



**LEADING
HEALTHCARE**
REAL ESTATE
COMPANY
IN ASIA

ANNUAL REPORT
2017

QUE LIPPO HEALTHCARE

We provide high quality and sustainable healthcare facilities through our capabilities in the acquisition, development, management and operations of healthcare facilities.

These facilities include medical centres, day surgeries, hospitals, nursing homes and retirement communities.

We believe we can make a difference through good understanding of the present and future healthcare needs of the patient and his or her community.

Our promise is delivered through our human talents, lean processes, technology and quality management.



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This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**"), for compliance with the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalyst. The Sponsor has not verified the contents of this annual report.

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

The contact person for the Sponsor is Ms Gillian Goh, Director, Head of Continuing Sponsorship (Mailing address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).

HEALTHCARE NETWORK

CHINA

WUXI NEW DISTRICT PHOENIX HOSPITAL



01

01 Existing 163-bed Wuxi New District Phoenix Hospital



02

02 Artist's impression of the new Wuxi Hospital Complex

CHENGDU INTEGRATED HOSPITAL DEVELOPMENT PROJECT



03

03 The planned hospital is expected to fill in an existing gap in medical care in the area

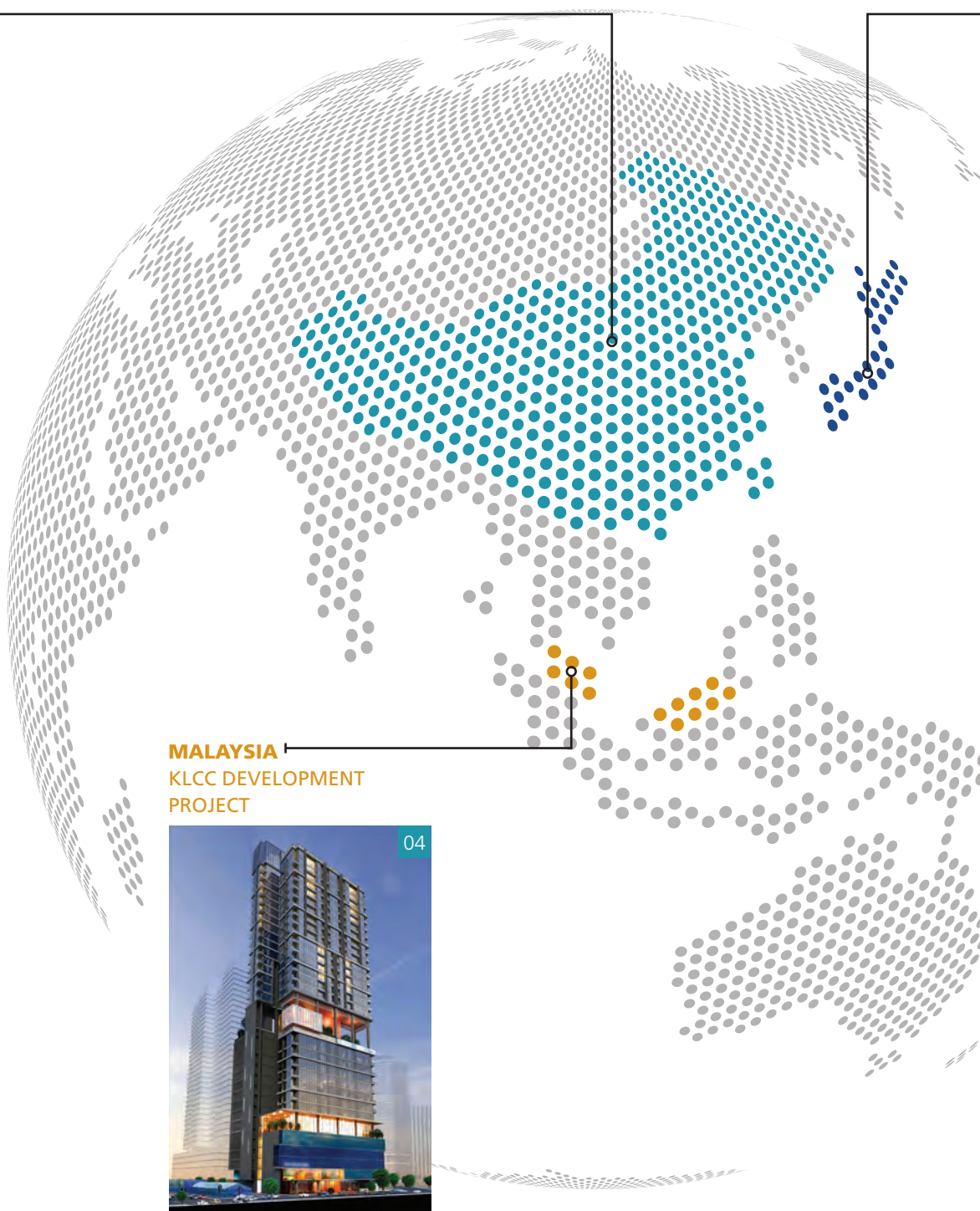
MALAYSIA

KLCC DEVELOPMENT PROJECT



04

04 Artist's impression of the KLCC Development Project



HEALTHCARE NETWORK

JAPAN

HIKARI HEIGHTS VARUS
FUJINO (SAPPORO)



HIKARI HEIGHTS VARUS
TSUKISAMU-KOEN (SAPPORO)



ELYSION GAKUENMAE
(NARA)



HIKARI HEIGHTS VARUS
ISHIYAMA (SAPPORO)



ELYSION AMANOHASHIDATE
(KYOTO)



ELYSION MAMIGAOKA &
ELYSION MAMIGAOKA ANNEX
(NARA)



HIKARI HEIGHTS VARUS
KOTONI (SAPPORO)



ELYSION KAICHI WEST
(NAGANO)



VARUS CUORE SAPPORO-KITA &
VARUS CUORE SAPPORO-KITA
ANNEX (SAPPORO)



HIKARI HEIGHTS VARUS
MAKOMANAI-KOEN
(SAPPORO)



ELYSION KAICHI NORTH
(NAGANO)



VARUS CUORE YAMANOTE
(SAPPORO)



PROPERTY OVERVIEW

JAPAN

Hikari Heights Varus
Fujino

*Fujino 3-jo 11-chome,
Minami-ku, Sapporo
City, Hokkaido*

Access

20 mins
by bus from Makomanai
Station

Gross Floor Area
(Sq ft. Approx)

105,290

Total Units

144

Occupancy Rate
(As at 31 December 2017)

78.4%



Hikari Heights Varus Fujino is located in the residential Minami area of Sapporo, about an hour's drive from the city centre, and 20 minutes by bus from Makomanai Station on the Sapporo City Subway Nanboku Line. The nursing home has 2 blocks (9-storey and 13-storey), with 144 rooms in total that can accommodate up to 187 residents. In operation since 1994, the majority of its residents are long-term, with more than 75.0% of them staying for more than 10 years.



- 01 Hikari Heights Varus Fujino houses 144 rooms in 2 buildings
- 02 Bright and spacious lobby

PROPERTY OVERVIEW

Hikari Heights Varus Ishiyama has been operated by Hikari Heights-Varus Co., Ltd. since its completion in 1986. It is easily accessible via bus from Makomanai Station on the Sapporo City Subway Nanboku Line. The 9-storey property consists of 119 rooms, comprising a mix of one- and two-bedroom units, with a maximum occupancy of 149 residents. A large proportion of the home's residents stay for more than 15 years.

JAPAN

Hikari Heights Varus
Ishiyama

*Ishiyama 1-jo 3-chome,
Minami-ku, Sapporo
City, Hokkaido*



01 Comfortable and homely
residents' lounge

02 Exterior facade of Hikari Heights
Varus Ishiyama



Access
7 mins
by bus from Makomanai
Station

Gross Floor Area
(Sq. ft. Approx)

94,152

Total Units

119

Occupancy Rate
(As at 31 December 2017)

84.6%

PROPERTY OVERVIEW

JAPAN

Hikari Heights Varus Kotoni

*Nijuyonken 4jo 1-3-1,
Nishi-ku, Sapporo,
Hokkaido*

In operation since 2003, Hikari Heights Varus Kotoni is located in a residential area approximately 20 minutes from Sapporo city centre, and a short walk from Kotoni Station on the JR Hakodate Main Line. This 14-storey nursing home comprises 281 one- and two-bedded rooms with a maximum occupancy of 364 residents.

Access

6 mins

walk from JR Kotoni Station

Gross Floor Area
(Sq ft. Approx)

223,420

Total Units

281

Occupancy Rate
(As at 31 December 2017)

94.3%



- 01 Well-lit bathroom equipped with grab bars
- 02 Lounge with view
- 03 Hikari Heights Varus Kotoni, OUELH's largest skilled nursing facility



PROPERTY OVERVIEW



- 01 10-storey Hikari Heights Varus Makomanai-Koen
- 02 Spacious lounge with beautiful interior design

Hikari Heights Varus Makomanai-Koen is a 10-storey nursing home that has been in operation since 2006. It is located in a residential area just outside of Sapporo city centre, a short walk from Makomanai Station on the Sapporo City Subway Nanboku Line. Its 157 one- and two- bedded rooms has a maximum occupancy of 196 residents.

JAPAN

Hikari Heights Varus Makomanai-Koen

*1-1, Makomanai
Midoricho 1-1-1,
Minami-ku, Sapporo,
Hokkaido*

Access

13 mins
walk from Makomanai Station

Gross Floor Area
(Sq. ft. Approx)

143,174

Total Units

157

Occupancy Rate
(As at 31 December 2017)

89.4%

PROPERTY OVERVIEW

JAPAN

Hikari Heights Varus
Tsukisamu-Koen

*Misono 9-jo 8-5-1,
Toyohira-ku, Sapporo,
Hokkaido*

Hikari Heights Varus Tsukisamu-Koen is located in a suburban area on the fringe of Sapporo city centre, a short walk from the Misono Station on the Sapporo City Subway Toho Line. In operation since 1990, more than half of its residents have resided there for more than 15 years. This 10-storey nursing home comprises 57 one- and two-bedded rooms with a maximum occupancy of 73 residents.

Access

6 mins

walk from Misono Station

Gross Floor Area
(Sq ft. Approx)

46,957

Total Units

57

Occupancy Rate
(As at 31 December 2017)

100.0%



01 10-storey Hikari Heights Varus
Tsukisamu-Koen

02 Bright and spacious lobby

PROPERTY OVERVIEW



JAPAN

Elysion Amanohashidate

Aza-Mannen, Koaza
Akaiwa 1060-1,
Miyazu, Kyoto



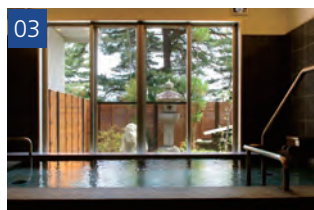
Elysion Amanohashidate is a lovely nursing facility located next to the famous and scenic Amanohashidate coastline. Parks and facilities such as a shopping centre, train station, hospital and city office are all within walking distance. It comprises a 3-storey nursing home with 60 rooms, and a 2-storey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

Access
6 mins
by bus from Amanohashidate
Station

Gross Floor Area
(Sq ft. Approx)
31,507

Total Units
60

Occupancy Rate
(As at 31 December 2017)
100.0%



01 Exterior facade of Elysion Amanohashidate, a 60-room nursing home with daycare service centre

02 Common area decorated with elements of the local culture

03 Large bathroom with private garden view

PROPERTY OVERVIEW

JAPAN

ElySION Kaichi West

*Kaichi 2-3-50,
Matsumoto, Nagano*

Access

15 mins

walk from JR Kitamatsumoto
Station

Gross Floor Area
(Sq ft. Approx)

16,894

Total Units

29

Occupancy Rate
(As at 31 December 2017)

70.0%



01

ElySION Kaichi West is located next to ElySION Kaichi North in the residential area of Matsumoto Nagano, a short distance from Japan's historic Matsumoto Castle and Castle Park, and a 15-minute walk from JR Kitamatsumoto Station. The nursing home has a total of 29 rooms for residents and four rooms for guests on short stays, as well as communal facilities such as a cafeteria, shared bath, consultation room, activity space and event hall.



02

- 01 Exterior facade of ElySION Kaichi West, an intimate 29-room nursing home located close to Matsumoto Castle
- 02 Cosy meeting lounge for guests and visitors

PROPERTY OVERVIEW



Elysion Kaichi North is located next to Elysion Kaichi West 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. This 4-storey nursing home houses 79 rooms that can accommodate up to 85 residents, as well as communal facilities such as a cafeteria, shared bath, consultation room, activity space and event hall.

JAPAN

Elysion Kaichi North

*Kaichi 2-3-50,
Matsumoto, Nagano*

Access:

15 mins

walk from JR Kitamatsumoto
Station

Gross Floor Area
(Sq ft. Approx)

54,443

Total Units

79

Occupancy Rate
(As at 31 December 2017)

90.0%

01 *Elegant lounge*

02 *Exterior facade of Elysion
Kaichi North, located in a quiet
residential area*

PROPERTY OVERVIEW

JAPAN

ElySION Gakuenmae

*Nakatomioka 1-1994-
6, Nara-shi, Nara*

ElySION Gakuenmae is located in a residential area in Nara, easily accessible by bus from Gakken Nara-Tomigaoka Station and with easy access to the highway leading to Nara's city centre. Spanning five storeys, the nursing facility has 92 fully furnished rooms as well as a variety of community spaces, healthcare rooms and lounges that add to the quality of life for its residents. A large hypermart and a nearby hospital enhance the appeal of this location for residents.

Access

9 mins

by bus from Gakken
Nara-Tomigaoka Station

Gross Floor Area
(Sq ft. Approx)

40,795

Total Units

92

Occupancy Rate
(As at 31 December 2017)

92.0%



01



02

- 01 ElySION Gakuenmae enjoys a highly accessible and appealing location
- 02 Spacious bathroom equipped with grab bars

PROPERTY OVERVIEW

ElySION Mamigaoka & ElySION Mamigaoka Annex is located in a residential area in Kitakatsuragi, Nara, and is the only nursing 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 room provide accommodation for up to 165 elderly residents who wish to stay close to their families living in the vicinity.

JAPAN

ElySION Mamigaoka & ElySION Mamigaoka Annex

*Umami-minami
4-1-19, Koryocho,
Kitakatsuragi-gun, Nara*



- 01 Lounge with a scenic view
- 02 Residents enjoy regular exercise in the exercise room
- 03 ElySION Mamigaoka & ElySION Mamigaoka Annex comprises 160 fully furnished rooms



Access

11 mins
by bus from Kintetsu Osaka
Goido Station

Gross Floor Area
(Sq ft. Approx)

110,426

Total Units

160

Occupancy Rate
(As at 31 December 2017)

94.0%

PROPERTY OVERVIEW

JAPAN

Varus Cuore Sapporo-Kita & Varus Cuore Sapporo-Kita Annex

Tonden 8-jo 9-3-7, Kita-ku, Sapporo, Hokkaido

Located in Sapporo, Hokkaido, 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, which houses 126 rooms, and the 3-storey Varus Cuore Sapporo-Kita Annex, housing 90 rooms. Both buildings can accommodate 231 residents. Providing assisted living for the elderly, the property is well staffed with nurses and counsellors, and it is in a location that allows easy access to clinics and hospitals.

Access
20 mins
by bus from Gakuentoshi
Taihei Station

Gross Floor Area
(Sq ft. Approx)
82,200

Total Units
216

Occupancy Rate
(As at 31 December 2017)

98.0%

95.1%
(Annex)

- 01 Well-equipped bathroom fitted with warm lightings
- 02 Assisted living facility featuring 216 rooms within two buildings



PROPERTY OVERVIEW



JAPAN

Varus Cuore Yamanote

Yamanote 6-jo 2-1-1,
Nishiku, Sapporo,
Hokkaido

Access

13 mins

walk from JR Kotoni Station

Gross Floor Area
(Sq ft. Approx)

30,223

Total Units

59

Occupancy Rate
(As at 31 December 2017)

88.1%



Located in a residential area not far from Sapporo city centre, this 4-storey nursing facility has been in operation since 2005. It enjoys easy accessibility as it is less than a 15-minute walk from JR Kotoni Station on the Sapporo City Subway Tozai Line. It houses 59 one- and two-bedded rooms, with a maximum occupancy of 60 residents. The home has a high occupancy rate with a long queue of new residents.

01 Exterior facade of Varus Cuore Yamanote

02 Single-bed designed for barrier-free mobility

03 Warm reception area

PROPERTY OVERVIEW

CHINA

Wuxi New District Phoenix Hospital

Located at North Changjiang Road, New District, Wuxi City, Jiangsu Province, the People's Republic of China, Wuxi New District Phoenix Hospital provides a range of medical specialisations, such as internal medicine, cardiology, general surgery, orthopaedics, ophthalmology, urology, dermatology, gynaecology, paediatrics and health screening. The well-equipped hospital currently accommodates 163 beds and employs more than 300 doctors, nurses and support staff. It has a successful operational track record of over 10 years and boasts a high occupancy rate of nearly 80.0%.

There are plans to expand the existing Wuxi New District Phoenix Hospital and enhance its position to bring quality healthcare closer to the community. The new complex will be developed in two phases to expand the hospital's capacity. The expansion will also introduce various medical facilities such as an advanced rehabilitation centre, maternity wards and medical suites. A subway is also in the midst of construction by the government, which will be connected to the basement of the hospital expansion, ensuring easy accessibility.

Land Area
(Sq ft. Approx)

244,136

Total Beds

163



01



02



03

- 01 Existing 163-bed Wuxi New District Phoenix Hospital
- 02 Artist's impression of the new Wuxi Hospital Complex
- 03 Wuxi New District Phoenix Hospital provides a range of medical services, such as general surgery, among others

PROPERTY OVERVIEW

CHINA

Chengdu Integrated Hospital Development Project

The plan is to build an integrated hospital development on a site in Dujiangyan, Chengdu next to a busy 800-bed public general hospital. It will be located in the midst of several residential projects, town amenities and industrial estates.

The planned hospital is expected to fill an existing gap in medical care in the area, where there is a lack of high quality private hospitals for the more wealthy residents. There is a potential catchment of 2 million residents in Dujiangyan and the adjoining Aba Tibetan Prefecture and a growing number of large retirement housing projects in Dujiangyan.

Land Area:
(Sq ft. Approx)

201,223

- 01 Artist's impression of the Chengdu integrated hospital development (night view)
- 02 The planned hospital is expected to fill in an existing gap in medical care in the area



PROPERTY OVERVIEW

MALAYSIA

KLCC Development Project

The land at No. 19 & 19A, Jalan Kia Peng, in Kuala Lumpur, Malaysia can be potentially developed into an integrated mixed-use development comprising specialist medical suites, upscale retail space and serviced residences. The proposed development is strategically located within walking distance of the Kuala Lumpur Convention Centre, Kuala Lumpur city centre business district, Petronas Twin Towers and Pavillion Shopping Centre, and is also near the Bukit Bintang shopping district and Kuala Lumpur General Hospital.

The KLCC Development Project sits on a land area of approximately 50,849 sq ft with a plot ratio of up to 9.98 for mixed development use.

