 4,443,129,206 issued and fully paid-up ordinary shares.

The Company did not have treasury shares as at the end of the respective period.

1(iii) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

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

Not applicable.

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

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

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

Not applicable.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion (this is not required for any audit issue that is a material uncertainty relating to going concern):

(a) Updates on the efforts taken to resolve each outstanding audit issue.

Not applicable.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

Not applicable

4. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of financial performance of Continuing Operations for the financial period ended 30 June 2023 ("1H2023")

(a) Revenue

The Group consolidated First REIT and the Medical Partners with effect from 1 March 2022 and 1 July 2022 respectively. Please refer to notes 21 (a) and (b).

(i) First REIT's revenue comprised rental income from its 32 investment properties located in Indonesia, Japan and Singapore.
(ii) Revenue from the Medical Partners comprised revenue from the provision of specialist medical services and sales of medicine and medical equipment.
(iii) The Group's revenue also included revenue from the Group's hospital in Wuxi, Wuxi Lippo Xi Nan hospital, and the pharmaceutical distribution business in China.

The increase in revenue was due mainly to the consolidation of First REIT and the Medical Partners, as well as higher revenue recorded by Wuxi Lippo Xi Nan hospital and the China pharmaceutical distribution business.

The increase in revenue for Wuxi Lippo Xi Nan hospital was due to an increase in demand for outpatient services and medical check-ups. The increase in revenue for China pharmaceutical business was due to the increase in sales of biologic products.

(b) Cost of sales

The increase in cost of sales was due mainly to the consolidation of First REIT and the Medical Partners.

(c) Gross profit

The increase in gross profit was due to the consolidation of First REIT and the Medical Partners.

(d) Administrative expenses

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

(e) Other (expenses)/income

Other (expenses)/income for 1H2023 comprised mainly the following:

(i) The fair value losses of $7,546,000 on First REIT's investment properties;
(ii) The net fair value gains of $585,000 relating to derivative financial instruments (revaluation of interest rate swaps, interest rate caps contracts, as well as currency hedging contracts); and
(iii) Proceeds from liquidation of a subsidiary of $1,000,000.

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

(f) Finance income

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

(g) Finance costs

The increase in finance costs was mainly due to the impact of increasing interest rate, partially offset by write off of transaction costs relating to existing Japan TMK loan as a result of refinancing.

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

The Group's share of results of equity-accounted investees relates to the Group's investments in First Real Estate Investment Trust ("**First REIT**"), First REIT Management Limited ("**FRML**"), China Merchants Lippo Hospital Management (Shenzhen) Limited ("**CMJV**"), Riviera Quad International Limited ("**Riviera Quad**"), Yoma OUE Pun Hlaing Limited ("**YOPH**") and Pun Hlaing International Hospital Limited ("**PHIH**").

The results of First REIT were equity-accounted up to 28 February 2022. From 1 March 2022, First REIT was consolidated as part of the Group upon completion of the divestment of the 12 Japan nursing homes to First REIT.

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

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

The decrease in the share of results was mainly due to consolidation of First REIT from 1 March 2022 and lower of results from FRML, CMJV and Riviera Quad.

(i) Tax expense

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

(j) Profit after tax

The Group recorded a profit after tax of $18,550,000 compared to a profit after tax of $24,780,000 for 1H2022, mainly attributable to the aforementioned factors.

<u>Review of Statement of Financial Position</u>

(a) Non-current assets

The increase in non-current assets was mainly due to the following:

(i) The property, plant and equipment arising from the O2 Group;
(ii) The increase in investment properties was due to lower fair values losses and foreign exchange gains;
(iii) The derivative financial instruments (interest rate swaps and caps) of First REIT; and
(iv) The increase in associate and joint ventures was due to a capital contribution of $2,904,000 in CMJV.

The increase was partly offset by the decrease in investment properties under development, which was mainly due to impact of currency translation.

(b) Current assets

The increase in trade and other receivables, and in cash and cash equivalents was due to the trade receivables from hospital and insurance company by O2 Group and loan drawdown by First REIT.

(c) Non-current liabilities

The increase in non-current loans and borrowings was mainly due to loan drawdown in March 2023 for working capital and the refinancing of TMK bond by First REIT. The increase in lease liabilities was due to renewal of tenancy agreements by O2 Group in 1H2023.

(d) Current liabilities

The decrease in current liabilities was due to the followings:

(i) Repayment of loans and borrowings from a fellow subsidiary (note 17(b)) and bank borrowings (note 17(e);
(ii) Provisions for legal and related expense was utilised in 1H2023; and
(iii) Disposal of derivative liabilities.