Land Area:
(Sq ft. Approx)

50,849



- 01 Artist's impression of the KLCC Development project (front view)
- 02 Artist's impression of the KLCC Development project (main entrance)

CORPORATE INFORMATION

BOARD OF DIRECTORS

Lee Yi Shyan

(Non-Independent,
Non-Executive Chairman)

Stephen Riady

(Non-Independent,
Non-Executive Director)

Wong Weng Hong

(CEO/Executive Director)

Roger Tan Chade Phang

(Lead Independent Director)

Eric Sho Kian Hin

(Independent Director)

Jackson Tay Eng Kiat

(Independent Director)

Johji Sato

(Independent Director)

Masato Mohri

(Non-Independent,
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

Eric Sho Kian Hin

Jackson Tay Eng Kiat

Masato Mohri

COMPANY SECRETARY

Ng Ngai

REGISTERED OFFICE

9 Battery Road, #15-01

Singapore 049910

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W: 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

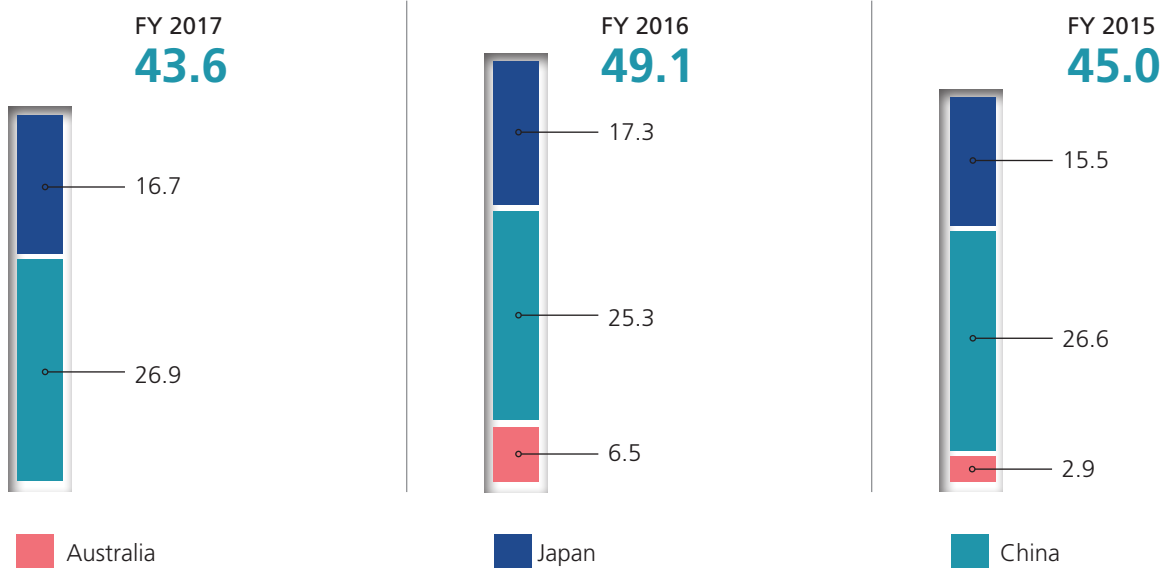
Partner-in-charge: Teo Han Jo

With effect from financial year

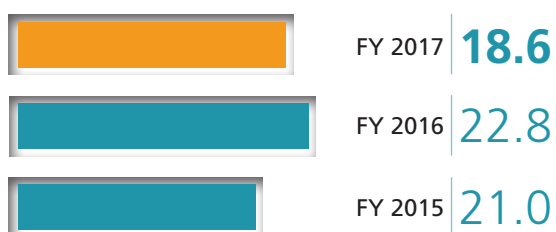
ended 31 December 2017

FINANCIAL HIGHLIGHTS

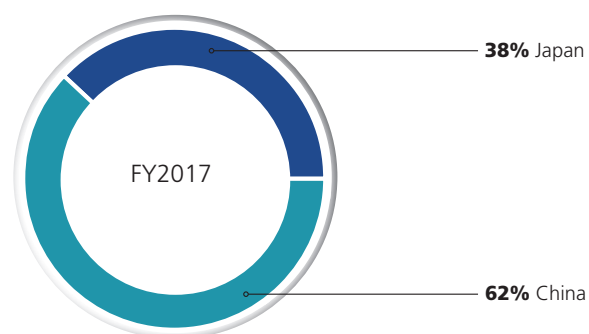
REVENUE (S\$ Million)



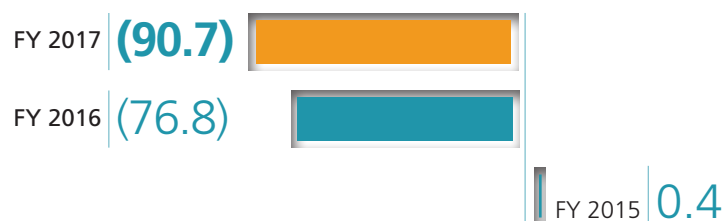
GROSS PROFIT (S\$ Million)



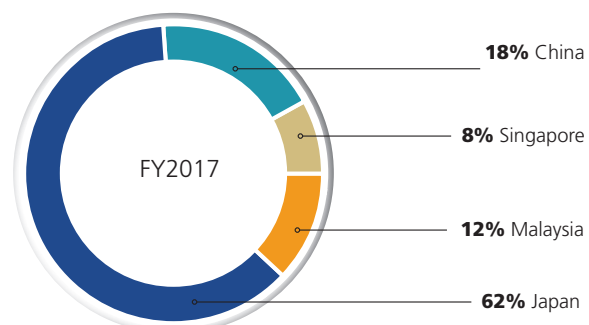
REVENUE



(LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY (S\$ Million)



ASSET VALUE BY GEOGRAPHY



OPERATIONS AND FINANCIAL REVIEW

For the financial year ended 31 December 2017, the Group recorded revenue of \$43.6 million and a loss after tax of \$90.0 million.

Revenue was \$5.5 million lower compared with FY2016. The decrease was due mainly to the deconsolidation of 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 (collectively, the “**Deconsolidated Subsidiaries**”). The deconsolidation was due to the loss of control over the Deconsolidated Subsidiaries as a result of the events described in the Company’s announcement dated 15 August 2016. Therefore, the revenue of the Deconsolidated Subsidiaries was not included as part of the Group’s results from September 2016.

The loss after tax incurred was due mainly to one-off expenses, such as the provision for legal and related expenses, impairment of trade and other receivables, and provision for deferred tax liabilities.

Interest expense amounted to \$19.4 million, which was \$7.9 million lower compared with FY2016. The reduction was due mainly to the repayment of high-cost borrowings, the partial redemption of the \$50.0 million 6% Medium Term Notes Series 001 and the full redemption of the \$50.0 million 7% Medium Term Notes Series 002 during the year with loans from Treasure International Holdings Pte. Ltd. and OUE Treasury Pte. Ltd., which are wholly-owned subsidiaries of OUE Limited.

As at 31 December 2017, the Group’s net assets amounted to \$38.0 million.

Non-current assets decreased by \$9.9 million to \$424.0 million. The decrease was due mainly to a \$9.4 million reduction in the carrying value of the investment properties in Japan as a result of a weaker Japanese Yen, which was partially offset by an increase in valuation of \$0.6 million.

Current assets decreased by \$9.9 million to \$64.4 million. The decrease was due mainly to a \$16.6 million reduction in trade and other receivables arising from impairments totalling \$17.6 million which was partially offset by a \$0.3 million increase in trade receivables of the operations in China.

Current liabilities increased by \$47.5 million to \$246.1 million. The increase was due mainly to the provision for legal and related expenses. Current liabilities included loans and borrowings of \$173.8 million, of which \$165.4 million related to loans from OUE Limited’s subsidiaries, Treasure International Holdings Pte. Ltd. and OUE Treasury Pte. Ltd.

Non-current liabilities increased by \$26.5 million to \$204.3 million. The increase was due mainly to a reclassification of loans and borrowings of \$42.2 million from current liabilities to non-current liabilities.

As at 31 December 2017, the Group had cash and cash equivalents amounting to \$21.5 million. In FY2017, operating activities utilised net cash of \$1.0 million. Investing activities utilised net cash of \$1.1 million, mainly for the purchase of medical equipment for the Wuxi New District Phoenix Hospital. Financing activities provided net cash of \$8.9 million. Proceeds from new borrowings relates to loans from OUE Limited’s subsidiaries.

As at 31 December 2017, the Group’s net current liabilities amounted to \$181.7 million, which included loans from OUE Limited’s subsidiaries of \$165.4 million. On 15 February 2018, the Group completed the placement of 562,500,000 new ordinary shares to Brownly Healthcare Pte Ltd, which is an indirect wholly-owned subsidiary of ITOCHU Corporation. The net proceeds from the share placement, after deducting expenses of approximately \$1.3 million, amounted to \$77.5 million. The proceeds will be used for development of healthcare business and related projects, repayment of loans and borrowings and general working capital purposes.

CHAIRMAN'S STATEMENT

“2017 has been a year of transformation. Since the acquisition of the Company indirectly by OUE Limited, we have been undertaking fundamental restructuring initiatives to strengthen its foundation for growth. Our vision is to build a leading healthcare company with presence in Asian key growth markets. ”



01. Signing ceremony with Strategic Shareholder (from left), Mr. Lee Yi Shyan, Chairman, Dr. Stephen Riady, Non-Independent, Non-Executive Director, Mr. Masahiro Okafuji, President and CEO, ITOCHU and Mr. Yuji Fukuda, CEO for Asia and Oceania, ITOCHU

CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

2017 has been a year of transformation. Since the acquisition of the Company indirectly by OUE Limited, we have been undertaking fundamental restructuring initiatives to strengthen its foundation for growth. Our vision is to build a leading healthcare company with presence in Asian key growth markets.

NEW CORPORATE IDENTITY, BOARD OF DIRECTORS AND MANAGEMENT TEAM

In April 2017, OUE Limited secured an indirect 86.16% stake in the Company through a general offer. On 17 July 2017, the Board welcomed three new members: I was appointed to join the Board as Chairman, Dr. Stephen Riady as Director and Dr. Wong Weng Hong as Executive Director in his capacity as Chief Executive Officer. Existing members Mr. Roger Tan Chade Phang, Mr. Eric Shio Kian Hin and Mr. Jackson Tay Eng Kiat continued to serve in their capacities as independent directors.

In October 2017, our shareholders voted to rename the Company as "OUE Lippo Healthcare Limited". Our new corporate identity, which fully reflects our ties to the OUE group and the Lippo group, demonstrates the synergy between our Company and our esteemed parentage. The Lippo group is one of Asia's largest and most diversified conglomerates with around 20 listed companies across Asia, serving over 60 million customers annually, while the OUE group is a Singapore-based, diversified property owner, developer and operator with a real estate portfolio spanning Asia and the United States. Leveraging on the regional resources of the OUE group and the Lippo group, we are well-positioned to grow our healthcare business in Asia.

At the leadership level, we continued to invest heavily in expanding our talent pool and depths. In August 2017, Mr. Vincent Yiu Sau Yan joined us as our Chief Technology Officer while Dr. Louis Tan Tiong Chin joined us as our Chief Operating Officer in January 2018.

Dr. Louis Tan holds a Bachelor of Medicine degree and a Bachelor of Surgery degree (MBBS) from the National University of Singapore and obtained his Master of Public Health (MPH) from the Harvard School of Public Health. Dr. Louis Tan has experience in top tier consulting, hospital management and business start-ups.

Mr. Vincent Yiu received his Ph.D in Computer Science and Engineering from the Chinese University of Hong Kong. He has over 15 years of experience serving different roles in the IT industry, and has led implementation of a number of systems, which were deployed in 18 countries in Europe.

Most recently, following the strategic investment by ITOCHU Corporation in the Company, Mr. Johji Sato and Mr. Masato Mohri have joined the Board of Directors on 15 February 2018 and 21 March 2018 respectively, further bolstering the breadth and depth of collective experience of our Board of Directors.

The new management team, under the guidance of the Board of Directors, would continue to undertake necessary changes and new initiatives to put the Company in a good position for growth. In 2017, we implemented new reporting and review processes for our overseas operations to improve accountability and governance. The management would also be working on quality improvement and implementing a new hospital information system in the Wuxi New District Phoenix Hospital this year.

BUSINESS IN REVIEW

In FY2017, the Group recorded a loss after tax of S\$90.0 million. The loss was higher than the loss after tax of S\$76.9 million in FY2016 mainly due to one-off expenses, such as the provision for legal and related expenses, impairment losses on trade and other receivables, and total provision made for deferred tax liabilities.

We reduced our finance expenses to S\$19.4 million in FY2017 as compared to S\$27.3 million in FY2016. The reduction was mainly due to the repayment of high-cost borrowings during the year with loans from Treasure International Holdings Pte. Ltd. and OUE Treasury Pte. Ltd., which are wholly-owned subsidiaries of OUE Limited.

2017 saw us actively seeking to strengthen and expand our businesses through the formation of strategic partnerships with renowned local and industry leaders. We firmly believe that the formation of this network of partnerships will enable us to leap-frog the competition and accelerate our growth momentum.

On 7 November 2017, we advanced our healthcare outreach in China in partnership with the China Merchant Group through a 50:50 ownership of a Sino-foreign joint venture company, China Merchants Lippo Hospital Management (Shenzhen) Limited ("**China Merchant Joint Venture**"). Notably, China Merchant Group is one of the largest state-owned company in China with annual revenue of RMB495.4 billion and total assets of RMB6.81 trillion. Its extensive business portfolio ranges from shipping, logistics, zone development, real estate, offshore engineering, healthcare assets, finance and capital investment, among others.

In line with our plans to enhance our market competitiveness through the adoption of proven innovative healthcare ICT solutions, we entered into a technical collaboration agreement on 14 November 2017 with leading South Korean conglomerate SK Telecom Co., Ltd., Seoul National University Bundang Hospital (SNUBH) and HealthConnect Co., Ltd. ("**SK Collaboration**").

Most recently, on 15 February 2018, ITOCHU Corporation ("**ITOCHU**") became a strategic shareholder in the Company with a 25.3% stake in the enlarged issued share capital of the Company for a consideration of S\$78.8 million. ITOCHU is one of the largest and most diversified trading companies in the world with a market capitalization of over US\$30 billion.

LOOKING FORWARD

In this coming year, we will continue to work on and finalise development plans for healthcare projects in Wuxi City, Dujiangyan City and Kuala Lumpur.

We also intend to fully leverage our China Merchant Joint Venture to grow the Group's healthcare business in the People's Republic of China. This will help us access the growing demand for specialised and quality healthcare services in China.

We also look forward to tap on ITOCHU's vast business networks to expand our reach to the healthcare markets in Japan and Asia.

There is tremendous potential in the rapidly expanding healthcare market in Asia driven by growing affluence, technological developments, discerning demand and ageing populations in some countries in the region. Together with our partners, we should be well-positioned to harness these growth opportunities by building on our presence in China and expanding into other countries in Southeast Asia.

APPRECIATION

On behalf of the Board, I would like to thank all our shareholders, healthcare professionals, and business partners for their support. I am especially thankful to all our employees for their commitment in and support for our restructuring efforts.

We look forward to 2018 with confidence and optimism.

LEE YI SHYAN
Non-Independent, Non-Executive Chairman
April 2018

BOARD OF DIRECTORS



1. Mr. Lee Yi Shyan
Non-Independent, Non-Executive Chairman
2. Dr. Stephen Riady
Non-Independent, Non-Executive Director

3. Dr. Wong Weng Hong
CEO/Executive Director
4. Mr. Roger Tan Chade Phang
Lead Independent Director

BOARD OF DIRECTORS



1. Mr. Eric Sho Kian Hin
Independent Director

6. Mr. Jackson Tay Eng Kiat
Independent Director

5. Mr. Johji Sato
Independent Director

8. Mr. Masato Mohri
Non-Independent, Non-Executive Director

BOARD OF DIRECTORS

MR. LEE YI SHYAN

Non-Independent,
Non-Executive Chairman

Mr. Lee Yi Shyan was appointed as Non-Independent and Non-Executive Chairman and Member of the Nominating and Remuneration Committee of the Company on 17 July 2017.

He is also the Chairman and Non-Independent and Non-Executive Director of OUE Hospitality REIT Management Pte. Ltd., the REIT Manager for OUE Hospitality Real Estate Investment Trust and OUE Hospitality Trust Management Pte. Ltd., the trustee-manager of OUE Hospitality Business Trust. OUE Hospitality Trust is a stapled group comprising OUE Hospitality Real Estate Investment Trust and OUE Hospitality Business Trust.

Mr. Lee joined OUE Limited as an Executive Adviser to the Chairman of OUE Limited in January 2016. He is also the Chairman and Director of OUE USA Services Corp.. He is presently an elected member of parliament for East Coast GRC. Mr. Lee has been appointed as Chairman of Business China since 1 October 2016. He is also the Chairman and Director of ICE Futures Singapore Pte. Ltd. ("**IFSG**"), a company which operates as an approved exchange under the supervision of the Monetary Authority of Singapore ("**MAS**"), and ICE Clear Singapore Pte. Ltd., which operates as an approved clearing house under the supervision of MAS, and a Director of ICE Singapore Holdings Pte. Ltd., the holding company of IFSG.

Prior to joining OUE Limited, Mr. Lee was a member of the Cabinet of the Singapore government from 2006 to 2015. As Senior Minister of State for the Ministry of National Development, Mr. Lee oversaw urban planning, construction productivity development and town council management. As Senior Minister of State for the Ministry of Trade & Industry, Mr. Lee had extensive interactions with governments and business in China, Middle East, Africa and Russia.

Prior to his political career, Mr. Lee was the Chief Executive Officer of International Enterprise Board from 2001 to 2006, whose mission was to help Singapore businesses internationalise through its 40 offices worldwide. He was the Deputy Chief Executive Officer of SPRING Singapore from 2000 to 2001, which helped small and medium enterprises in capacity building, innovation and productivity development.

Mr. Lee was honored 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.

Mr. Lee studied Chemical Engineering in the National University of Singapore. In 1997, he completed an executive management programme at the Harvard Business School and a management programme at Tsinghua University in 2001.

BOARD OF DIRECTORS

DR. STEPHEN RIADY

Non-Independent,
Non-Executive Director

Dr. Stephen Riady was appointed as Non-Independent and Non-Executive Director of the Company on 17 July 2017. He is a deemed substantial shareholder of the Company. Details of his deemed shareholdings can be found on page 51 of the Annual Report.

Dr. Riady has been an executive director of OUE Limited since 2006 and was appointed as executive chairman of OUE Limited since 2010. OUE Limited is listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). Dr. Riady is also an executive director of Lippo Limited and has been its chairman since 1991. He was appointed a director of Lippo China Resources Limited in 1992 and on 25 March 2011, he was appointed as its chairman. He has been an executive director of Hongkong Chinese Limited since 1992 and on 25 March 2011, he was appointed as its chairman. Dr. Riady is also a member of the remuneration committee and nomination committee of Lippo Limited, Lippo China Resources Limited and Hongkong Chinese Limited, which are all listed on the Main Board of The Stock Exchange of Hong Kong Limited. He was also appointed as non-executive, non-independent director of Healthway Medical Corporation Limited in August 2017, which is listed on the Catalist board of the SGX-ST.

His service to society includes such civic engagements as founding honorary advisor of the University of Hong Kong Foundation for Education Development and Research, member of the Boards of

Trustees of Volunteer Service Trust and The Better Hong Kong Foundation, member of the Advisory Council of One Country, Two Systems Research Institute, fellow of the Duke of Edinburgh's Award World Fellowship and member of the Advisory Board of Sloan School of Management of the Massachusetts Institute of Technology, United States of America. He was a member of the Council and the Court of Hong Kong Baptist University.

In public service, Dr. Riady was a Hong Kong Affairs Advisor from April 1995 to June 1997, appointed by the Hong Kong and Macao Office of the State Council and Xinhua News Agency, Hong Kong Branch of the People's Republic of China ("**PRC**"). In addition, he is a member of the Committee to Promote Economic Co-operation between Fujian and Hong Kong, a committee established by the Provincial Government of Fujian, PRC.

Accolades he has received include the Chevalier de L'Ordre des Arts et des Lettres awarded by the French government, and the Strategic Investment Entrepreneur of the Year in Ernst & Young's annual Entrepreneur of the Year Awards Singapore 2007. He is an Honorary Citizen of Shenzhen, PRC.

Dr. Riady is a graduate of the University of Southern California, United States of America and holds a Master of Business Administration from Golden Gate University, United States. He was conferred an Honorary Degree of Doctor of Business Administration from Edinburgh Napier University, United Kingdom, and is one of the first Honorary University Fellows installed by the Hong Kong Baptist University.

BOARD OF DIRECTORS

DR. WONG WENG HONG

Chief Executive Officer/
Executive Director

Dr. Wong Weng Hong was appointed Chief Executive Officer of the Company on 8 March 2017 and Executive Director on 17 July 2017.

Dr. Wong has more than 25 years of experience in setting up, acquiring and managing healthcare assets and operations in Singapore and PRC.

Dr. Wong co-founded Healthway Medical Corporation Limited ("**Healthway**") in 1990 and served as Medical Director and Chief Executive Officer of Healthway Medical Group from 1994 to 2008 and Managing Director (Medical Services) of Healthway from 2008 to 2011.

During his tenure in Healthway, Dr. Wong was responsible for the strategic development of Healthway Medical Group and led to the setting up and acquisition of several medical facilities in Singapore and PRC. Healthway started as a chain of family clinics and expanded into specialist and dental centres in Singapore and PRC. It had the largest number of clinics in Singapore and was successfully listed in 2008 on the SGX Catalist with a market capitalisation of almost S\$500 million.

Dr. Wong joined AsiaMedic Limited ("**AsiaMedic**") from 2012 to 2015 as Chief Executive Officer. During this period, AsiaMedic enjoyed rapid expansion in its operations and revenue growth both in Singapore and China. AsiaMedic initially provided only comprehensive radiological services and health screening. Dr. Wong expanded its offerings to include cord blood banking, medical aesthetic services and medical centre for expatriates in Singapore and set up a maternity confinement centre and a medical centre in PRC.

From February 2015 to March 2017, Dr. Wong was with Perennial Real Estate Holdings Limited as Managing Director, Healthcare Assets Management Services. He was involved in the acquisition, setting up and/or management of the healthcare assets in Singapore and PRC. These assets included hospitals, medical centres, eldercare facilities and integrated commercial cum healthcare hubs in several cities in PRC.

Dr. Wong holds a Bachelor of Medicine degree and a Bachelor of Surgery degree from the National University of Singapore, and a Master of Business Administration degree from the Macquarie Graduate School of Management, Australia.

MR. ROGER TAN CHADE PHANG

Lead Independent Director

Mr. Roger Tan Chade Phang was appointed as Independent 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.

Mr. Tan is the Chief Executive Officer of Voyage Research since 2009 till present.

Prior to his appointment at 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 from 2005 to 2006.

Currently, Mr. Tan is the President of the Small and Middle Capitalisation Companies 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 Bodhi Tree Network Pte. Ltd., Dapai International Holdings Co. Ltd. and Starland Holdings Limited as an Independent Director.

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.

BOARD OF DIRECTORS

MR. ERIC SHO KIAN HIN

Independent Director

Mr. Eric Sho Kian Hin was appointed as Independent 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.

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, a company listed on the SGX Catalist.

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

In 2007, Mr. Sho was appointed as Executive Director and Chief Financial Officer of China Farm Equipment Limited (the “**China Farm Equipment**”), a company formerly listed on the Mainboard of the SGX-ST. He was responsible for, amongst others, planning and management of the 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 Limited was privatised in 2013, Mr. Sho remains involved in the ongoing corporate exercise to list the China Farm Equipment’s assets in China.

Mr. Sho started off his professional training with Victor & Company in 1990 and is a Fellowship of the Association of Certified Chartered Accountants (FCCA).

MR. JACKSON TAY ENG KIAT

Independent Director

Mr. Jackson Tay Eng Kiat was appointed as Independent Director of the Company on 23 January 2017 and was appointed as Member of the Audit and Risk Committee as well as the Nominating and Remuneration Committee of the Company on 17 July 2017 and 21 March 2018 respectively.

Mr. Tay has more than 15 years of experience in accounts and finance functions of various entities in the public and private sectors.

Mr. Tay is currently the Operation Director and Company Secretary of Hafary Holdings Limited (the “**Hafary**”), listed on the Mainboard of the SGX-ST. He oversees the operational and corporate secretarial functions of Hafary, including business development and investor relations. He also spearheads the Hafary’s overall corporate and strategic development in Singapore and overseas.

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

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.

BOARD OF DIRECTORS

MR. JOHJI SATO

Independent Director

Mr. Johji Sato was appointed as Independent Director and Member of the Audit and Risk Committee of the Company on 15 February 2018.

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

Mr. Sato has been the Outside Director of Sumida Corporation, a company listed on the Tokyo Stock Exchange, since 2013.

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 Law degree from Chuo University, Japan.

MR. MASATO MOHRI

Non-Independent,
Non-Executive Director

Mr. Masato Mohri was appointed as Non-Independent and Non-Executive Director and Member of the Nominating and Remuneration Committee of the Company on 21 March 2018.

Mr. Mohri is currently Chief Strategy Officer for Asia & Oceania Bloc of ITOCHU Corporation as well as the Executive Vice President and Chief Strategy Officer of ITOCHU Singapore, an appointment he has held since 2017.

As Executive Vice President and Chief Strategy Officer of ITOCHU Singapore, and Chief Strategy Officer for Asia & Oceania Bloc of ITOCHU Corporation, Mr. Mohri is responsible for ITOCHU Corporation's overseas strategic business development and management in Asia and Oceania. He is also Director of ITOCHU Malaysia, President Commissioner of PT. ITOCHU Indonesia, and Director of I-FTZ Trade Philippines.

Mr. Mohri joined ITOCHU Corporation in 1986. He was the General Director of UNIMAX, a uniform apparel factory in Vietnam, from 2000 to 2003. He thereafter returned to ITOCHU Corporation, where he was promoted to General Manager in 2010 and was in charge of garment materials, jeans and uniforms, then textile material, retail clothing and uniform & apparel from 2013 to 2017. During his tenure as General Manager, he concurrently served as Director or Officer of several Japanese or overseas companies in which ITOCHU Corporation made investment.

Mr. Mohri holds a Bachelor of Law degree from Kwansei Gakuin University, Japan.

KEY EXECUTIVE

DR. WONG WENG HONG
CEO / EXECUTIVE DIRECTOR

For Dr. Wong Weng Hong's biography, please refer to page 28 – the "Board of Directors" section of this Annual Report.

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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 2017 under the helm of the new Board and key management of the Company, with specific reference to the principles of the Singapore Code of Corporate Governance 2012 (the “**Code**”). The Company has complied with the principles and guidelines as set out in the Code where appropriate, and deviations from the Code, if any, are explained under the respective sections.

This Report should be read as a whole, instead of being read separately under the different principles of the Code.

THE BOARD’S CONDUCT OF ITS AFFAIRS

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

The Company is headed by an effective Board comprising a majority of non-executive Directors. The Board is supported by two board committees, namely the Audit and Risk Committee (“**ARC**”) and the Nominating and Remuneration Committee (“**NRC**”). Each board committee is governed by clear terms of reference which have been approved by the Board, and sets out the duties and authority of the relevant board committee.

The principal roles and responsibilities of the Board include:

- 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 safeguarding of shareholders’ interests and the Group’s assets;
- reviewing the performance of the management of the Company (“**Management**”);
- 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 which require Board approval for investments, divestments and bank borrowings. The Company has also adopted a framework of delegated authorisation (“**LOA**”) which set out procedures and levels of authorisation required for specified transactions. The LOA also sets out approval limits for operating and capital expenditure and contains a list of matters specifically reserved by the Board for approval. These include approval of annual business plans, operating budgets, statutory accounts, declaration of interim and final dividends, and material transactions, namely, major acquisitions and disposals, joint ventures, strategic alliances, investment proposals, establishment of banking facilities and corporate restructuring.

The Board delegates the management of the overall business and development of the Group to the Chief Executive Officer and Executive Director, while the management of the overall operations of the Group is delegated to the Chief Operating Officer. In order to have a better understanding of the Group’s business, the Company adopts a policy whereby the Directors are encouraged to request for further explanations, briefings or informal discussions on the Company’s operations or business with the Management. The Board conducts scheduled meetings on a quarterly basis. Ad-hoc meetings are convened when circumstances require. The Company’s Constitution (the “**Constitution**”) provides for Board meetings by means of teleconference or video conference as well.

CORPORATE GOVERNANCE REPORT

The report on Directors' attendance for Board and board committee meetings for the financial year ended 31 December 2017 ("FY2017") is set out below:

Name of Director	Number of meetings attended in FY2017		
	Board	ARC	NRC ⁽²⁾
Lee Yi Shyan ⁽¹⁾	2	–	–
Stephen Riady ⁽¹⁾	–	–	–
Wong Weng Hong ⁽¹⁾	2	–	–
Roger Tan Chade Phang	7	2	–
Eric Sho Kian Hin	7	2	–
Jackson Tay Eng Kiat	7	2	–
<i>Number of meetings held in FY2017</i>	7	2	–

Notes:

- (1) Lee Yi Shyan, Stephen Riady and Wong Weng Hong were appointed to the Board with effect from 17 July 2017. Two (2) Board meetings were held between 17 July 2017 and 31 December 2017.
- (2) No NRC meetings were held in FY2017. The first NRC meeting was held on 12 February 2018. The NRC was formed only in 17 July 2017 following the change in controlling shareholder and restructuring of the Board.

Newly-appointed Directors will undergo an orientation process with materials provided to help them to be familiarised 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 information. The current Board has undergone such orientation process. 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.

The Company arranges for the Board as a whole 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 them to properly discharge their duties as Board or board committee members. The Company encourages its Directors to attend training courses organised by the Singapore Institute of Directors or other training institutions in connection with their duties. During FY2017, the external auditors of the Company, KPMG LLP ("KPMG") have briefed the Board on changes or amendments to accounting standards.

The Chief Executive Officer and Executive Director 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.

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

CORPORATE GOVERNANCE REPORT

BOARD COMPOSITION AND GUIDANCE

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

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 of the Code for assessing independence. Under the Code, an independent director is one who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interests of the Company.

The Board currently has eight (8) Directors, comprising seven (7) Non-Executive Directors. Of the seven (7) Non-Executive Directors, the NRC considers Roger Tan Chade Phang, Eric Sho Kian Hin, Jackson Tay Eng Kiat and Johji Sato to be independent, based on the examples of what relationships would deem a director not to be independent, as set out in Guideline 2.3 of the Code. In reviewing the independence of a director, the NRC takes in consideration in particular, the Director's objective participation on the Board and a review of whether he has any relationship with the Company, its related corporations or its officers that could interfere or reasonably be perceived to interfere with his independent judgement. In addition, each independent Director also submits an annual declaration regarding his independence. As half of the Board comprises independent Directors, the requirement of the Code that at least half of the Board comprises Independent Directors where the Chairman is not an independent Director is satisfied.

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

The Board, through the NRC, from time to time examines its structure, size and composition to ensure that it is of an appropriate size for effective decision-making, taking into account the scope and nature of the operations of the Company. The NRC ensures that no individual or small group of individuals dominates the Board's decision-making process.

The Board is of the opinion that its current size is appropriate, taking into account the nature and scope of the Company's business, for effective decision making. The Board comprises Directors who as a group provide core competencies such as accounting or finance, business or management experience, industry knowledge and strategic planning experience. The current composition of the Board 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. 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 Non-Executive Directors are scheduled to meet regularly, and as warranted, in the absence of key management personnel to discuss concerns or matters such as the effectiveness of Management.

CORPORATE GOVERNANCE REPORT

ROLE OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

The Company has kept the roles of the Non-Executive Chairman and Chief Executive Officer separate to ensure a clear division of their responsibilities, balance of power and authority, increased accountability and greater capacity for independent decision-making at the Board and Management level. As at the date of this Report, Lee Yi Shyan holds the position of Non-Independent and Non-Executive Chairman, whilst Wong Weng Hong holds the position of Chief Executive Officer and Executive Director. Lee Yi Shyan and Wong Weng Hong are not related to each other.

The Chairman ensures that Board meetings are held when necessary and sets the Board agenda (with the assistance of the Company Secretary and in consultation with the other independent Directors). The Chairman, with the assistance of the Company Secretary, ensures that all Board members are provided with complete, adequate and timely information. As good practice, Board papers are sent to the Directors in advance for Directors to be adequately prepared for the meetings.

The Board has delegated the management of the overall business and development of the Group to the Chief Executive Officer and Executive Director. The Chief Executive Officer and Executive Director leads the management team and executes the strategic plans which are in line with the strategic decisions and goals set out by the Board and ensures that the Directors are kept updated and informed of the Group's businesses.

Roger Tan Chade Phang is the Lead Independent Director of the Company, who is available to address shareholders' concerns on issues that may not have been satisfactorily resolved or cannot be appropriately dealt with by the Non-Executive Chairman or the Chief Executive Officer and Executive Director.

Led by the Lead Independent Director, the Independent Directors will meet in the absence of the other directors as and when circumstances warrant.

BOARD MEMBERSHIP

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The NRC comprises Roger Tan Chade Phang, Lee Yi Shyan, Eric Sho Kian Hin, Jackson Tay Eng Kiat and Masato Mohri. More than half of the members of the NRC, including the Chairman, Roger Tan Chade Phang, is independent. The NRC has written terms of reference that describes the responsibilities of its members.

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

- to review and recommend the nomination or re-nomination of the Directors having regard to the 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 programs for the Board; and
- to review the retirement and re-election of Directors.

CORPORATE GOVERNANCE REPORT

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;
- (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. 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. 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
- (iv) 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 networking contacts and/or engage professional headhunters to assist with identifying and shortlisting candidates.

With regard to the re-appointment/re-election of existing Directors each year, the NRC makes recommendations to the Board as to whether the Board should support the re-appointment/re-election 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 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.

Under Article 92 of the Company's Constitution, any person appointed to the Board by the Directors shall hold office only until the next annual general meeting ("**AGM**") of the Company, and shall then be eligible for re-election, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting. Accordingly, Lee Yi Shyan, Stephen Riady, Wong Weng Hong, Johji Sato and Masato Mohri will be subject to re-election by shareholders at the forthcoming AGM. In addition, under Article 93 of the Company's Constitution, one third (1/3) of the Board is to retire by rotation and subject themselves to re-election by shareholders at every AGM. Accordingly, the NRC has determined that Eric Sho Kian Hin will retire and subject himself to re-election by shareholders at the forthcoming AGM.

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

Key information on the Directors, including the dates of appointment and the directorships of the current Directors in other listed companies, are set out below. Further details of the Directors (including principal commitments) can be found on pages 26 to 30 of this Annual Report.

CORPORATE GOVERNANCE REPORT

Name of Directors	Position	Date of Appointment	Directorship in other Listed Companies	
			Present	For the Past 3 Years
Lee Yi Shyan	Non-Independent and Non-Executive Chairman	17/07/2017	OUE Hospitality REIT Management Pte. Ltd. (the REIT manager) and OUE Hospitality Trust Management Pte. Ltd. (the trustee-manager) of OUE Hospitality Business Trust	—
Stephen Riady	Non-Independent and Non-Executive Director	17/07/2017	OUE Limited Hongkong Chinese Limited Lippo China Resources Limited Lippo Limited Healthway Medical Corporation Limited	Auric Pacific Group Limited ⁽¹⁾
Wong Weng Hong	Chief Executive Officer and Executive Director	17/07/2017	—	Healthway Medical Corporation Limited
Jackson Tay Eng Kiat	Independent Director	23/01/2017	—	—
Roger Tan Chade Phang	Lead Independent Director	23/01/2017	Starland Holdings Limited Dapai International Holdings Co. Ltd.	Transcorp Holdings Limited
Eric Sho Kian Hin	Independent Director	23/01/2017	QT Vascular Ltd	—
Johji Sato ⁽²⁾	Independent Director	15/02/2018	Sumida Corporation	—
Masato Mohri ⁽²⁾	Non-Independent and Non-Executive Director	21/03/2018	—	—

Notes:

(1) Auric Pacific Group Limited was delisted on 17 April 2017.

(2) Johji Sato and Masato Mohri were only appointed to the Board after the end of FY2017.

Notwithstanding that some of the Directors have multiple board representations, the Board is satisfied that each Director is able to and has been adequately carrying out his duties as a Director of the Company. As such, the Board does not propose to set the maximum number of listed company board representations which a Director may hold until such need arises. 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:

- 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.

The Board does not appoint alternate directors as recommended by the Code.

CORPORATE GOVERNANCE REPORT

BOARD PERFORMANCE

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

The NRC decides on how the Board's, board committees' and individual Directors' performance are to be evaluated and proposes objective performance criteria, subject to the Board's approval. Each member of the NRC will abstain from voting on any resolution in respect of the assessment of his or her performance or re-nomination as a Director. No NRC meetings were held in FY2017. The NRC was formed only on 17 July 2017 following the change in controlling shareholder and restructuring of the Board. The first NRC meeting was held on 12 February 2018.

In evaluating the Board's and its board committees' performance, the NRC will consider a set of quantitative and qualitative performance criteria that will be approved by the Board. The performance criteria for the Board and board committee's 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 Chief Executive Officer and Executive Director, and senior Management; and
- (f) Board Committee performance in relation to discharging their responsibilities set out in their respective terms of reference.

The individual Director's performance criterion 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 NRC assesses the effectiveness of the Board and the contribution of each individual Director to the effectiveness of the Board by requiring all Directors to complete a Board evaluation to seek their view on Board performance and effectiveness as well as areas for improvement. The results will then be considered by the NRC and presented to the Board before being concluded at the next relevant Board meeting.

The NRC has assessed the current Board's performance to-date and is of the view that the performance of the Board as a whole is satisfactory, the board committees operate effectively 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.

CORPORATE GOVERNANCE REPORT

ACCESS TO INFORMATION

Principle 6: In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

In order to ensure that the Board is able to discharge its responsibilities, the Management provides the Board with complete, adequate and timely information prior to Board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

The Directors are furnished regularly with information from the Management about the Group as well as the relevant background information relating to the business to be discussed at the Board meetings. The Directors are also provided with the contact details of the Management and the Company Secretary to facilitate separate and independent access.

In furtherance of their duties, each Director 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 discharge his duties and responsibilities as a Director of the Company. The Company Secretary and/or his 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, and the provisions in the Listing Manual (Section B: Rules of Catalist) of the SGX-ST ("**Catalist Rules**") are complied with. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

LEVEL AND MIX OF REMUNERATION

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

DISCLOSURE ON REMUNERATION

Principle 9: Each company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

The NRC's principal responsibilities, in addition to identifying suitable candidates for appointment to the Board and reviewing nominations for the appointments, are to review and recommend to the Board a framework of remuneration for the Directors and key Management personnel. The NRC reviews the policies of its parent company, OUE Limited, and considers the same before determining the policies for fixing of, and recommending to, the Board the remuneration packages of individual Directors and key Management personnel. The NRC covers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind. 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 long-term sustainability and success of the Company.

CORPORATE GOVERNANCE REPORT

The non-executive Directors do not have service agreements with the Company. They are paid fixed directors' fees, which are determined by the Board, appropriate to the level of their contributions, taking into account factors such as their service on board committees, the level of contribution and respective responsibilities at Board meetings and board committee meetings, and 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 fees are subject to approval by shareholders at each AGM. On the basis of the foregoing, the NRC is of the view that the non-executive Directors are not over-compensated to the extent that their independence is compromised.

The compensation framework for key Management personnel of the Company comprises monthly salaries, annual bonuses and allowances. The review of the remuneration of the executive officers takes into consideration the performance and the contributions of the officer to the Company and gives 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. 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. No remuneration consultants were engaged by the Company in FY2017.

The NRC has reviewed and is satisfied that the performance conditions were met for FY2017.

Currently the Company does not have any contractual provisions allowing the Company to reclaim incentive components of remuneration from executive Directors and key Management personnel in exceptional circumstances of misstatement of financial results, or of 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 key executives. The Company currently also does not have any employee share option scheme or other long-term employee incentive scheme.

A breakdown (in percentage terms) showing the level and mix of the remuneration of each non-executive Director and the Chief Executive Officer and Executive Director payable for FY2017 is shown below:

REMUNERATION OF NON-EXECUTIVE DIRECTORS AND CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTOR FOR FY2017

Name of Director ⁽¹⁾	Salary (%)	Bonuses (%)	Directors' Fees (%)	Others (%)	Total/ Remuneration (%)
Below S\$250,000					
Lee Yi Shyan	—	—	100	—	100
Stephen Riady	—	—	— ⁽²⁾	—	—
Roger Tan Chade Phang	—	—	100	—	100
Eric Sho Kian Hin	—	—	100	—	100
Jackson Tay Eng Kiat	—	—	100	—	100
S\$250,000 – S\$499,999					
Wong Weng Hong	85.24	—	— ⁽²⁾	14.76	100

Notes:

(1) Johji Sato and Masato Mohri were only appointed to the Board after the end of FY2017.

(2) Director's fees for FY2017 were waived.

CORPORATE GOVERNANCE REPORT

The Code recommends companies to fully disclose the remuneration of each individual Director and the Chief Executive Officer on a named basis. After much deliberation, the Board is of the view that full disclosure of the specific remuneration of each individual director and the Chief Executive Officer is not in the best interests of the Company or its shareholders. 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 executive Director, being the Chief Executive Officer, is in line with industry practice.

DIRECTORS' AND KEY MANAGEMENT PERSONNEL'S REMUNERATION FOR FY2017

NUMBER OF DIRECTORS AND KEY MANAGEMENT PERSONNEL OF THE COMPANY IN EACH REMUNERATION BAND

	Number of Directors	Number of Key Management Personnel ⁽¹⁾ (who are not also Directors or the Chief Executive Officer)
	2017	2017
Below S\$250,000	5	–
S\$250,000 – S\$499,999	1	–
Total	6	–

Note:

(1) The Code defines 'key management personnel' to mean the Chief Executive Officer 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 Chief Executive Officer (who is also a Director), who has the authority and responsibility for planning, directing and controlling the activities of the Company.

The Code also recommends companies to fully disclose the name and remuneration (with breakdown) of the top five (5) key management personnel (who are not Directors or the Chief Executive Officer) within bands of S\$250,000. The Company takes the view that only one person, being the Chief Executive Officer and Executive Director, has the authority and responsibility for planning, directing and controlling the activities of the Company.

There are no employees who are immediate family members of a Director or the Chief Executive Officer, and whose remuneration exceeds S\$50,000 during FY2017.

ACCOUNTABILITY

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board is 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 and full-year results, which are then reviewed and approved by the Board for released to the SGXNET. All material information relating to the Company is disseminated via SGXNET.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that the Management maintains a sound system of risk management and internal controls to safeguard the shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

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, and oversees the governance of risk and monitors the Group's risks through a risk management framework.

Based on the respective work done by the internal audit function and the external auditors, as well as the assurance given by the Chief Executive Officer and the Chief Financial officer, 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, the Board, with the concurrence of the ARC, is of the opinion that the Group's system of internal controls and risk management systems is adequate and effective as at 31 December 2017, and addresses financial, operational, compliance and information technology controls, which the Group considers relevant and material to its operations.