<u>Review of Cashflows and Working Capital</u>

a) Cash flows from operating activities

Operating activities generated net cash of $41,544,000 before working capital changes. After taking into account the movement in working capital, operating activities generated net cash of $24,634,000. The decrease was mainly due to the higher interest expense.

b) Cash flows from investing activities

Investing activities utilised net cash of $2,015,000. The net outflow was mainly due to the capital contribution in equity-accounted investees. The outflow was partly offset a repayment of advance to joint venture partner.

c) Cash flows from financing activities

Financing activities utilised net cash of $15,163,000. The net outflow was mainly due to net repayment of borrowings, distribution to First REIT unitholders and dividends paid to shareholders of O2 Group, payment of transaction costs related to borrowings and interests.

d) Working capital

As at 30 June 2023, the Group's net current liabilities amounted to $10,744,000 (31 December 2022: $24,901,000).

The negative working capital was mainly due to provisions of $20,232,000 (note 20).

The Board confirms that the Group is able to meet its debt obligations as and when they fall due after having assessed the sources of liquidity, the available cash reserves as at 30 June 2023 and the projected net operating cash flows.

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

Not applicable. No forecast or prospect statement was previously disclosed to shareholders.

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

The global economic outlook remains uncertain due to geopolitical tensions and persistent inflationary pressures. With central banks around the globe tightening monetary policies to address inflation, acute stress in the financial services sector seems to have receded, but persistent challenges remain given the weakening economic growth and declining demand in advanced economies under high interest rates environment.

Notwithstanding, healthcare is an essential service and the industry remains a bright spot given the growing affluence and aging population, which will drive demand for quality healthcare services. The Group is committed to building a regional healthcare ecosystem via its three-pronged strategy to continually expand its healthcare network, broaden its service offerings and capitalise on new business opportunities.

Singapore

In May 2023, the Singapore government has started accepting registrations for its "Healthier SG" program that aims to get family doctors to help individuals take charge of their health. The national shift towards patient-centred preventive care is expected to invigorate innovations within the Singapore healthcare market, which will translate into new business opportunities for private healthcare players.

On 3 July 2023, OUEH Investment Pte. Ltd., a wholly-owned subsidiary of the Company, announced the launch of a conditional exit offer for the proposed voluntary delisting of Healthway Medical Corporation Limited. This marks a milestone step for the Group in building a regional healthcare ecosystem, anchored on Singapore's high standards of medical excellence. This conditional exit offer presents a unique opportunity for the Group to tap into the growing Singapore healthcare market. The potential synergies between the Group and Healthway Medical Corporation Limited will also provide cost-saving opportunities through streamlining of operations and economies of scale. The Group will provide further updates via the SGXnet, as and when appropriate.

The Medical Partners, previously known as Echo Healthcare Services, have grown from 11 doctors to 13 doctors comprising 11 respiratory specialists and 2 cardiothoracic surgeons. Integration of the operations to capture efficiency and economies of scale, as well as collaborations within the ecosystem of the wider Group and its related companies to create business synergies are ongoing. In addition, the Medical Partners will collectively be branded under the "O2 Healthcare" brand name so as to strengthen their market recognition and presence.

China

China's re-opening with the lifting of pandemic controls and easing of border restrictions in December 2022 fueled its economic recovery in 2023. China's GDP grew 5.5% in the first six months of 2023 and 6.3% in the second quarter, driven by stronger retail sales and the service sector.[1]

In April 2023, the Group's joint venture in China ("**CM Lippo**") entered into an agreement with the Chinese University of Hong Kong for consultancy services for the operation of an international medical centre in Shenzhen China Merchants-Lippo Prince Bay Hospital ("**Prince Bay Hospital**"). With over 200 beds, Prince Bay Hospital is positioned to be a premium general hospital of international standards serving the affluent population in the Greater Bay Area and is on track to be commissioned in 2024.

CM Lippo has also officially commissioned Changshu China Merchants – Lippo Obstetrics & Gynaecology Hospital ("**Changshu Hospital**") in May 2023. The 100-bed hospital is Changshu's first private Obstetrics and Gynaecology hospital, offering premium medical services in obstetrics, gynaecology, paediatrics, and other ancillary medical services such as medical aesthetics. It also houses a confinement centre with premium postpartum rehabilitative suites that provides postpartum wellness services. The Group plans to ramp up promotions and marketing activities in the second half of 2023 to accelerate the consumer adoption process.