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 shareholder to make informed assessment.

The Board has received assurance from the Chief Executive Officer and the Chief Financial Officer that (a) the financial records have been properly maintained and the financial statements for the financial year ended 31 December 2017 give 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 addressing the material risks faced by the Group in its current business environment including material financial, operational, compliance and information technology risks. This assurance covers the Company and subsidiaries which are under the Company's management control. In line with the SGX-ST listing rules, the Board provides a negative assurance statement to shareholders in respect of the interim financial statements, which is supported by a negative assurance statement from the Chief Executive Officer and the Chief Financial Officer.

In the course of their statutory duties, the Company's external auditors will highlight any material internal control weaknesses which have come 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.

Sustainability Summary

Over the last year, the Company focused on the formalisation of its sustainability approach. As a healthcare industry player, the Company is aware of the alignment of healthcare and sustainability principles, such as the provision of quality and accessible healthcare services and facilities. The Company plans to release the first stand-alone sustainability report later in 2018. This report will detail the Company's sustainability approach and performance.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

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

All members of the ARC are independent and non-executive directors who do not have any management and business relationships with the Company or any substantial shareholder of the Company.

The Board considers Eric Sho Kian Hin, who has extensive and practical accounting and financial management knowledge and experience, well qualified to chair the ARC. Roger Tan Chade Phang, Jackson Tay Eng Kiat and Johji Sato of the ARC are also trained in accounting and financial management.

The ARC met two (2) times in FY2017. The ARC was formed only on 17 July 2017 following the change in controlling shareholder and restructuring of the Board. Going forward, the ARC will schedule a minimum of four (4) meetings in each financial year. The key terms of reference of the ARC, which set out the duties of the ARC, are as follows:

- to review the scope and results of the external audit and its cost effectiveness, and the independent and objectivity of the external auditors;
- to review the significant financial reporting issues and judgments 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 the adequacy and effectiveness of the Group's risk management and internal controls, including financial, operational, compliance and information technology controls;
- 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; and
- to make recommendations to the Board on the appointment, re-appointment and removal of the external auditors, and to approve the remuneration and terms of engagement of the external auditors.

For the financial year under review, the ARC met with the external auditors and internal audit function 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 external auditors. The ARC has also met with the external auditors and internal audit function without the presence of Management for the financial year under review. 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 results of the ARC's review are reported to the Board.

CORPORATE GOVERNANCE REPORT

The details of the remuneration of the auditors of the Company during FY2017 are as follows:

	SS'000
Audit services	
– Auditors of the Company	298
– Member firms of the auditors of the Company	177
– Other auditors	17
Non-audit services	
– Auditors of the Company	89
– Other auditors	3

The ARC reviews and assesses the independence and objectivity of the external auditors annually. The external auditors of the Company, KPMG LLP (“**KPMG**”), have provided non-audit services relating to taxation services, enterprise risk management consultancy services and sustainability reporting advisory services to the Group. It is the opinion of the ARC that the non-audit services provided by KPMG do not affect KPMG’s independence and objectivity as the external auditor of the Company. Accordingly, the Board is of the opinion that KPMG is suitable for re-appointment and has recommended that KPMG be nominated for re-appointment as auditors of the Company at the forthcoming AGM.

The Company has complied with Rule 712 and Rule 715 of the Catalist Rules in relation to its external auditors.

Whistle-blowing Policy

The Company has in place a whistle-blowing procedure whereby staff of the Company and external parties may, in confidence, 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 in to the Company for the foregoing purposes. The ARC has the responsibility of overseeing this policy. Under these procedures, arrangements are in place for independent investigations of such matters raised and for appropriate follow-up action to be taken.

INTERNAL AUDIT

Principle 13: The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Board is aware of the need to establish a system of internal controls within the Group to safeguard shareholders’ interests and the Group’s assets, and to manage risks. 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 scope of the internal audit is:

- to review the effectiveness of the Group’s material 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.

CORPORATE GOVERNANCE REPORT

The internal audit function of the Company is carried out by the Company's controlling shareholder, OUE Limited, as permitted under the Code for the internal audit function to be performed by the major shareholder of the company with internal audit staff. 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 lapses in internal controls together with corrective measures are reported to the ARC.

The ARC reviews the adequacy and effectiveness of the internal audit function on an annual basis and is satisfied with the adequacy and effectiveness of the internal audit function and is further satisfied that the internal audit team is adequately resourced and has appropriate standing within the Company.

SHAREHOLDER RIGHTS

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognize, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

COMMUNICATION WITH SHAREHOLDERS

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

CONDUCT OF SHAREHOLDER MEETINGS

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

Shareholders are informed of the Company's performance and developments through announcements, press releases and the publication of its quarterly 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).

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 annual general meeting. 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 Directors as well as the external auditors will be present and on hand to address issues raised at the AGM.

The Company does not have a dedicated investor relations team. The Company will consider appointing an appropriate employee of the Company to be responsible for the Company's communication with shareholders.

The Company will consider use of other forums such as analyst briefings as and when applicable.

CORPORATE GOVERNANCE REPORT

The Constitution of the Company allows members of the Company to appoint not more than two (2) proxies to attend and vote on their behalf at a general meeting. In line with the amendments to the Companies Act, Chapter 50 of Singapore, corporate shareholders of the Company who provide nominee or custodial services to third parties are allowed to appoint more than two proxies to attend and vote on their behalf at general meetings.

Separate resolutions are proposed at general meetings for each distinct issue. All resolutions are put to vote by poll, and their detailed results will be announced via SGXNET after the conclusion of the general meeting. Voting for all resolutions at shareholders' meeting held during FY2017 was conducted by poll.

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Group's earnings, financial position, results of operations, capital needs, plans for expansion, and other factors as the Board may deem appropriate. Taking into account the Company's financial performance in FY2017 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 FY2017.

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:

- (a) two (2) weeks before the announcement of the Group's financial results for each of the first three quarters of its financial year;
- (b) one (1) month before the announcement of the Group's full year financial results; and
- (c) any time while in possession of price sensitive information.

The Directors and officers are prohibited from communicating 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.

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 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 FY2017 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 their 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 FY2017 are set out below:

Name of Interested Person	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)
Treasure International Holdings Pte Ltd ("TIHPL")	S\$3,540,409 ⁽¹⁾	—
OUE Treasury Pte Ltd ("OUET")	S\$754,361 ⁽²⁾	—
Lippo Investments Limited	S\$2,544,207 ⁽³⁾	—
Healthway Medical Corporation Limited	S\$653,107 ⁽⁴⁾	—

Notes:

- (1) A loan agreement dated 24 February 2017 was entered between the Company and TIHPL for an aggregate amount of S\$50 million at an interest rate of 4% per annum for the Company's working capital requirements and/or day-to-day operations. TIHPL subsequently agreed by way of an agreement on 24 April 2017 to increase the quantum by an additional S\$80 million which would incur an interest rate of 3% per annum. On 21 July 2017, the interest rate was amended to 4% per annum for the entire aggregate amount of the S\$130 million loan. As such, the value of the interested person transaction in respect of the loan from TIHPL is the interest expense of S\$3,540,409. Please refer to the Company's circular dated 29 June 2017 for further details.
- (2) A loan agreement dated 24 April 2017 was entered between the Company and OUET for an aggregate amount of S\$15 million on an interest-free basis for the Company's working capital requirements and/or day-to-day operations. OUET subsequently agreed by way of a supplemental agreement on 21 June 2017 to increase the quantum by an additional S\$30 million on an interest-free basis. On 21 July 2017, the interest rate was amended to 4% per annum for the entire aggregate amount of the S\$45 million loan. As such, the value of the interested person transaction in respect of the loan from OUET is the interest expense of S\$754,361. Please refer to the Company's circular dated 29 June 2017 for further details.
- (3) On 7 November 2017, the Company's wholly-owned subsidiary, LCM (China) Pte Ltd ("LCM"), entered into a sale and purchase agreement with Lippo Investments Limited for the proposed acquisition by LCM of the entire issued share capital of Brainy World Holdings Limited and the assignment to LCM of a loan from Lippo Investments Limited to Brainy World Holdings Limited for an aggregate consideration of HK\$14,578,306 (amounting to approximately S\$2,544,207 based on an exchange rate of S\$1: HK\$5.73). The Proposed Acquisition was completed on 2 January 2018. Please refer to the Company's announcements dated 7 November 2017 and 2 January 2018 for further details.
- (4) A Sub-lease agreement dated 30 November 2017 was entered between the Company and Healthway Medical Corporation Limited for a period of 36 months commencing on 1 August 2017 and expiring on 31 July 2020. The term comprised a rent-free period of four months between 1 August 2017 to 30 November 2017. The aggregate consideration, after taking into consideration of the rent-free period, for the term of the Sub-lease agreement is S\$653,107.

CORPORATE GOVERNANCE REPORT

CONFLICTS OF INTEREST POLICY

The Company has in place an internal policy relating to Directors' conflicts of interest 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) focus the Board and each of its Directors on areas of ethical risk; and (iv) provide guidance to the Directors to help them recognise and handle conflict situations.

RISK MANAGEMENT

The Management frequently reviews the Company's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks within the Company's policies and strategies. The significant risk management policies are as disclosed in the audited financial statements.

USE OF PROCEEDS FROM PLACEMENT OF SHARES

As at the date of this Annual Report, the net proceeds of approximately S\$77.45 million raised by the Company from the placement of shares to Browny Healthcare Pte. Ltd. pursuant to the placement agreement dated 10 January 2018 have been utilised as follows:

	Amount allocated (as disclosed in the announcement dated 10 January 2018) S\$'000	Amount re-allocated (as disclosed in the announcement dated 14 March 2018) S\$'000	Amount utilised as at the Date of this Annual Report S\$'000
Repayment of loans and borrowings	–	26,000	6,000
General working capital ⁽¹⁾	38,725	11,450	513
Development of healthcare business and healthcare related projects	38,725	40,000	–
Total	77,450	77,450	6,513

Note:

(1) Utilised for payroll, bank interests, legal and other professional fees.

NON-SPONSOR FEES

In FY2017, no non-sponsor fees were 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 2017.

In our opinion:

- (a) the financial statements set out on pages 60 to 131 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 2017 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 of Singapore (the "Act") and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, having regard to the letter of undertaking received from its intermediate holding company, unutilised credit facilities available as at 31 December 2017, new credit facility obtained in February 2018 and the additional injection of capital amounting to approximately \$78.8 million in February 2018, 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.

Change of company name

The Company has changed its name from International Healthway Corporation Limited to OUE Lippo Healthcare Limited with effect from 9 October 2017.

Directors

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

Roger Tan Chade Phang	(Appointed on 23 January 2017)
Eric Sho Kian Hin	(Appointed on 23 January 2017)
Jackson Tay Eng Kiat	(Appointed on 23 January 2017)
Stephen Riady	(Appointed on 17 July 2017)
Wong Weng Hong	(Appointed on 17 July 2017)
Lee Yi Shyan	(Appointed on 17 July 2017)
Johji Sato	(Appointed on 15 February 2018)
Alviedo Rodolfo Jr San Miguel	(Removed on 23 January 2017)
Chia Chee Hyong Leonard	(Removed on 23 January 2017)
Lim Beng Choo	(Removed on 23 January 2017)
Lim Thien Su Gerald	(Removed on 23 January 2017)

DIRECTORS' STATEMENT

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Act, particulars of interests of directors who held office at the end of the financial year (including those held by their spouse and infant children) in shares or debentures in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

Name of director and corporation in which interests are held	Holdings registered in name of director or nominee		Holdings in which a director is deemed to have an interest	
	At beginning of the year	At end of the year	At beginning of the year	At end of the year
Stephen Riady				
<u>The Company</u>				
OUE Lippo Healthcare Limited				
– ordinary shares	–	–	–	1,429,514,500
<u>Related Corporations</u>				
OUE Limited				
– ordinary shares	–	–	–	618,916,410
Treasure International Holdings Pte. Ltd.				
– ordinary shares	–	–	–	1
OUE Realty Pte. Ltd.				
– ordinary shares	–	–	–	50,000,000
Golden Concord Asia Limited				
– ordinary shares	–	–	–	1,000
Fortune Code Limited				
– ordinary shares	–	–	–	45,932
Lippo ASM Asia Property Limited				
– Class A shares	–	–	–	400
– Class B shares	–	–	–	200
PT Kurnia Semesta Prima				
– ordinary shares	–	–	–	500,100
Health Kind International Limited				
– ordinary shares	–	–	–	19,125,765

Except as disclosed in this statement, no director who held office at the end of the financial year had interest in shares or debentures of the Company, or of related corporations, either at the beginning of the financial year, or at the date of appointment if later, or at the end of the financial year.

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2018.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable 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.

DIRECTORS' STATEMENT

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.

Audit and Risk Committee

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

Chia Chee Hyong Leonard (Chairman), Independent Director	(Removed on 23 January 2017)
Lim Thien Su Gerald, Non-Independent and Non-Executive Director	(Removed on 23 January 2017)
Alviedo Rodolfo Jr San Miguel, Independent Director	(Removed on 23 January 2017)
Eric Sho Kian Hin (Chairman), Independent Director	(Appointed on 17 July 2017)
Roger Tan Chade Phang, Lead Independent Director	(Appointed on 17 July 2017)
Jackson Tay Eng Kiat, Independent Director	(Appointed on 17 July 2017)
Johji Sato, Independent Director	(Appointed on 15 February 2018)

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

The Audit and Risk Committee has held three 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 Listing Manual).

DIRECTORS' STATEMENT

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 has conducted an annual review of the non-audit services provided by KPMG LLP and is satisfied that such services did not affect their independence and objectivity as the external auditors of the Company.

The Audit and Risk Committee 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 subsidiaries, we have complied with Rules 712 and 715 of the SGX Listing Manual (Section B: Rules of Catalist).

Auditors

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

On behalf of the Board of Directors

Lee Yi Shyan
Director

Wong Weng Hong
Director

6 March 2018

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY

OUE LIPPO HEALTHCARE LIMITED (FORMERLY KNOWN AS INTERNATIONAL HEALTHWAY CORPORATION LIMITED)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of OUE Lippo Healthcare Limited (formerly known as International Healthway Corporation Limited) (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2017, the statement of comprehensive income, statement of changes in equity and 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 60 to 131.

In our opinion, the accompanying financial statements of the Group and the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2017 and of the financial performance, changes in equity and 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 note 4.7, 7 and 8 to the financial statements)

Risk

As at 31 December 2017, 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 \$411.5 million (2016: \$419.6 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. Significant judgement and estimates are involved in determining the appropriate valuation methods and assumptions applied in the valuations. A small change in the key assumptions applied by the valuers such as the discount rate, terminal capitalisation rate and capitalisation rate can have a significant impact to the valuation.

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY

QUE LIPPO HEALTHCARE LIMITED (FORMERLY KNOWN AS INTERNATIONAL HEALTHWAY CORPORATION LIMITED)

In addition to the above, for investment properties under development, the plot ratio adopted, entrepreneur profit and risk, ability to obtain the relevant hospital licenses, gross development value, estimated total construction cost, market comparable used, and any changes to the proposed development plans may also impact the valuation significantly.

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 rates and available market data, taking into consideration comparable properties and market factors.

In addition to the above, for investment properties under development, we evaluated management's determination of plot ratio adopted, entrepreneur profit and risk, ability to obtain the relevant hospital licenses, 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 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.

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, the valuation was based on management's current proposed development plan and the assumption that relevant regulatory approvals could be granted. These development plans may vary depending on the Group's future intentions and developments.

Valuation of trade and other receivables

(Refer to note 12 and 25 to the financial statements)

Risk

The Group has significant trade and other receivables balances as at year end. The risk is that some of the trade and other receivables may not be recoverable, and judgement is required to evaluate whether any allowance should be made to reflect the risk.

The Group assessed the recoverability of trade and other receivables with references to historical payment trends and ageing analysis of the trade receivables.

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY

QUE LIPPO HEALTHCARE LIMITED (FORMERLY KNOWN AS INTERNATIONAL HEALTHWAY CORPORATION LIMITED)

In addition, the Group has in August 2016 derecognised its subsidiaries, 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 (collectively, "Deconsolidated subsidiaries") as these Deconsolidated subsidiaries are currently under receivership and the Group has no control over these subsidiaries. As at 31 December 2017, these Deconsolidated subsidiaries owe the Group \$54.1 million (2016: \$55.3 million). The management has provided \$21.7 million (2016: \$6.5 million) of allowance for impairment on other receivables from the Deconsolidated subsidiaries.

The recoverability of these amounts is dependent on the outcome of three on-going legal suits that the Company and the Deconsolidated subsidiaries have with certain lenders, and the possible course of actions the Directors and management might take in the future. The Directors and management are required to apply judgement in determining the potential outcome of these legal suits and the possible course of actions. In applying its judgement, the Directors and management have relied on the advice provided by their external legal counsel.

The outcome of the assumptions applied by the Directors and management will have a material effect on the carrying amount of these receivables.

Our response

We focused our audit effort on trade and other receivables which are significant and long overdue as these are considered to be most susceptible to impairment.

We reviewed the ageing analysis of the Group's trade and other receivables and assessed the recoverability of significant and long overdue balances, with reference to historical payment behaviour and actual receipts.

For receivables from the Deconsolidated subsidiaries, we considered the Directors' and management's assessment on the possible outcome of the three on-going legal suits and future course of actions, by taking into consideration the discussions held with the Directors and management and reviewing legal correspondences between the Directors and management, and the external legal counsel.

Our findings

We found the assessment of the recoverability of trade and other receivables, including the receivables from the Deconsolidated subsidiaries, and the allowance made for impairment losses by the Directors and management to be reasonable.

Litigations, claims and other contingencies

(Refer to note 25 to the financial statements)

Risk

The Group was involved in several on-going litigations as at 31 December 2017. 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 provision made.

Our response

We assessed the reasonableness of the Directors' and management's assessment on the provision to be made in relation to the on-going litigations and claims. We held discussions with the Directors, management and the external legal counsel. We also reviewed relevant correspondences and/or agreements between the parties involved and obtained confirmation letters from the external legal counsel.

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY

QUE LIPPO HEALTHCARE LIMITED (FORMERLY KNOWN AS INTERNATIONAL HEALTHWAY CORPORATION LIMITED)

Our findings

We found the Directors' and management's assessment of the amount of provision 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.

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 except for the Corporate Information, Operations and Financial Review, Chairman's Statement, Board of Directors, Key Executive and Corporate Governance Report (the "Reports") which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will 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 identified above 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 on the other information that we obtained prior to the date of this auditors' report, 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.

When we read the Reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

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 FRSs, 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 of the Group, or has no realistic alternative but to do so.

The responsibilities of the directors 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.

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY

QUE LIPPO HEALTHCARE LIMITED (FORMERLY KNOWN AS INTERNATIONAL HEALTHWAY CORPORATION LIMITED)

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.
- 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.

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY
OUE LIPPO HEALTHCARE LIMITED (FORMERLY KNOWN AS INTERNATIONAL HEALTHWAY CORPORATION LIMITED)

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

6 March 2018

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Note	Group		Company	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Assets					
Property, plant and equipment	5	6,520	7,631	321	13
Intangible assets and goodwill	6	467	715	–	–
Investment properties	7	287,784	296,588	–	–
Investment properties under development	8	123,712	123,012	–	–
Lease prepayments	9	5,540	5,932	–	–
Subsidiaries	10	–	–	120,700	123,708
Trade and other receivables	12	–	–	9,792	–
Non-current assets		424,023	433,878	130,813	123,721
Inventories	11	1,137	776	–	–
Trade and other receivables	12	41,751	58,333	166,316	167,116
Cash and cash equivalents	13	21,530	15,186	31	24
Current assets		64,418	74,295	166,347	167,140
Total assets		488,441	508,173	297,160	290,861
Equity					
Share capital	14	192,707	192,707	192,707	192,707
Merger reserve	15	(65,742)	(65,742)	–	–
Asset revaluation reserve	15	3,630	3,630	–	–
Foreign currency translation reserve		(6,538)	(2,787)	–	–
Statutory surplus reserve	15	327	327	–	–
Accumulated (losses)/profits		(86,423)	4,277	(115,543)	(50,802)
Equity attributable to owners of the Company		37,961	132,412	77,164	141,905
Non-controlling interests		74	(644)	–	–
Total equity		38,035	131,768	77,164	141,905
Liabilities					
Loans and borrowings	16	160,164	140,618	–	–
Trade and other payables	17	7,419	7,663	908	1,116
Deferred tax liabilities	19	36,715	29,494	–	–
Non-current liabilities		204,298	177,775	908	1,116
Loans and borrowings	16	173,814	170,336	171,681	111,446
Trade and other payables	17	25,243	27,214	42,407	36,394
Provisions	18	46,000	–	5,000	–
Current tax liabilities		1,051	1,080	–	–
Current liabilities		246,108	198,630	219,088	147,840
Total liabilities		450,406	376,405	219,996	148,956
Total equity and liabilities		488,441	508,173	297,160	290,861

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2017

	Note	2017 \$'000	2016 \$'000
Revenue	20	43,571	49,060
Cost of sales		(24,976)	(26,218)
Gross profit		18,595	22,842
Administrative expenses		(18,321)	(13,386)
Other operating expenses		–	(3,323)
Other expenses, net		(62,042)	(57,233)
		(61,768)	(51,100)
Finance income		190	2,583
Finance costs		(20,187)	(27,299)
Net finance costs	21	(19,997)	(24,716)
Loss before tax	22	(81,765)	(75,816)
Tax expense	23	(8,223)	(1,051)
Loss after tax		(89,988)	(76,867)
Other comprehensive income			
<i>Items that are or may be reclassified subsequently to profit or loss</i>			
Foreign currency translation differences relating to foreign operations		(3,745)	(3,174)
Foreign currency translation differences realised on deconsolidation of subsidiaries reclassified to profit or loss		–	4,186
Other comprehensive income, net of tax*		(3,745)	1,012
Total comprehensive income for the year		(93,733)	(75,855)
Loss attributable to:			
Owners of the Company		(90,700)	(76,847)
Non-controlling interests		712	(20)
		(89,988)	(76,867)
Total comprehensive income attributable to:			
Owners of the Company		(94,451)	(75,840)
Non-controlling interests		718	(15)
		(93,733)	(75,855)

* There were no tax effect on the components included in other comprehensive income.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2017

Note	Attributable to owners of the Company							Non-controlling interests \$'000	Total equity \$'000
	Share capital \$'000	Merger reserve \$'000	Asset revaluation reserve \$'000	Foreign currency translation reserve \$'000	Statutory surplus reserve \$'000	Accumulated profits \$'000	Total \$'000		
2016									
At 1 January 2016	192,707	(65,742)	3,630	(3,794)	327	81,124	208,252	(629)	207,623
Total comprehensive income for the year									
Loss for the year	–	–	–	–	–	(76,847)	(76,847)	(20)	(76,867)
Other comprehensive income									
Foreign currency translation differences relating to foreign operations	–	–	–	(3,179)	–	–	(3,179)	5	(3,174)
Foreign currency translation differences realised on deconsolidation of subsidiaries reclassified to profit or loss	27	–	–	4,186	–	–	4,186	–	4,186
Total other comprehensive income, net of tax	–	–	–	1,007	–	–	1,007	5	1,012
Total comprehensive income for the year	–	–	–	1,007	–	(76,847)	(75,840)	(15)	(75,855)
At 31 December 2016	192,707	(65,742)	3,630	(2,787)	327	4,277	132,412	(644)	131,768

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2017

Note	Attributable to owners of the Company							Non-controlling interests	Total equity
	Share capital	Merger reserve	Asset revaluation reserve	Foreign currency translation reserve	Statutory surplus reserve	Accumulated profits/(losses)	Total		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2017									
At 1 January 2017	192,707	(65,742)	3,630	(2,787)	327	4,277	132,412	(644)	131,768
Total comprehensive income for the year									
Loss for the year	–	–	–	–	–	(90,700)	(90,700)	712	(89,988)
Other comprehensive income									
Foreign currency translation differences relating to foreign operations	–	–	–	(3,751)	–	–	(3,751)	6	(3,745)
Total other comprehensive income, net of tax	–	–	–	(3,751)	–	–	(3,751)	6	(3,745)
Total comprehensive income for the year	–	–	–	(3,751)	–	(90,700)	(94,451)	718	(93,733)
At 31 December 2017	192,707	(65,742)	3,630	(6,538)	327	(86,423)	37,961	74	38,035

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

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2017

	Note	2017 \$'000	2016 \$'000 Restated*
Cash flows from operating activities			
Loss after tax		(89,988)	(76,867)
Adjustments for:			
Depreciation of property, plant and equipment	5	1,833	1,163
Amortisation of lease prepayments	9	290	296
Amortisation of intangible assets	6	234	238
Impairment losses on trade and other receivables	22	17,554	13,020
Bad debts written-off	22	–	1,908
Impairment losses on goodwill	6	–	32,627
Gain on deconsolidation of subsidiaries		–	(9,115)
Loss on disposal of property, plant and equipment	22	52	41
Interest income	21	(190)	(193)
Interest expense	21	19,354	27,299
Provisions	18	46,000	–
Fair value gains on investment properties	7	(588)	–
Fair value (gains)/losses on investment properties under development	8	(257)	18,799
Tax expense	23	8,223	1,051
		2,517	10,267
Changes in working capital:			
– Inventories		(386)	135
– Trade and other receivables		(2,236)	(5,991)
– Trade and other payables		(866)	4,605
Cash (used in)/generated from operations		(971)	9,016
Tax paid		(57)	(1,024)
Net cash (used in)/from operating activities		(1,028)	7,992
Cash flows from investing activities			
Additions to investment properties		(51)	(560)
Additions to investment properties under development		(311)	–
Purchase of property, plant and equipment		(913)	(2,107)
Interest received		190	193
Net cash used in investing activities		(1,085)	(2,474)
Cash flows from financing activities			
Repayment of advances from related parties		–	(982)
Proceeds from borrowings		164,313	25,832
Repayment of borrowings		(139,866)	(13,461)
Payment of finance lease liability		(668)	(552)
Interest paid		(14,853)	(27,725)
Net cash from/(used in) financing activities		8,926	(16,888)
Net increase/(decrease) in cash and cash equivalents		6,813	(11,370)
Cash and cash equivalents at beginning of financial year		15,186	25,751
Effect of exchange rate fluctuations on cash and cash equivalents		(469)	805
Cash and cash equivalents at end of financial year	13	21,530	15,186

* See note 32.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 6 March 2018.

1 DOMICILE AND ACTIVITIES

OUE Lippo Healthcare Limited (formerly known as International Healthway Corporation Limited) (the "Company") is listed on the Catalist Board of the Singapore Stock Exchange ("SGX"). The Company is incorporated and domiciled in Singapore. The address of its registered office is at 9 Battery Road, #15-01, Singapore 049910.

The Company has changed its name from International Healthway Corporation Limited to OUE Lippo Healthcare Limited with effect from 9 October 2017.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are as disclosed in note 10 to the financial statements.

The consolidated financial statements as at and for the year ended 31 December 2017 comprise the Company and its subsidiaries (together referred to as the "Group").

On 2 March 2017, Treasure International Holdings Pte. Ltd., a wholly-owned subsidiary of OUE Limited, had acquired a total of 63.04% equity interest of the Company (the "Acquisition") in various tranches. Subsequent to the Acquisition, Treasure International Holdings Pte. Ltd. became the immediate holding company and OUE Limited became the intermediate holding company. 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

The Group has net current liabilities of \$181,690,000 (2016: \$124,335,000) as at 31 December 2017 and incurred a net loss of \$89,988,000 (2016: \$76,867,000) for the year ended 31 December 2017. The financial statements have been prepared on a going concern basis and the Group will continue to operate as a going concern for the next twelve months based on the following:

- (i) as disclosed in note 1, the Company became a subsidiary of OUE Limited through its wholly-owned subsidiary, Treasure International Holdings Pte. Ltd. (collectively "OUE") on 2 March 2017;
- (ii) in 2017, aggregate sum of \$175.0 million loan facilities were provided by OUE and another wholly-owned subsidiary of OUE to finance the Group's working capital requirements and day-to-day operations purposes. A letter of undertaking was issued by OUE to the Company on 6 March 2018 which states that OUE will not demand for repayment of the outstanding loans for a period of at least 12 months;
- (iii) as at 31 December 2017, there is an unutilised facility of \$0.5 million from the bank;
- (iv) on 1 February 2018, the Group obtained a new facility of \$6.0 million for repayment of loan and for working capital purposes; and
- (v) injection of capital amounting to approximately \$78.8 million by Brownly Healthcare Pte. Ltd., an indirect wholly-owned subsidiary of ITOCHU Corporation in February 2018, by way of placement shares.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

3 BASIS OF PREPARATION

3.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRSs").

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 has been rounded to the nearest thousand, unless otherwise stated.

3.4 Use of estimates and judgments

The preparation of the financial statements in conformity with FRSs requires management to make judgments, 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 judgments 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
- note 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 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;
- note 12 – measurement of recoverable amount of trade and other receivables;
- note 19 – estimation of tax liabilities;
- note 20 – measurement of revenue from medical services; and
- note 25 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

3 BASIS OF PREPARATION (CONT'D)

3.4 Use of estimates and judgments (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 FRS, 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; and
- note 28 – financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

3 BASIS OF PREPARATION (CONT'D)

3.5 Changes in accounting policies

Revised standards

The Group has applied the following amendments for the first time for the annual period beginning on 1 January 2017:

- *Disclosure Initiative (Amendments to FRS 7);*
- *Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to FRS 12); and*
- *Clarification of the scope of FRS 112 (Improvements to FRSs 2016).*

Other than the amendments to FRS 7, the adoption of these amendments did not have any impact on the current or prior period and is not likely to affect future periods.

Disclosure Initiative (Amendments to FRS 7)

From 1 January 2017, as a result of the amendments to FRS 7, the Group has provided additional disclosure in relation to the changes in liabilities arising from financing activities for the year ended 31 December 2017. Comparative information has not been presented (see note 16).

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 Group entities, except as explained in note 3.5, which addresses changes in accounting policies.

4.1 Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combination* as at the date of acquisition, which is the date on which control is transferred to the Group.

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 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Basis of consolidation (cont'd)

(i) Business combinations (cont'd)

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.

Non-controlling interests 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 non-controlling interests' 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 non-controlling interests are measured at acquisition-date fair value, unless another measurement basis is required by FRSs.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, 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 transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

(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 non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests 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. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group 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 or loss arising is recognised directly in equity.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Basis of consolidation (cont'd)

(iv) Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) 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.

(vi) Subsidiaries in the separate financial statements

Investments in subsidiaries 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, excluding 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. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and are translated at the exchange rates at the reporting date. For acquisitions prior to 1 January 2005, the exchange rates at the date of acquisition were used.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 Foreign currency (cont'd)

(ii) Foreign operations (cont'd)

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (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 non-controlling interests. When a foreign operation is disposed of such that 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 non-controlling interests.

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 other comprehensive income, and are presented in the translation reserve in equity.

4.3 Financial instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and 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 offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the loans and receivables category.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 Financial instruments (cont'd)

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

Cash and cash equivalents

Cash and cash equivalents comprise cash placed with financial institutions.

(ii) Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. Financial liabilities for contingent consideration payable in a business combination are recognised at the date of acquisition. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and 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 offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into the other financial liabilities category.

Financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, and trade and other payables.

(iii) 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, net of any tax effects.

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 are initially measured at fair value and are classified as financial liabilities. Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the amount that would be recognised if they were accounted for as contingent liabilities. When financial guarantees are terminated before their original expiry date, the carrying amount of the financial guarantee is transferred to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost 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.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When 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 (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 Property, plant and equipment (cont'd)

(iii) Depreciation (cont'd)

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:

• Buildings	16 – 35 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 Lease prepayments

Lease prepayments represent prepaid operating lease payments for land use rights less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the prepaid operating lease payments for land use rights over a period of 50 years.

4.6 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).

Goodwill is measured at cost less accumulated impairment losses.

(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 2017

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 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 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.

4.7 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 property (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.

4.8 Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised in the Group's statement of financial position.

4.9 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 Impairment

(i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss, is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor will enter bankruptcy, adverse changes in the payment status of borrowers or economic conditions that correlate with defaults.

Loans and receivables

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written-off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

(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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 Impairment (cont'd)

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

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.

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.

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.

4.11 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.12 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.

4.13 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Revenue is presented, net of value-added tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(i) Rendering of services

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

(ii) Rental income

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

(iii) Sale of medicine and medical equipment

Revenue from the sale of medicine and medical equipment is recognised when the Group has delivered the medicine and medical equipment to its customers.

4.14 Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.14 Lease payments (cont'd)

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met:

- the fulfilment of the arrangement is dependent on the use of a specific asset or assets; and
- the arrangement contains a right to use the asset(s).

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

4.15 Finance income and finance costs

Finance income comprises interest income and guarantee fee income. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Guarantee fee income is recognised when the right to receive payment is established.

Finance costs comprise interest expense on borrowings and amortisation expense.

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.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

4.16 Tax

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

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.16 Tax (cont'd)

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 to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

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 presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted except for investment property that is held within a business model whose objective is to consume substantially all the economic benefits embodied in the investment property over time, rather than through sale. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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.

A deferred tax asset is recognised for unused tax losses, 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 utilised. 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.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

4.17 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.18 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 and head office expenses.

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.

5 PROPERTY, PLANT AND EQUIPMENT

	Buildings \$'000	Office renovation, furniture, fixtures and equipment \$'000	Medical equipment \$'000	Motor vehicles \$'000	Total \$'000
Group Cost					
At 1 January 2016	6,338	1,248	4,651	446	12,683
Additions	–	216	1,788	103	2,107
Deconsolidation of subsidiaries	–	(3)	–	–	(3)
Disposals	–	(180)	(180)	(118)	(478)
Effect of movements in exchange rates	(279)	(40)	(203)	(19)	(541)
At 31 December 2016	6,059	1,241	6,056	412	13,768
Additions	–	444	418	66	928
Disposals	–	(77)	(469)	–	(546)
Effect of movements in exchange rates	(123)	(21)	(120)	(8)	(272)
At 31 December 2017	5,936	1,587	5,885	470	13,878

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

5 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Note	Buildings \$'000	Office renovation, furniture, fixtures and equipment \$'000	Medical equipment \$'000	Motor vehicles \$'000	Total \$'000
Accumulated depreciation						
At 1 January 2016		1,398	803	3,185	257	5,643
Depreciation charge for the year	22	168	201	689	105	1,163
Deconsolidation of subsidiaries		–	(1)	–	–	(1)
Disposals		–	(149)	(177)	(111)	(437)
Effect of movements in exchange rates		(61)	(29)	(130)	(11)	(231)
At 31 December 2016		1,505	825	3,567	240	6,137
Depreciation charge for the year	22	852	185	722	74	1,833
Disposals		–	(39)	(455)	–	(494)
Effect of movements in exchange rates		(30)	(14)	(70)	(4)	(118)
At 31 December 2017		2,327	957	3,764	310	7,358
Carrying amounts						
At 1 January 2016		4,940	445	1,466	189	7,040
At 31 December 2016		4,554	416	2,489	172	7,631
At 31 December 2017		3,609	630	2,121	160	6,520

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

5 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Office renovation, furniture, fixtures and equipment \$'000
Company	
Cost	
At 1 January 2016	105
Written-off	(65)
At 31 December 2016	40
Additions	357
Disposals	(30)
At 31 December 2017	367
Accumulated depreciation	
At 1 January 2016	42
Depreciation charge for the year	22
Written-off	(37)
At 31 December 2016	27
Depreciation charge for the year	41
Disposals	(22)
At 31 December 2017	46
Carrying amounts	
At 1 January 2016	63
At 31 December 2016	13
At 31 December 2017	321

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. 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

6 INTANGIBLE ASSETS AND GOODWILL

	Note	Goodwill \$'000	Medical distribution licences \$'000	Total \$'000
Group Cost				
At 1 January 2016		47,321	1,247	48,568
Effect of movements in exchange rates		(4,694)	(55)	(4,749)
At 31 December 2016		42,627	1,192	43,819
Effect of movements in exchange rates		1,717	(23)	1,694
At 31 December 2017		44,344	1,169	45,513
Accumulated amortisation and impairment losses				
At 1 January 2016		10,000	250	10,250
Amortisation	22	–	238	238
Impairment loss	22	32,627	–	32,627
Effect of movements in exchange rates		–	(11)	(11)
At 31 December 2016		42,627	477	43,104
Amortisation	22	–	234	234
Effect of movements in exchange rates		1,717	(9)	1,708
At 31 December 2017		44,344	702	45,046
Carrying amounts				
At 1 January 2016		37,321	997	38,318
At 31 December 2016		–	715	715
At 31 December 2017		–	467	467

Amortisation

The amortisation of medical distribution licences is allocated to the cost of inventory and is included in 'cost of sales' as inventory is sold.

Impairment test for goodwill

Goodwill is wholly allocated to the Group's cash-generating unit ("CGU"), identified as Wuxi New District Phoenix Hospital ("Wuxi Hospital") in the People's Republic of China ("PRC").

In 2017, the recoverable amount of the CGU was determined based on value-in-use (discounted cash flow) calculations and is performed by an external independent valuer, Savills Real Estate Valuation (Guangzhou) Ltd. Cash flow projections used in the value-in-use calculations were based on financial budgets prepared by management covering a three-year (2016: three-year) period on the assumption that Wuxi Hospital will stop operations by 2020 (2016: 2019) due to proposed redevelopment of the current land on which Wuxi Hospital is located ("Wuxi land"). The key assumptions used in the estimation of the recoverable amount are set out below. The value assigned to the key assumption represent management's assessment of future trends and have been based on historical data derived from both external and internal sources.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

6 INTANGIBLE ASSETS AND GOODWILL (CONT'D)

Impairment test for goodwill (cont'd)

Key assumptions used for value-in-use calculations:

Gross margin¹
Growth rate²
– Revenue growth rate
Discount rate³

Group	
2017 %	2016 %
23.0	23.0
3.0	3.0
13.0	13.0

- ¹ Budgeted gross margin
² Weighted average growth rate used to extrapolate cash flows
³ Pre-tax discount rate applied to the pre-tax cash flow projections

Management determined budgeted gross margin based on past performance and its expectations of market developments. The weighted average growth rates used were consistent with forecasts included in industry reports. The discount rate used was pre-tax and reflected specific risks relating to the relevant segment.

In 2017, the estimated recoverable amount of the Wuxi Hospital CGU approximate its carrying amount. In 2016, the estimated recoverable amount of the Wuxi Hospital CGU is lower than its carrying amount. As a result, an impairment loss amounting to \$32,627,000 was recorded against the Wuxi Hospital CGU and included within "other expenses, net" in the consolidated statement of comprehensive income.

7 INVESTMENT PROPERTIES

	Note	Group	
		2017 \$'000	2016 \$'000
At 1 January		296,588	397,942
Additions		51	560
Deconsolidation of subsidiaries	27	–	(116,861)
Fair value gains recognised in profit or loss	22	588	–
Effect of movements in exchange rates		(9,443)	14,947
At 31 December		287,784	296,588

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

7 INVESTMENT PROPERTIES (CONT'D)

As at 31 December 2017, 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
Elyson Gakuenmae	Freehold	Skilled nursing facility	Nara, Japan
Elyson Mamigaoka & Elyson Mamigaoka Annex	Freehold	Skilled nursing facility	Nara, Japan
Elyson Amanohashidate	Freehold	Skilled nursing facility	Kyoto, Japan
Elyson Kaichi North	Freehold	Skilled nursing facility	Nagano, Japan
Elyson Kaichi West	Freehold	Skilled nursing facility	Nagano, Japan

Investment properties are leased to non-related parties under operating leases (see note 26), and have lease tenures ending in 2043 (2016: ending in 2043).

Changes in fair values are recognised as gains or losses in profit or loss and included within "other expenses, net" (see note 22) in the consolidated statement of comprehensive income. All gains or losses are unrealised.

As at 31 December 2017, investment properties of the Group with carrying amounts of \$287,784,000 (2016: \$296,588,000) are mortgaged to banks to secure the related borrowings (see note 16(f)).

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 \$287,784,000 (2016: \$296,588,000) has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (see note 3.4).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

7 INVESTMENT PROPERTIES (CONT'D)

Measurement of fair value (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
<i>Income capitalisation method:</i> The income capitalisation method capitalises an income stream into a present value using single-year capitalisation rates.	Capitalisation rates ranging from 4.6% to 5.1% (2016: 4.6% to 5.1%)	The higher the capitalisation rate, the lower the fair value.
<i>Discounted cash flow method:</i> 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 4.4% to 4.9% (2016: 4.4% to 4.9%) Terminal capitalisation rates ranging from 4.7% to 5.2% (2016: 4.7% to 5.2%)	The higher the discount rate, the lower the fair value. The higher the terminal capitalisation rate, the lower the fair value.

8 INVESTMENT PROPERTIES UNDER DEVELOPMENT

	Note	Group	
		2017 \$'000	2016 \$'000
At 1 January		123,012	146,966
Additions		311	–
Fair value gains/(losses) recognised in profit or loss	22	257	(18,799)
Effect of movements in exchange rates		132	(5,155)
At 31 December		123,712	123,012

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

Description	Unexpired term of leasehold land
Land – Dujiangyan, Chengdu, PRC (“Chengdu land”)	46 years
Land – Wuxi, PRC (“Wuxi land”)	38 years
Land – Kuala Lumpur, Malaysia	90 years

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

8 INVESTMENT PROPERTIES UNDER DEVELOPMENT (CONT'D)

An investment property under development with carrying amount of \$59,454,000 (2016: \$57,897,000) is mortgaged to secure bank borrowings (see note 16(g)).