Myanmar

Myanmar's socio-political situation remains volatile, which continues to impact the local economy. Local businesses had to contend with various challenges which include import curbs, foreign exchange restrictions, further depreciation of Myanmar Kyats leading to rising inflation and frequent power outages.

Despite the operating environment, the Group's joint venture hospital group with First Myanmar Investments, Pun Hlaing Hospitals, has continued to report stable operations, supported by the demand for its healthcare services as an essential social service. The Group will continue to monitor market conditions closely to navigate the challenging operating environment.

First Real Estate Investment Trust ("First REIT")

First REIT continues to actively execute its 2.0 Growth Strategy, of which a key thrust is to strengthen capital structure to remain resilient by diversifying funding sources and continuing to optimise its financial position. To manage interest rate and exchange rate volatility, First REIT completed an early refinancing of a Japanese Yen denominated TMK bond in 2Q 2023 and has no further refinancing requirements until May 2026. The proportion of debt on fixed interest rates or hedged grew to 86.0% as at 30 June 2023 from 59.6% as at 31 December 2022. First REIT has also entered into non-deliverable forward contracts and call spreads to hedge exchange rates on its net cashflow from Indonesia. First REIT's overall financial position remained strong with a gearing of 38.7% and healthy interest coverage ratio at 4.1 times as at 30 June 2023.

First REIT currently has a portfolio of 32 properties comprising 14 in Japan, 15 in Indonesia and 3 in Singapore with a total book value of $1.15 billion. Following the acquisition of 14 nursing homes in Japan and the divestment of Siloam Hospitals Surabaya in Indonesia in FY2022, its developed markets asset allocation portfolio has increased to 27.9% of its total assets under management.

[1] https://www.globaltimes.cn/page/202307/1294511.shtml

7. If a decision regarding dividend has been made:

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

None.

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

Not applicable.

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

Not applicable.

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

Not applicable.

(d) The date the dividend is payable

Not applicable.

(e) Books closure date

Not applicable.

8. Dividends

No dividends were paid or declared during the financial period ended 30 June 2023 and during the corresponding financial period ended 30 June 2022 after taking into consideration of the Group's cash flow requirements.

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

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

10. Confirmation Pursuant to Rule 720(1)

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

11. Report of person occupying managerial positions who are related to a director, CEO or substantial shareholder

Pursuant to Rule 704(10) of Catalist Rules, the Company confirms that none of the persons occupying managerial positions in the Company or any of its principal subsidiaries is a relative of a director or Chief Executive Officer or substantial shareholder of the Company.

12. Additional information required pursuant to Rule 706A (if any)

(a) Please refer to disposal of a subsidiary note 22.

(b) Striking off of subsidiaries

(i) OUELH Senior Housing (HK) Limited, a direct wholly-owned subsidiary of the Company, has been dissolved and ceased to be a legal entity with effect from 5 May 2023.

(ii) IHC Management (Australia) Pty Ltd, a direct wholly-owned subsidiary of the Company, has been de-registered and ceased to be a legal entity with effect from 10 May 2023.

13. Others

The Group has investments in First REIT and in its Manager. First REIT is listed on the Main Board of Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and became a subsidiary of the Company with effect from 1 March 2022. The Manager is an associated company of the Company.

The Manager releases public announcements in relation to and on behalf of First REIT ("**FR Announcements**") via SGXNET, from time to time in compliance with the Listing Manual of the SGX-ST. **The Company wishes to advise shareholders and potential investors of the Company to check the SGX-ST's website, www.sgx.com, for the latest FR Announcements made by the Manager from time to time, when dealing in the shares of the Company.**

The Company will no longer release announcements notifying its own shareholders of the release of certain FR Announcements, unless the Company has determined that there is, or becomes aware of, any material impact on the Group (which has not already been disclosed in the FR Announcements) and/or if the Company has determined that there is, or becomes made aware of, any undisclosed material information concerning the Group (including First REIT and the Manager) in accordance with the requirements under the applicable Catalist Rules

BY ORDER OF THE BOARD OF DIRECTORS

Mr. Yet Kum Meng
Chief Executive Officer and Executive Director
4 August 2023

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*This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**Exchange**") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.*

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

Negative Confirmation by the Board pursuant to Catalist Rule 705(5)

Pursuant to Rule 705(5) of Catalist Rules, we, on behalf of the Director, hereby confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the interim unaudited consolidated financial results of the Company and the Group for the half-year ended 30 June 2023 to be false or misleading.

On behalf of the Board of Directors

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

Mr. Yet Kum Meng
Chief Executive Officer and Executive Director