Changes in fair values are recognised as gains or losses in profit or loss and included within "other expenses, net" (see note 22) in the consolidated statement of comprehensive income. All gains or losses are unrealised.

Classification of investment properties under development

Judgment is required in determining the portion of land to be redeveloped for future rental purposes, and the portion redeveloped for own use based on the current proposed development plan. The classification of the land as owner-occupied property or investment property is a matter of judgment, 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 lease prepayments. 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. The classification is primarily based on all prevailing information available to date which imminently may vary depending on the controlling shareholder of the Group, OUE's continual undertakings and on-going future intentions and developments.

Fair value hierarchy

The fair value of investment properties under development 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 properties under development portfolio every year.

The fair value measurement of all of the investment properties under development of \$123,712,000 (2016: \$123,012,000) has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (see note 3.4).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

8 INVESTMENT PROPERTIES UNDER DEVELOPMENT (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 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	
<i>Direct comparison method:</i> 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"): \$12,585 (2016: \$12,284)	Not applicable	The estimated fair value would increase (decrease) if price psm was higher (lower).
<i>Income capitalisation method:</i> The income capitalisation method capitalises an income stream into a present value using single-year capitalisation rates.	Not applicable	Capitalisation rates ranging from Chengdu: 1.5% to 13.0% (2016: 1.5% to 7.5%) Wuxi: 4.25% (2016: 4.0% to 7.0%)	The higher the capitalisation rate, the lower the fair value.
<i>Discounted cash flow method:</i> 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% (2016: Not applicable) Terminal capitalisation rate: Wuxi: 13.0% (2016: Not applicable)	The higher the discount rate, the lower the fair value. The higher the terminal capitalisation rate, the lower the fair value.
<i>Residual value method:</i> 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: Chengdu: 2.94 (2016: 3.0) Wuxi: 4.5 (2016: 4.5) Entrepreneur profit and risk: Chengdu: 10.0% (2016: 10.0%) Wuxi: 20.0% (2016: 20.0%) Construction costs psm: Chengdu: \$920 (2016: \$470) Wuxi: \$1,410 (2016: \$1,020)	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).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

8 INVESTMENT PROPERTIES UNDER DEVELOPMENT (CONT'D)

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 piece of land upon which it is built.

The valuation of the Wuxi land as at 31 December 2017 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 (2016: from 2.0 to 4.5) and a class 3A hospital license will be granted following discussions held between management and Wuxi City Planning Bureau. If the written approval is not granted or the plot ratio approved differs from current assumption, the valuation of Wuxi land will change significantly.

The valuation of the Chengdu land as at 31 December 2017 was based on management's assumption that a class 3A hospital license will be granted based on the drawing submitted to the Dujiangyan City Planning Bureau in December 2017. If the approval is not granted, the valuation of Chengdu land will change significantly.

(2) *Gross development value and construction cost*

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

The valuation of Wuxi land and Chengdu land is based on current proposed development plan of the respective projects, with gross development values of \$200,328,000 (equivalent to RMB982,000,000) (2016: \$126,712,000 (equivalent to RMB608,900,000)) and \$117,912,000 (equivalent to RMB578,000,000) (2016: \$81,338,000 (equivalent to RMB390,860,000)), respectively.

It also includes management's estimates that the average estimated total construction cost for Wuxi land and Chengdu land will approximate \$1,410 (equivalent to RMB6,900) (2016: \$1,020 (equivalent to RMB4,900)) and \$920 (equivalent to RMB4,500) (2016: \$470 (equivalent to RMB2,300)) psm, respectively. In arriving at the average construction cost for Wuxi land for 2017 and 2016, management has relied on construction cost furnished by Rider Levett Bucknall, an independent global property consultant. In arriving at the average construction cost for Chengdu land, management has relied on construction cost furnished by Rider Levett Bucknall (2016: quotations obtained from an approved government quantity surveyor).

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 and Chengdu land.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

8 INVESTMENT PROPERTIES UNDER DEVELOPMENT (CONT'D)

(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 market place. 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 and Chengdu 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 and Chengdu projects.

The valuations of Wuxi land and Chengdu land as at 31 December 2017 were based on the assumption of an entrepreneur profit and risk of 20.0% (2016: 20.0%) and 10.0% (2016: 10.0%) of the gross development value, respectively. Any change in the entrepreneur profit and risk will result in a change in the valuation of Wuxi land and Chengdu land.

9 LEASE PREPAYMENTS

	Note	Group	
		2017 \$'000	2016 \$'000
Cost			
At 1 January		7,981	8,349
Effect of movements in exchange rates		(157)	(368)
At 31 December		7,824	7,981
Accumulated amortisation			
At 1 January		2,049	1,818
Amortisation	22	290	296
Effect of movements in exchange rates		(55)	(65)
At 31 December		2,284	2,049
Carrying amount		5,540	5,932

Lease prepayments represent the land use rights of a subsidiary which expire in 2055.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

10 SUBSIDIARIES

Equity investments at cost
Loans to subsidiaries
Corporate guarantees issued for subsidiaries' borrowings
Less: Allowance for impairment loss

Company	
2017 \$'000	2016 \$'000
116,937	116,937
14,883	13,738
4,320	4,320
(15,440)	(11,287)
120,700	123,708

Movement in allowance for impairment losses were as follows:

At 1 January
Allowance made
At 31 December

Company	
2017 \$'000	2016 \$'000
11,287	—
4,153	11,287
15,440	11,287

The Company has assessed the recoverable amount of its interest in subsidiaries that have suffered continual operating losses. The recoverable amount was based on the net assets of the subsidiaries which comprise predominantly investment properties and investment properties under developments whose recoverable amounts were estimated using external valuation reports.

The Group's significant subsidiaries are as follows:

Name of subsidiaries	Principal activities	Principal place of business/country of incorporation	Effective ownership interest	
			2017 %	2016 %
<u>Held by the Company</u>				
OUELH Japan Medical Facilities Pte. Ltd. (formerly known as IHC Japan Medical Facilities Pte. Ltd.) ^{(a)*}	Investment holding	Singapore	100	100
IHC Management Pte. Ltd.	Investment holding	Singapore	—#	—#
IHC Medical RE Pte. Ltd.	Investment holding	Singapore	—#	—#
IHC Management (Australia) Pty Ltd	Investment holding	Australia	—#	—#
OUELH Senior Housing (HK) Limited (formerly known as IHC Senior Housing (HK) Limited) ^(d)	Investment holding	Hong Kong	100	100

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

10 SUBSIDIARIES (CONT'D)

Name of subsidiaries	Principal activities	Principal place of business/country of incorporation	Effective ownership interest	
			2017 %	2016 %
<u>Held by subsidiaries</u>				
OUELH Seasons Residences Sdn. Bhd. (formerly known as IHC Seasons Residences Sdn. Bhd.) ^(b)	Property investment	Malaysia	100	100
IHC Healthcare REIT	Investment holding	Singapore	—#	—#
IHC Australia First Trust ⁽ⁱ⁾	Property investment	Australia	—#	—#
IHC Australia Second Trust ⁽ⁱ⁾	Property investment	Australia	—#	—#
Kang Hui (Chengdu) Assets Co., Ltd. ^(e)	Property investment	People’s Republic of China	100	100
OUELH Japan One ISH (formerly known as IHC Japan One ISH) ^(c)	Investment holding	Japan	50	50
OUELH Japan First TMK (formerly known as IHC Japan First TMK) ^(g)	Property investment	Japan	56.7*	62.5*
Health Kind International Limited ^(h)	Investment holding	Hong Kong	99.99	99.99
Health Kind International (Shanghai) Co., Ltd. ^(c)	Investment holding	People’s Republic of China	98	98
Wuxi New District Phoenix Hospital Co., Ltd. ^(f)	Healthcare services	People’s Republic of China	100	100
Healthkind Medical Holding Co., Ltd. ^(c)	Property investment	People’s Republic of China	100	100
Wuxi Yilin Health Management Co. Ltd ⁽ⁱ⁾	Investment holding	People’s Republic of China	100	100
Jiangsu Chang San Jiao Biomedical Co., Ltd ^(f)	Drug distribution	People’s Republic of China	100	100
OUELH Medical Holdings (HK) Limited (formerly known as IHC Medical Holdings (HK) Limited) ^(d)	Investment holding	Hong Kong	100	100

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

10 SUBSIDIARIES (CONT'D)

- (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 Jimmy C H Cheung & Co, Hong Kong
- (e) audited by Shanghai Cong Xin Certified Public Accountants (General Partnership), PRC
- (f) audited by Wuxi Baoguang Certified Public Accountants, PRC
- (g) audited by KPMG AZSA LLC, Tokyo
- (h) audited by Acutus Cpa Limited, Hong Kong
- (i) audited by HLB Mann Judd (VIC) Pty Ltd, Australia
- (j) audited by Jiangsu Gong Qin Certified Public Accountants, PRC

During 2016, the Group has deconsolidated 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 (collectively, "Deconsolidated subsidiaries") as these subsidiaries are under receivership with effect from 15 August 2016 and the Group has no control over these subsidiaries (see note 25(a) and 27).

* 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 non-controlling interests for each subsidiary are immaterial to the Group individually and in aggregate and accordingly, no summarised financial information for subsidiaries with non-controlling interests is disclosed.

11 INVENTORIES

	Group	
	2017 \$'000	2016 \$'000
Pharmacy supplies	1,057	711
Medical and surgical supplies	80	65
	1,137	776

The cost of inventories recognised as an expense and included in "cost of sales" amounted to \$13,630,000 (2016: \$13,481,000).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

12 TRADE AND OTHER RECEIVABLES

Note	Group		Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Trade receivables	2,740	2,409	–	–
Other receivables:				
– due from a non-controlling shareholder of certain subsidiaries	7,298	7,526	5,721	5,721
– due from Deconsolidated subsidiaries	54,069	55,271	50,247	51,010
– due from a fellow subsidiary	161	–	161	–
– others	15,837	1,022	6,716	56
Amount due from affiliated corporations	–	13,298	–	6,053
Amount due from subsidiaries	–	–	164,424	114,312
	80,105	79,526	227,269	177,152
Less: impairment losses	(39,370)	(22,009)	(51,259)	(10,036)
	40,735	57,517	176,010	167,116
Deposits	350	201	74	–
	41,085	57,718	176,084	167,116
Prepayments	666	615	24	–
	41,751	58,333	176,108	167,116
Non-current	–	–	9,792	–
Current	41,751	58,333	166,316	167,116
	41,751	58,333	176,108	167,116

An affiliated corporation is defined as one:

- (a) in which a director of the Company has substantial financial interests 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.

Amount due from a non-controlling shareholder of certain subsidiaries, Deconsolidated subsidiaries, a fellow subsidiary, affiliated corporations and certain subsidiaries are unsecured, interest-free and repayable on demand.

Others mainly relate to amount due from Healthway Medical Development (Private) Limited (“HMD”) and its subsidiaries amounting to \$13,385,000 which are affiliated corporations in 2016. Subsequent to the changes of shareholding in the Group, HMD is not considered as affiliated corporations.

The non-current portion of the amount due from subsidiary is unsecured, interest-bearing at 1% per annum and repayable in 2020.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

12 TRADE AND OTHER RECEIVABLES (CONT'D)

Impairment losses

The Group maintains allowance for impairment losses at a level considered adequate to provide for potential uncollectible receivables. The level of this allowance is evaluated by the Group with references to historical payment trends and ageing analysis of the trade receivables. These factors may result in the actual losses to be greater or lesser than suggested by historical trends. The amount and timing of recorded expenses for any period would differ if the Group made different judgment or utilised different estimates. An increase in the Group's allowance for impairment loss would increase the Group's recorded "other expenses, net" in the consolidated statement of comprehensive income and decrease trade and other receivables.

The other receivables are mainly due from the Deconsolidated subsidiaries which are currently under receivership (see note 25(a)). The recoverability of these amounts is dependent on the outcome of three on-going legal suits that the Company and the Deconsolidated subsidiaries have with certain lenders, and the possible course of actions the Directors and management might take in the future. The Directors and management are required to apply judgment 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 may increase or decrease.

13 CASH AND CASH EQUIVALENTS

	Group		Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Cash on hand and at bank	21,530	15,186	31	24

Bank balances of \$14,712,000 (2016: \$13,954,000) are included as part of the floating charge to third parties for borrowings of the Group (see notes 16 (d), (f) and (g)). 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 \$4,971,000 (2016: \$1,148,000) 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

	2017		2016	
	No. of ordinary shares '000	Share capital \$'000	No. of ordinary shares '000	Share capital \$'000
Company				
At 1 January and 31 December	1,659,065	192,707	1,659,065	192,707

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

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.

Statutory surplus reserve

Subsidiaries which are established in the PRC follows the accounting principles and relevant financial regulations of PRC Generally Accepted Accounting Principles ("GAAP") applicable to wholly-owned foreign investment enterprise in the preparation of the accounting records and statutory financial statements.

Subsidiaries are required to appropriate 10% of the profit arrived at in accordance with PRC GAAP for each year to the statutory reserve.

The profit arrived at must be set-off against any accumulated losses sustained by the subsidiaries in prior years, before allocation is made to the statutory reserve. Appropriation to the statutory reserve must be made before distribution of dividends to shareholders. The appropriation is required until the statutory reserve reaches 50% of the registered capital. This statutory reserve is not distributable in the form of cash dividends. The statutory reserve may be used to set off losses or be converted into paid-in capital.

16 LOANS AND BORROWINGS

Note	Group		Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Current				
Loans from third parties (a)	519	4,216	519	4,216
Loan from a fellow subsidiary (b)	40,335	–	40,335	–
Loan from a shareholder (c)	125,077	–	125,077	–
Loans from financial institutions (d)	–	31,184	–	2,500
Medium term notes (e)	5,750	99,256	5,750	99,256
TMK Bonds (f)	805	2,958	–	–
Bank borrowings (g)	1,224	31,950	–	5,458
Finance lease liability (h)	104	772	–	16
	173,814	170,336	171,681	111,446
Non-current				
Loans from financial institutions (d)	18,646	–	–	–
TMK Bonds (f)	117,575	140,618	–	–
Bank borrowings (g)	23,943	–	–	–
	160,164	140,618	–	–
Total loans and borrowings	333,978	310,954	171,681	111,446

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

16 LOANS AND BORROWINGS (CONT'D)

Total borrowings include secured liabilities of \$286,046,000 (2016: \$205,730,000) and \$125,077,000 (2016: \$9,358,000) of the Group and the Company respectively.

(a) Loans from third parties

In 2016, the loan from a third party is secured against a charge created over the entire issued share capital of a subsidiary of the Company.

(b) Loan from a fellow subsidiary

In 2017, the loan from a fellow subsidiary is unsecured.

(c) Loan from a shareholder

In 2017, 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) Loans from financial institutions

In 2017, the loan from a financial institution is secured against:

- (i) charges over bank deposits of certain subsidiaries of the Company (see note 13);
- (ii) charges created over the entire issued share capital of certain subsidiaries of the Company;
- (iii) corporate guarantees from the Company (see note 17);
- (iv) personal guarantee by certain shareholders;
- (v) pledge over intercompany loan between certain subsidiaries of the Company; and
- (vi) deed of subordination in respect of amounts owing between certain subsidiaries of the Company.

In 2016, the loans from financial institutions are secured against:

- (i) charges over bank deposits of certain subsidiaries of the Company (see note 13);
- (ii) charges created over the entire issued share capital of certain subsidiaries of the Company;
- (iii) corporate guarantees from the Company (see note 17) and a subsidiary;
- (iv) joint and several guarantee by certain shareholders;
- (v) debentures over all assets and rights of certain subsidiaries of the Company; and
- (vi) deed of assignment in respect of payments made by certain subsidiaries to other subsidiaries of the Company or the Company.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

16 LOANS AND BORROWINGS (CONT'D)

(e) Medium term notes ("MTN")

On 23 January 2015, the Company established a \$500,000,000 multicurrency MTN under which the Company had issued notes amounting to \$50,000,000 on 6 February 2015 and a further \$50,000,000 on 27 April 2015, which matured on 6 February 2018 and 27 April 2017 respectively. The notes bear fixed rate interest of 6% and 7% per annum respectively, payable semi-annually in arrears.

The net proceeds arising from the issuance of the notes (after deducting issue expenses) were used for general corporate purposes, including financing investments, repayment of existing borrowings, general working capital and capital expenditure requirements of the Group.

(f) Tokutei Mokutei Kaisha ("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.

TMK bonds are subject to a strict legal framework which protects both the borrowers and lenders.

In 2017 and 2016, 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.

(g) Bank borrowings

In 2017, 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).

In 2016, 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);

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

16 LOANS AND BORROWINGS (CONT'D)

(g) Bank borrowings (cont'd)

- (iii) deed of subordination in respect of payments made by certain subsidiaries to certain subsidiaries of the Company;
- (iv) joint and several guarantees by certain shareholders;
- (v) a second legal mortgage over certain asset of a shareholder;
- (vi) a corporate guarantee from the Company (see note 17); and
- (vii) mortgage over property owned by a subsidiary.

(h) Finance lease liability

In 2016, the finance lease liability of a subsidiary is secured against a corporate guarantee from the Company (see note 17).

Breach of loan covenants and terms

As at 31 December 2017, the Group has the following breaches:

- (a) The Group has an unsecured MTN with a carrying amount of \$5,750,000. The MTN contains the following financial covenants:
 - (i) the consolidated shareholders' equity shall not at any time be less than \$150,000,000;
 - (ii) the ratio of consolidated net debt to consolidated shareholders' equity shall not at any time exceed 1.75:1; and
 - (iii) the ratio of earnings before interests, tax, depreciation and amortisation to interest expense shall not be at any time be less than 1.5:1.

On 27 April 2017, the Group has fully redeemed Series 002 of the MTN of \$50,000,000 and partially redeemed Series 001 of the MTN of \$44,250,000. The remaining principal balance of Series 001 of the MTN amounting to \$5,750,000, has been redeemed on 6 February 2018.

As a consequence of the breaches, the above MTN was classified as current liabilities as at 31 December 2017.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

16 LOANS AND BORROWINGS (CONT'D)

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					
2017					
Unsecured loans from third parties	SGD	0%	On demand	519	519
Secured loan from a shareholder	SGD	4%	On demand	125,077	125,077
Unsecured loan from a fellow subsidiary	SGD	4%	On demand	40,335	40,335
Secured loan from financial institution	JPY	15%	2019	19,200	18,646
Secured TMK Bonds	JPY	Offer rate + 1%	2020	119,400	118,380
Secured bank loan	MYR	Cost of funds + 2%	2021	23,943	23,943
Unsecured bank loans	RMB	8.6%	2017	1,224	1,224
Unsecured MTN	SGD	6%	2018	5,750	5,750
Unsecured finance lease liability	RMB	5.7%	2018	104	104
Total interest-bearing liabilities				335,552	333,978
2016					
Secured loan from third party	SGD	195%	2016	1,400	1,400
Unsecured loans from third parties	SGD	0% – 130%	2016 – 2017	2,816	2,816
Secured loan from financial institution	SGD	IFS prime rate or costs of funds + 4% or 48%	2016 – 2017	2,700	2,700
Secured loan from financial institution	MYR	12%	2016	9,672	9,672
Secured loan from financial institution	JPY	15%	2019	19,831	18,812
Secured TMK Bonds	JPY	Offer rate + 3.2%	2019	146,497	143,576
Secured bank loan	SGD	Prime rate + 2%	2017	5,458	5,458
Secured bank loan	MYR	Cost of funds + 2%	2021	23,371	23,371
Secured bank loan	RMB	5.7%	2017	728	728
Unsecured bank loans	RMB	8.6% – 12%	2017	2,393	2,393
Unsecured MTN	SGD	6% – 7%	2017 – 2018	100,000	99,256
Secured finance lease liability	SGD	2.4%	2017	13	13
Unsecured finance lease liability	SGD	2.4%	2017	16	16
Unsecured finance lease liability	RMB	4.9%	2018	757	743
Total interest-bearing liabilities				315,652	310,954

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

16 LOANS AND BORROWINGS (CONT'D)

Terms and debt repayment schedule (cont'd)

	Currency	Nominal interest rate	Year of maturity	Face value \$'000	Carrying amount \$'000
Company					
2017					
Unsecured loans from third parties	SGD	0%	On demand	519	519
Secured loan from a shareholder	SGD	4%	On demand	125,077	125,077
Unsecured loan from a fellow subsidiary	SGD	4%	On demand	40,335	40,335
Unsecured MTN	SGD	6%	2018	5,750	5,750
Total interest-bearing liabilities				171,681	171,681
2016					
Secured loan from third party	SGD	195%	2016	1,400	1,400
Unsecured loans from third parties	SGD	0% – 130%	2016 – 2017	2,816	2,816
Secured loan from financial institution	SGD	IFS prime rate or costs of funds + 4% or 48%	2016 – 2017	2,500	2,500
Secured bank loan	SGD	Prime rate + 2%	2017	5,458	5,458
Unsecured MTN	SGD	6% – 7%	2017 – 2018	100,000	99,256
Unsecured finance lease liability	SGD	2.4%	2017	16	16
Total interest-bearing liabilities				112,190	111,446

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

16 LOANS AND BORROWINGS (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities			Total \$'000
	Other loans and borrowings \$'000	Finance lease liability \$'000	Interest payable \$'000	
Balance at 1 January 2017	310,182	772	4,730	315,684
Changes from financing cash flows				
Proceeds from borrowings	164,313	–	–	164,313
Repayment of borrowings	(139,866)	–	–	(139,866)
Payment of finance lease liability	–	(668)	–	(668)
Interest paid	–	–	(14,853)	(14,853)
Total changes from financing cash flows	24,447	(668)	(14,853)	8,926
The effect of changes in foreign exchange rates	(4,224)	–	–	(4,224)
Other changes Liability-related				
Amortisation expense	3,469	–	–	3,469
Interest expense	–	–	15,885	15,885
Total liability-related other changes	3,469	–	15,885	19,354
Balance at 31 December 2017	333,874	104	5,762	339,740

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

17 TRADE AND OTHER PAYABLES

	Group		Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Current				
Trade payables	4,909	6,355	–	–
Other payables	6,759	4,480	2,436	2,852
Amount due to an affiliated corporation	714	2,995	–	1,713
Amount due to Deconsolidated subsidiaries	559	1,379	489	495
Amount due to subsidiaries	–	–	31,584	26,877
Amount due to a shareholder	644	644	644	645
Interest payable	5,762	4,730	4,483	2,426
Accrued expenses	4,499	5,189	2,490	1,105
Corporate guarantee	–	–	281	281
Deferred revenue	1,397	1,442	–	–
	25,243	27,214	42,407	36,394
Non-current				
Corporate guarantee	–	–	908	1,116
Rental deposit received	7,419	7,663	–	–
	7,419	7,663	908	1,116
Total trade and other payables	32,662	34,877	43,315	37,510

The amount due to an affiliated corporation is unsecured, interest-free and repayable in February 2018.

The amounts due to Deconsolidated subsidiaries, subsidiaries and a shareholder are unsecured, interest-free and repayable on demand.

The Group's and the Company's exposure to currency risk and liquidity risk related to trade and other payables is disclosed in note 28.

18 PROVISIONS

	Group		Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
At 1 January	–	–	–	–
Provisions made during the year	46,000	–	5,000	–
At 31 December	46,000	–	5,000	–

Provisions made during the year relates to legal and related expenses (see note 25).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

19 DEFERRED TAX LIABILITIES

Deferred tax liabilities are attributable to the following:

	Group	
	2017 \$'000	2016 \$'000
Investment properties under development	10,901	7,752
Subsidiaries	25,814	21,742
	36,715	29,494

The movement in the deferred tax liabilities during the year is as follows:

	Investment properties \$'000	Investment properties under development \$'000	Subsidiaries \$'000	Total \$'000
Group				
Deferred tax liabilities				
At 1 January 2016	574	14,123	15,425	30,122
Recognised in profit or loss	–	(5,683)	5,641	(42)
Deconsolidation of subsidiaries	(570)	–	–	(570)
Effect of movements in exchange rates	(4)	(688)	676	(16)
At 31 December 2016	–	7,752	21,742	29,494
Recognised in profit or loss	–	3,030	5,140	8,170
Effect of movements in exchange rates	–	119	(1,068)	(949)
At 31 December 2017	–	10,901	25,814	36,715

Unrecognised deferred tax assets

As at 31 December 2017, deferred tax assets have not been recognised in respect of tax losses of \$59,294,000 (2016: \$11,488,000). 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 \$40,116,000 (2016: \$28,071,000) of the subsidiaries for the year ended 31 December 2017 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 2017

20 REVENUE

	Group	
	2017 \$'000	2016 \$'000
Medical services	20,541	19,348
Rental income	16,711	23,770
Sale of medicine and medical equipment	6,319	5,942
	43,571	49,060

Revenue from medical services is recognised when the amount of revenue and related cost can be reliably measured and the collection is reasonably assured. The collectability of related receivables is determined based on amount claimable from the relevant government agency under medical insurance, adjusted for external factors such as changes in government policies and directives, and economic conditions.

21 NET FINANCE COSTS

	Group	
	2017 \$'000	2016 \$'000
Interest income	190	193
Guarantee fee income	–	1,192
Foreign exchange gains, net	–	1,198
Finance income	190	2,583
Amortisation expense	(3,469)	(3,442)
Interest expense	(15,885)	(23,857)
Foreign exchange losses, net	(833)	–
Finance costs	(20,187)	(27,299)
Net finance costs	(19,997)	(24,716)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

22 LOSS BEFORE TAX

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

	Note	Group	
		2017 \$'000	2016 \$'000
Audit fees paid to:			
– auditors of the Company		(298)	(344)
– member firms of the auditors of the Company		(177)	(102)
– other auditors		(17)	(17)
Non-audit fees paid to:			
– auditors of the Company		(89)	–
– other auditors		(3)	(3)
Amortisation of intangible assets	6	(234)	(238)
Amortisation of lease prepayments	9	(290)	(296)
Bad debts written-off		–	(1,908)
Depreciation of property, plant and equipment	5	(1,833)	(1,163)
Employee benefits expense (see below)		(10,987)	(10,527)
Fair value gains on investment properties	7	588	–
Fair value gains/(losses) on investment properties under development	8	257	(18,799)
Gain on deconsolidation of subsidiaries		–	9,115
Impairment loss on goodwill	6	–	(32,627)
Impairment losses on trade and other receivables	28	(17,554)	(13,020)
Loss on disposal of property, plant and equipment		(52)	(41)
Operating expenses arising from rental of investment properties		(1,498)	(2,043)
Operating lease expense		(239)	(512)
Provisions for legal and related expenses	18	(46,000)	–
Employee benefits expense			
Salaries, wages and related cost		(9,295)	(9,043)
Employer's contribution to defined contribution plan		(1,252)	(1,241)
Others		(440)	(243)
		(10,987)	(10,527)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

23 TAX EXPENSE

Current tax expense

Current year
Underprovided in prior years

Deferred tax expense

Origination and reversal of temporary differences
Underprovided in prior years

Total tax expense

Reconciliation of effective tax rate

Loss for the year
Tax expense
Loss before tax

Tax using Singapore tax rate of 17% (2016: 17%)
Effect of tax rates in foreign jurisdictions
Tax-exempt income
Non-deductible expenses
Recognition of deferred tax benefits previously not recognised
Current tax losses for which no deferred tax assets are recognised
Tax losses not allowed to be carried forward
Underprovided in prior years

Group	
2017 \$'000	2016 \$'000
53	69
–	1,024
53	1,093
1,833	(4,474)
6,337	4,432
8,170	(42)
8,223	1,051
(89,988)	(76,867)
8,223	1,051
(81,765)	(75,816)
(13,900)	(12,889)
318	(2,017)
(740)	(2,301)
5,842	9,868
–	(471)
8,127	2,025
2,239	1,380
6,337	5,456
8,223	1,051

24 EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share was based on the loss attributable to owners of the Company of \$90,700,000 (2016: \$76,847,000) and the weighted average number of ordinary shares outstanding during the financial year, calculated as follows:

Net loss attributable to owners of the Company
Weighted average number of ordinary shares during the year ('000)
Basic and diluted earnings per share (cents)

Group	
2017 \$'000	2016 \$'000
(90,700)	(76,847)
1,659,065	1,659,065
(5.47)	(4.63)

The diluted earnings per share is the same as the basic earnings per share as there were no dilutive potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

25 LITIGATION CASES

The Group is exposed to several litigation cases as at 31 December 2017.

(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, amongst other parties, the Funds to challenge sum claimed under the notices of default.

Separately, the Funds have counter-sued for damages, on the basis that the Group has 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.

In 2017, the Company commenced further proceedings for a declaration that it had validly avoided one of the loan facilities for contravention of Section 76 of the Companies Act. The Company has 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.

As at 31 December 2017, the proceedings are still on-going. The outcome of the proceedings remains uncertain.

(b) Litigation cases with a non-controlling shareholder of certain subsidiaries ("Individual A")

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

In 2015, the Group has through a subsidiary, Kang Hui (Wuxi) Investment Management Co., Ltd. ("KHWI") acquired 100% equity interest in Wuxi Yilin Health Management Co., Ltd., which holds approximately 70.5% equity interest in and effectively controls Health Kind (Shanghai) Investment Management Co., Ltd. ("HKIM"). In 2017, Individual A sought a court order to determine that he is the owner of the 70.5% equity interest in HKIM. The first court hearing was completed in December 2017. As at 31 December 2017, the proceeding is still on-going. The outcome of the proceeding remains uncertain.

In 2017, Weixin Hospital Investment Management (Shanghai) Co. Ltd ("Weixin"), a company controlled by Individual A, had sought a court order for the shares in WNDH to be transferred to Weixin. The Shanghai Courts had rendered a judgment in favour of Weixin. The Group has appealed to the Shanghai Pudong People's Court in December 2017. As at 31 December 2017, the proceeding is still on-going. The outcome of the proceeding remains uncertain.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

25 LITIGATION CASES (CONT'D)

(b) Litigation cases with a non-controlling shareholder of certain subsidiaries ("Individual A") (cont'd)

In 2017, the Company has commenced arbitration proceedings in Singapore against Individual A. As at 31 December 2017, the arbitration proceedings are still on-going. The outcome of the proceedings remains uncertain.

In accordance to paragraph 92 of FRS 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.

26 OPERATING LEASES

Leases as lessee

The Group leases office space from non-related parties under non-cancellable operating leases agreements. The leases typically run for a period of between one and three years with escalation clauses and renewal rights.

The future aggregate minimum lease payments payable under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities are as follows:

	Group		Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Within one year	349	169	266	—
Between one and five years	388	80	388	—
	737	249	654	—

Leases as lessor

The Group leases out office space and healthcare-related facilities to non-related parties under non-cancellable operating leases for a period of between seven and ten years.

The future minimum lease receivables under non-cancellable operating leases contracted for at the reporting date but not recognised as receivables, are as follows:

	Group	
	2017 \$'000	2016 \$'000
Within one year	16,304	16,839
Between one and five years	56,830	67,356
More than five years	1,642	10,438
	74,776	94,633

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27 DECONSOLIDATION OF SUBSIDIARIES

In August 2016, the Group has deconsolidated IHC Management, IHC Australia, IHC Medical, IHC Healthcare REIT, IHC Australia First Trust and IHC Australia Second Trust as these subsidiaries are currently under receivership and the Group has no control over these subsidiaries as disclosed in note 25(a). Accordingly, the Group has deconsolidated the assets and liabilities of these subsidiaries in accordance with FRS 110 *Consolidated Financial Statements*.

The total effect of deconsolidation of these subsidiaries are as follows:

	2016 \$'000
Investment properties	116,861
Property, plant and equipment	2
Trade and other receivables	1,588
Other current assets	890
Trade and other payables	(3,839)
Loans and borrowings	(73,933)
Deferred tax liabilities	(570)
Income tax liabilities	(876)
Inter-company receivables	1,423
Inter-company payables	(54,847)
Net assets	(13,301)
Gain on deconsolidation	9,115
Realisation of foreign currency translation reserve	4,186
	—

28 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

28 FINANCIAL INSTRUMENTS (CONT'D)

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.

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 \$176,085,000 (2016: \$223,446,000). At the end of reporting date, 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

Within 1 year

After 1 year but within 5 years

2017 \$'000	2016 \$'000
281	281
908	1,116
1,189	1,397

Impairment loss

The ageing of trade and other receivables at the reporting date was:

Group

Not past due

Past due 1 – 90 days

Past due 91 – 180 days

More than 180 days

Gross 2017 \$'000	Impairment 2017 \$'000	Gross 2016 \$'000	Impairment 2016 \$'000
4,464	–	65,782	(12,182)
769	–	277	–
100	–	142	–
74,772	(39,370)	13,325	(9,827)
80,105	(39,370)	79,526	(22,009)

NOTES TO THE FINANCIAL STATEMENTS

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28 FINANCIAL INSTRUMENTS (CONT'D)

Credit risk (cont'd)

Impairment loss (cont'd)

	Gross 2017 \$'000	Impairment 2017 \$'000	Gross 2016 \$'000	Impairment 2016 \$'000
Company				
Not past due	165,248	(23,290)	171,099	(5,468)
Past due 1 – 90 days	–	–	–	–
Past due 91 – 180 days	–	–	–	–
More than 180 days	62,021	(27,969)	6,053	(4,568)
	227,269	(51,259)	177,152	(10,036)

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

	Group		Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
At 1 January	22,009	8,989	10,036	4,568
Currency translation differences	(193)	–	2,657	–
Allowance made	17,554	13,020	38,566	5,468
At 31 December	39,370	22,009	51,259	10,036

For cash and cash equivalents, the Group adopts the policy of dealing only with major banks of high credit standing throughout the world. Trade and other receivables that are neither past due nor impaired are substantially from companies with good collection track records with the Group.

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 2017

28 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					
2017					
Non-derivative financial liabilities					
Loans and borrowings	333,978	(355,747)	(186,322)	(169,425)	–
Trade and other payables*	31,265	(31,265)	(23,846)	–	(7,419)
	365,243	(387,012)	(210,168)	(169,425)	(7,419)
2016					
Non-derivative financial liabilities					
Loans and borrowings	310,954	(344,164)	(92,148)	(252,016)	–
Trade and other payables*	33,435	(33,435)	(25,772)	–	(7,663)
	344,389	(377,599)	(117,920)	(252,016)	(7,663)
* Excluding deferred revenue					
Company					
2017					
Non-derivative financial liabilities					
Loans and borrowings	171,681	(178,332)	(178,332)	–	–
Trade and other payables	42,126	(42,126)	(42,126)	–	–
Recognised financial liabilities	213,807	(220,458)	(220,458)	–	–
Financial guarantees	1,189	(176,085)	(6,660)	(169,425)	–
	214,996	(396,543)	(227,118)	(169,425)	–
2016					
Non-derivative financial liabilities					
Loans and borrowings	111,446	(116,683)	(66,387)	(50,296)	–
Trade and other payables	36,113	(36,113)	(36,113)	–	–
Recognised financial liabilities	147,559	(152,796)	(102,500)	(50,296)	–
Financial guarantees	1,397	(223,446)	(21,835)	(201,611)	–
	148,956	(376,242)	(124,335)	(251,907)	–

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

28 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") and Chinese Yuan Renminbi ("RMB").

The Group's exposures to various foreign currencies are shown in Singapore dollars, translated using the spot rate as at 31 December as follows:

	SGD \$'000	MYR \$'000	JPY \$'000	HKD \$'000	USD \$'000	RMB \$'000	Total \$'000
2017							
Financial assets							
Cash and cash equivalents	1,268	296	14,994	–	3,032	1,940	21,530
Trade and other receivables	36,269	249	251	–	–	4,316	41,085
	37,537	545	15,245	–	3,032	6,256	62,615
Financial liabilities							
Loans and borrowings	(171,681)	(23,943)	(137,026)	–	–	(1,328)	(333,978)
Trade and other payables	(11,624)	(2,299)	(7,917)	(814)	–	(8,611)	(31,265)
	(183,305)	(26,242)	(144,943)	(814)	–	(9,939)	(365,243)
Net financial (liabilities)/assets	(145,768)	(25,697)	(129,698)	(814)	3,032	(3,683)	(302,628)
Financial liabilities denominated in the respective entities' functional currencies	145,789	25,697	111,053	814	–	3,683	287,036
Intra-group balances denominated in the respective entities' functional currencies*	(47,888)	–	33,687	(2,191)	(8,363)	(8,970)	(33,725)
Net exposure	(47,867)	–	15,042	(2,191)	(5,331)	(8,970)	(49,317)

* 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 2017

28 FINANCIAL INSTRUMENTS (CONT'D)

Market risk (cont'd)

Currency risk (cont'd)

	SGD \$'000	MYR \$'000	JPY \$'000	HKD \$'000	USD \$'000	RMB \$'000	Total \$'000
2016							
Financial assets							
Cash and cash equivalents	62	2	13,985	–	22	1,115	15,186
Trade and other receivables	41,611	697	291	–	6,113	9,006	57,718
	41,673	699	14,276	–	6,135	10,121	72,904
Financial liabilities							
Loans and borrowings	(111,659)	(33,043)	(162,388)	–	–	(3,864)	(310,954)
Trade and other payables	(10,043)	(3,584)	(11,836)	(1,551)	–	(6,421)	(33,435)
	(121,702)	(36,627)	(174,224)	(1,551)	–	(10,285)	(344,389)
Net financial (liabilities)/assets	(80,029)	(35,928)	(159,948)	(1,551)	6,135	(164)	(271,485)
Financial liabilities/(assets) denominated in the respective entities' functional currencies	80,046	35,928	141,136	1,551	(414)	164	258,411
Intra-group balances denominated in the respective entities' functional currencies*	(19,491)	–	15,467	(2,367)	(8,967)	(23,449)	(38,807)
Net exposure	(19,474)	–	(3,345)	(2,367)	(3,246)	(23,449)	(51,881)

* Excluding intra-group balances for which settlement is neither planned nor likely to occur in the foreseeable future

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YEAR ENDED 31 DECEMBER 2017

28 FINANCIAL INSTRUMENTS (CONT'D)

Market risk (cont'd)

Currency risk (cont'd)

The Company's exposure to various foreign currencies are shown in Singapore dollars, translated using spot rate as at 31 December as follows:

	SGD \$'000	JPY \$'000	HKD \$'000	USD \$'000	RMB \$'000	Total \$'000
2017						
Financial assets						
Cash and cash equivalents	31	–	–	–	–	31
Trade and other receivables	166,277	9,807	–	–	–	176,084
	166,308	9,807	–	–	–	176,115
Financial liabilities						
Loans and borrowings	(171,681)	–	–	–	–	(171,681)
Trade and other payables	(41,122)	–	(2,193)	–	–	(43,315)
	(212,803)	–	(2,193)	–	–	(214,996)
Net financial (liabilities)/assets	(46,495)	9,807	(2,193)	–	–	(38,881)
Financial liabilities denominated in the Company's functional currency	46,495	–	–	–	–	46,495
Net exposure	–	9,807	(2,193)	–	–	7,614
2016						
Financial assets						
Cash and cash equivalents	24	–	–	–	–	24
Trade and other receivables	157,891	15	–	5,721	3,489	167,116
	157,915	15	–	5,721	3,489	167,140
Financial liabilities						
Loans and borrowings	(111,446)	–	–	–	–	(111,446)
Trade and other payables	(35,143)	–	(2,367)	–	–	(37,510)
	(146,589)	–	(2,367)	–	–	(148,956)
Net financial assets/(liabilities)	11,326	15	(2,367)	5,721	3,489	18,184
Financial assets denominated in the Company's functional currency	(11,326)	–	–	–	–	(11,326)
Net exposure	–	15	(2,367)	5,721	3,489	6,858

NOTES TO THE FINANCIAL STATEMENTS

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28 FINANCIAL INSTRUMENTS (CONT'D)

Market risk (cont'd)

Currency risk (cont'd)

Sensitivity analysis

A 5% strengthening of the Singapore dollar 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	
	2017 \$'000	2016 \$'000
Group		
SGD	(2,393)	(974)
JPY	(752)	167
HKD	110	118
USD	267	162
RMB	449	1,172
Company		
JPY	(490)	(1)
HKD	110	118
USD	—	(286)
RMB	—	(174)

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:

	Nominal amount	
	2017 \$'000	2016 \$'000
Group		
Loans and borrowings	143,343	177,826
Company		
Loans and borrowings	—	7,958

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

28 FINANCIAL INSTRUMENTS (CONT'D)

Market risk (cont'd)

Interest rate risk (cont'd)

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 2017		
Loans and borrowings	(1,433)	1,433
31 December 2016		
Loans and borrowings	(1,778)	1,778
Company		
31 December 2016		
Loans and borrowings	(80)	80

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.

As disclosed in notes 1 and 2, the Company became a subsidiary of OUE Limited through its wholly-owned subsidiary, Treasure International Holdings Pte. Ltd. (collectively "OUE") on 2 March 2017. As the Group is part of a larger group, the Group's sources of additional capital may also be affected by OUE'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 director's 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

28 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.

Group	Carrying amount			Fair value			
	Loans and receivables \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
31 December 2017							
Financial assets not measured at fair value							
Trade and other receivables*	41,085	–	41,085				
Cash and cash equivalents	21,530	–	21,530				
	62,615	–	62,615				
Financial liabilities not measured at fair value							
Loans and borrowings	–	(328,228)	(328,228)				
MTN	–	(5,750)	(5,750)	–	(5,678)	–	(5,678)
Trade and other payables#	–	(23,846)	(23,846)				
Rental deposits received	–	(7,419)	(7,419)	–	–	(5,715)	(5,715)
	–	(365,243)	(365,243)				
31 December 2016							
Financial assets not measured at fair value							
Trade and other receivables*	57,718	–	57,718				
Cash and cash equivalents	15,186	–	15,186				
	72,904	–	72,904				
Financial liabilities not measured at fair value							
Loans and borrowings	–	(211,698)	(211,698)				
MTN	–	(99,256)	(99,256)	(67,063)	–	–	(67,063)
Trade and other payables#	–	(25,772)	(25,772)				
Rental deposits received	–	(7,663)	(7,663)	–	–	(3,300)	(3,300)
	–	(344,389)	(344,389)				

* Excluding prepayments

Excluding rental deposits received and deferred revenue

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

28 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

	Carrying amount			Fair value			
	Loans and receivables \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Company							
31 December 2017							
Financial assets not measured at fair value							
Trade and other receivables*	176,084	–	176,084				
Cash and cash equivalents	31	–	31				
	176,115	–	176,115				
Financial liabilities not measured at fair value							
Loans and borrowings	–	(165,931)	(165,931)				
MTN	–	(5,750)	(5,750)	–	(5,678)	–	(5,678)
Trade and other payables	–	(43,315)	(43,315)				
	–	(214,996)	(214,996)				
31 December 2016							
Financial assets not measured at fair value							
Trade and other receivables	167,116	–	167,116				
Cash and cash equivalents	24	–	24				
	167,140	–	167,140				
Financial liabilities not measured at fair value							
Loans and borrowings	–	(12,190)	(12,190)				
MTN	–	(99,256)	(99,256)	(67,063)	–	–	(67,063)
Trade and other payables	–	(37,510)	(37,510)				
	–	(148,956)	(148,956)				

* Excluding prepayments

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

28 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

Financial instruments not measured at fair value

Type	Valuation technique
Group and Company	
Loans and borrowings:	
– MTN	Market quoted prices
Group	
Rental deposits received	Discounted cash flows

Transfers between Level 1 and 2

The Group and the Company's MTN with a carrying amount \$5,750,000 were transferred from Level 1 to Level 2 because the quoted prices for the MTN are in markets that are inactive.

29 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	
	2017 \$'000	2016 \$'000
Rental expense paid/payable to an affiliated corporation	(20)	–
Rental expense paid/payable to a fellow subsidiary	(22)	–
Interest expense paid/payable to a fellow subsidiary	(754)	–
Interest expense paid/payable to a shareholder	(3,540)	–
Guarantee income received/receivable from related corporations	–	1,192
Consultancy fee paid to a director of the Company	–	(105)

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group.

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29 RELATED PARTY TRANSACTIONS (CONT'D)

Key management personnel compensation comprised:

	Group	
	2017 \$'000	2016 \$'000
Salaries and other short-term employee benefits	248	607
Directors' fees of the Company	351	338
Post-employment benefits (including contributions to defined contribution plan)	14	26
	613	971

Included in the above is total compensation to directors of the Company amounting to \$351,000 (2016: \$578,000).

30 OPERATING SEGMENTS

The Group has the following two (2016: two) 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 services (PRC) – operation of hospital and trading of pharmaceutical supplies and drugs.
- (ii) Property investments (Japan, PRC and Malaysia) – rental of investment properties owned by the Group.

Other operations mainly comprise a head office function, including mostly senior management staff. None of these segments meets any of the quantitative thresholds for determining reportable segments in 2017 and 2016.

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.

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30 OPERATING SEGMENTS (CONT'D)

Information about reportable segments

	Healthcare services \$'000	Property investment \$'000	Others \$'000	Total \$'000
2017				
Revenue				
External revenue	26,860	16,711	–	43,571
Inter-segment revenue	–	–	1,177	1,177
Segment revenue (including inter-segment revenue)	26,860	16,711	1,177	44,748
Segment (loss)/profit before tax	(1,203)	8,481	(89,043)	(81,765)
Depreciation	(1,763)	–	(70)	(1,833)
Amortisation	(524)	–	–	(524)
Finance expenses	(133)	(7,591)	(11,630)	(19,354)
Interest income	4	–	186	190
Other material non-cash items				
– Fair value gains on investment properties	–	588	–	588
– Fair value gains/(losses) on investment properties under development	340	(83)	–	257
– Provisions for legal and related expenses	–	–	(46,000)	(46,000)
– Impairment losses on trade and other receivables	–	–	(17,554)	(17,554)
Reportable segment assets	55,346	393,795	39,300	488,441
Additions to:				
– Property, plant and equipment	529	–	399	928
– Investment properties	–	51	–	51
– Investment properties under development	295	16	–	311
Reportable segment liabilities	7,997	154,357	250,286	412,640
Current tax liabilities				1,051
Deferred tax liabilities				36,715
				450,406

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

30 OPERATING SEGMENTS (CONT'D)

Information about reportable segments (cont'd)

	Healthcare services \$'000	Property investment \$'000	Others \$'000	Total \$'000
2016				
Revenue				
External revenue	25,289	23,771	–	49,060
Inter-segment revenue	–	–	–	–
Segment revenue (including inter-segment revenue)	25,289	23,771	–	49,060
Segment loss before tax	(54,446)	(6,808)	(14,562)	(75,816)
Depreciation	(1,099)	(3)	(61)	(1,163)
Amortisation	(534)	–	–	(534)
Finance expenses	(317)	(20,110)	(6,872)	(27,299)
Interest income	2	4	187	193
Other material non-cash items				
– Fair value losses on investment properties under development	–	(18,799)	–	(18,799)
– Gain on deconsolidation of subsidiaries	–	–	9,115	9,115
– Impairment losses on trade and other receivables	(1,908)	–	(13,020)	(14,928)
– Impairment loss on goodwill	(32,627)	–	–	(32,627)
Reportable segment assets	8,039	444,375	55,759	508,173
Additions to:				
– Property, plant and equipment	2,100	–	7	2,107
– Investment properties	–	560	–	560
Reportable segment liabilities	9,044	208,641	128,146	345,831
Current tax liabilities				1,080
Deferred tax liabilities				29,494
				376,405

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

30 OPERATING SEGMENTS (CONT'D)

Reconciliation of reportable segment revenue and loss before tax

Revenue

Total revenue for reportable segments
Revenue for other segment
Elimination of inter-segment revenue
Consolidated total revenue

Profit or loss

Total loss before tax for:
– Reportable segments
– Other segment
Consolidated loss before tax

2017 \$'000	2016 \$'000
43,571	49,060
1,177	–
(1,177)	–
43,571	49,060
7,278	(61,254)
(89,043)	(14,562)
(81,765)	(75,816)

Reconciliations of reportable segment assets and liabilities

Assets

Total assets for reportable segments
Assets for other segments
Consolidated total assets

Liabilities

Total liabilities for reportable segments
Liabilities for other segments
Other unallocated amounts
– Current tax liabilities
– Deferred tax liabilities
Consolidated total liabilities

2017 \$'000	2016 \$'000
449,141	452,414
39,300	55,759
488,441	508,173
162,354	217,685
250,286	128,146
1,051	1,080
36,715	29,494
450,406	376,405

Geographical information

	Revenue		Non-current assets*	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Australia	–	6,503	–	–
Japan	16,711	17,268	287,823	296,636
Malaysia	–	–	59,453	57,897
PRC	26,860	25,289	76,386	79,292
Singapore	–	–	361	53
	43,571	49,060	424,023	433,878

* Non-current assets relate to the carrying amounts of property, plant and equipment, intangible assets, investment properties, investment properties under development and lease prepayments.

There is no single external customer who contributes more than 10% of the Group's revenue during the years ended 31 December 2017 and 2016.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

31 SUBSEQUENT EVENTS

There were the following events subsequent to the reporting date:

- (i) On 2 January 2018, the Group acquired 100% equity interests in Brainy World Holdings Limited ("BWH"), a limited company incorporated in the British Virgin Islands for a consideration of HKD\$14,578,000 (equivalent to \$2,544,000) for the purchase of the entire issued share capital of BWH and the assignment of the outstanding loan due from Lippo Investments Limited. Lippo Investments Limited is an affiliated corporation of the Group. The acquisition provides the Group with the opportunity to grow its business in PRC where the demand for specialised and quality healthcare services is expected to increase.
- (ii) On 15 February 2018, the Company completed the allotment and issuance of 562,500,000 placement shares to Brownly Healthcare Pte. Ltd. with the aggregate placement consideration of \$78,750,000. Brownly Healthcare Pte. Ltd. is an indirect wholly-owned subsidiary of ITOCHU Corporation, a company listed on the Tokyo Stock Exchange. The total issued share capital of the Company increased from 1,659,064,603 shares to 2,221,564,603 shares.

32 COMPARATIVE INFORMATION

Change in classification

During the year, reclassifications were made to the comparative figures in the consolidated statement of cash flows for the year ended 31 December 2016, to better reflect the substance of the transactions. As a result, the Group has reclassified the interest paid from cash flows from operating activities to cash flows from financing activities and reallocated the payment of finance lease liability from repayment of borrowings within cash flows from financing activities.

Arising therefrom, certain comparatives in the Group's consolidated statement of cash flows have been reclassified to be consistent with the current year's presentation, as set out below:

	As previously reported \$'000	Reclassification \$'000	As restated \$'000
Consolidated statement of cash flows			
Cash flows from operating activities			
Interest paid	(27,725)	27,725	–
Cash flows from financing activities			
Repayment of borrowings	(14,013)	552	(13,461)
Payment of finance lease liability	–	(552)	(552)
Interest paid	–	(27,725)	(27,725)

These amounts are reclassifications within the consolidated statement of cash flows and do not have any material effect on the consolidated statement of comprehensive income and statements of financial position for the year ended 31 December 2016.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

33 FULL CONVERGENCE WITH SINGAPORE FINANCIAL REPORTING STANDARDS (INTERNATIONAL) ("SFRS(I)") AND ADOPTION OF NEW STANDARDS

Applicable to 2018 financial statements

In December 2017, the Accounting Standards Council (ASC) issued the SFRS(I). Singapore-incorporated companies that have issued, or are in the process of issuing, equity or debt instruments for trading in a public market in Singapore, will apply SFRS(I) with effect from annual periods beginning on or after 1 January 2018.

The Group's financial statements for the financial year ending 31 December 2018 will be prepared in accordance with SFRS(I). As a result, this will be the last set of financial statements prepared under the current FRS.

In adopting the new framework, the Group will be required to apply the specific transition requirements in SFRS(I) 1 *First-time Adoption of International Financial Reporting Standards*.

In addition to the adoption of the new framework, the following new SFRS(I), amendments to and interpretations of SFRS(I) are effective from the same date.

- SFRS(I) 15 *Revenue from Contracts with Customers* and Amendments to SFRS(I) 15 *Clarifications to IFRS 15*;
- SFRS(I) 9 *Financial Instruments*;
- *Transfers of Investment Property* (Amendments to IAS 40);
- *Deletion of short-term exemptions for first-time adopters* (Amendments to SFRS(I) 1); and
- IFRIC 22 *Foreign Currency Transactions and Advance Consideration*.

The Group does not expect the application of the above standards and interpretations to have a significant impact on the financial statements, except for SFRS(I) 1.

Summary of quantitative impact

The Group is currently finalising the transition adjustments. The following reconciliation provide an estimate of the expected impacts on initial application of SFRS(I) 1 on the Group's financial position as at 31 December 2017 and 1 January 2018. It is not expected to have any significant impact on the initial application of SFRS(I) 1 on the Company's financial position as at 31 December 2017 and 1 January 2018 and the Group's consolidated statement of comprehensive income for the year ended 31 December 2017.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

33 FULL CONVERGENCE WITH SINGAPORE FINANCIAL REPORTING STANDARDS (INTERNATIONAL) ("SFRS(I)") AND ADOPTION OF NEW STANDARDS (CONT'D)

Statement of Financial Position

		1 January 2018		
	Note	Current frame-work \$'000	SFRS(I) 1 \$'000	SFRS(I) frame-work \$'000
Assets				
Property, plant and equipment		6,520	–	6,520
Intangible assets and goodwill		467	–	467
Investment properties		287,784	–	287,784
Investment properties under development		123,712	–	123,712
Lease prepayments		5,540	–	5,540
Non-current assets		424,023	–	424,023
Inventories		1,137	–	1,137
Trade and other receivables		41,751	–	41,751
Cash and cash equivalents		21,530	–	21,530
Current assets		64,418	–	64,418
Total assets		488,441	–	488,441
Equity				
Share capital		192,707	–	192,707
Merger reserve		(65,742)	–	(65,742)
Asset revaluation reserve		3,630	–	3,630
Foreign currency translation reserve	(i)	(6,538)	2,787	(3,751)
Statutory surplus reserve		327	–	327
Accumulated profits	(i)	(86,423)	(2,787)	(89,210)
Equity attributable to owners of the Company		37,961	–	37,961
Non-controlling interests		74	–	74
Total equity		38,035	–	38,035
Liabilities				
Loans and borrowings		160,164	–	160,164
Trade and other payables		7,419	–	7,419
Deferred tax liabilities		36,715	–	36,715
Non-current liabilities		204,298	–	204,298
Loans and borrowings		173,814	–	173,814
Trade and other payables		25,243	–	25,243
Provisions		46,000	–	46,000
Current tax liabilities		1,051	–	1,051
Current liabilities		246,108	–	246,108
Total liabilities		450,406	–	450,406
Total equity and liabilities		488,441	–	488,441

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

33 FULL CONVERGENCE WITH SINGAPORE FINANCIAL REPORTING STANDARDS (INTERNATIONAL) ("SFRS(I)") AND ADOPTION OF NEW STANDARDS (CONT'D)

SFRS(I) 1

When the Group adopts SFRS(I) in 2018, the Group will apply SFRS(I) 1 with 1 January 2017 as the date of transition for the Group and the Company. SFRS(I) 1 generally requires that the Group applies SFRS(I) on a retrospective basis, as if such accounting policy had always been applied. If there are changes to accounting policies arising from new or amended standards effective in 2018, restatement of comparatives may be required because SFRS(I) 1 requires both the opening balance sheet and comparative information to be prepared using the most current accounting policies. SFRS(I) 1 provides mandatory exceptions and optional exemptions from retrospective application, but these are often different from those specific transition provisions in individual FRSs applied to the FRS financial statements. Except as described below, the Group does not expect the application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 to have any significant impact on the financial statements.

(i) Foreign currency translation reserve (FCTR)

The Group plans to elect the optional exemption in SFRS(I) 1 to reset its cumulative FCTR for all foreign operations to nil at the date of transition, and reclassify the cumulative FCTR of \$2,787,000 as at 1 January 2017 determined in accordance with FRS at that date to retained earnings. After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before the date of transition.

The Group expects the cumulative FCTR to increase by \$2,787,000 and retained earnings to decrease by the same amount as at 31 December 2017.

Applicable to financial statements for the year 2019 and thereafter

The following new SFRS(I), amendments to and interpretations of SFRS(I) are effective for annual periods beginning after 1 January 2018:

Applicable to 2019 financial statements

- SFRS(I) 16 *Leases*
- IFRIC 23 *Uncertainty over Income Tax Treatments*
- *Long-term Interests in Associates and Joint Ventures* (Amendments to SFRS(I) 1-28)
- *Prepayment Features with Negative Compensation* (Amendments to SFRS(I) 9)

The Group is still in the process of assessing the impact of the new SFRS(I), amendments to and interpretations of SFRS(I) on the financial statements. The Group's preliminary assessment of SFRS(I) 16, which is expected to have a more significant impact on the Group, is as described below.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

33 FULL CONVERGENCE WITH SINGAPORE FINANCIAL REPORTING STANDARDS (INTERNATIONAL) ("SFRS(I)") AND ADOPTION OF NEW STANDARDS (CONT'D)

SFRS(I) 16

SFRS(I) 16 replaces existing lease accounting guidance. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if SFRS(I) 15 is also applied. SFRS(I) 16 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The Group plans to adopt the standard when it becomes effective in 2019 and expects to apply the standard using the modified retrospective approach. The Group also expects the ROU assets recognised at date of initial application to be equal to their lease liabilities.

The Group is likely to elect the practical expedient not to reassess whether a contract contains a lease at the date of initial application, 1 January 2019. Accordingly, existing lease contracts that are still effective on 1 January 2019 continue to be accounted for as lease contracts under SFRS(I) 16. The Group has performed a preliminary assessment of the impact on its financial statements based on its existing operating lease arrangements (see note 26).

Until 2018, the approximate financial impact of the standard is unknown due to factors that impact calculation of lease liabilities such as discount rate, expected term of leases including renewal options and exemptions for short-term leases. The Group will continue to assess its portfolio of leases to calculate the impending impact of transition to the new standard.

(i) The Group as lessee

The Group expects its existing operating lease arrangements to be recognised as ROU assets with corresponding lease liabilities under SFRS(I) 16. The operating lease commitments on an undiscounted basis amount to approximately 0.15% of the consolidated total assets and 0.16% of consolidated total liabilities. Under the new standard, remaining lease payments of the operating leases will be recognised at their present value discounted using appropriate discount rate. In addition, the nature of expenses related to those leases will now change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge of ROU assets and interest expense on lease liabilities.

(ii) The Group as lessor

SFRS(I) 16 substantially carries forward the current existing lessor accounting requirements. Accordingly, the Group continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the existing operating lease and finance lease accounting models respectively. However, SFRS(I) 16 requires more extensive disclosures to be provided by a lessor.

STATISTICS OF SHAREHOLDINGS

AS AT 5 MARCH 2018

SHARE CAPITAL

Issued and fully paid	:	S\$277,169,174
Number of shares issued and fully paid	:	2,221,564,603 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	563	12.54	24,886	0.00
100 – 1,000	1,059	23.59	520,846	0.02
1,001 – 10,000	1,936	43.13	8,378,205	0.38
10,001 – 1,000,000	903	20.12	74,433,706	3.35
1,000,001 AND ABOVE	28	0.62	2,138,206,960	96.25
TOTAL	4,489	100.00	2,221,564,603	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	OCBC SECURITIES PRIVATE LIMITED	1,431,756,364	64.45
2	BROWNY HEALTHCARE PTE. LTD.	562,500,000	25.32
3	THE ENTERPRISE FUND III LTD	59,304,800	2.67
4	GOI SENG HUI	15,356,600	0.69
5	TAN KHEEN SENG @ JOHN	7,450,549	0.34
6	YEO KAY BENG	6,500,000	0.29
7	ZENG LIREN	6,150,000	0.28
8	JIMMY LEE PENG SIEW	5,123,000	0.23
9	DBS NOMINEES (PRIVATE) LIMITED	4,765,585	0.21
10	RAFFLES NOMINEES (PTE) LIMITED	4,351,703	0.20
11	CITIBANK NOMINEES SINGAPORE PTE LTD	3,395,177	0.15
12	TAN KOON	3,300,874	0.15
13	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	3,095,497	0.14
14	MAYBANK KIM ENG SECURITIES PTE. LTD.	2,538,594	0.11
15	RHB SECURITIES SINGAPORE PTE. LTD.	2,521,770	0.11
16	CHUA BOON HIONG	2,500,000	0.11
17	LIM CHIENG CHIENG	2,050,000	0.09
18	FAN ZONGMEI	1,920,000	0.09
19	POH THIAM SIEW	1,800,000	0.08
20	JANE ANG LI HUA (HONG LIHUA)	1,600,000	0.07
TOTAL		2,127,980,513	95.78

SUBSTANTIAL SHAREHOLDERS

AS SHOWN IN THE COMPANY'S REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 5 MARCH 2018

	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Treasure International Holdings Pte. Ltd.	1,429,514,500	64.35 ⁽²⁷⁾	–	–
Brownly Healthcare Pte. Ltd.	562,500,000	25.32 ⁽²⁷⁾	–	–
OUE Limited ⁽¹⁾	–	–	1,429,514,500	64.35 ⁽²⁷⁾
OUE Realty Pte. Ltd. ⁽²⁾	–	–	1,429,514,500	64.35 ⁽²⁷⁾
Golden Concord Asia Limited ⁽³⁾	–	–	1,429,514,500	64.35 ⁽²⁷⁾
Fortune Code Limited ⁽⁴⁾	–	–	1,429,514,500	64.35 ⁽²⁷⁾
Lippo ASM Asia Property Limited ⁽⁵⁾	–	–	1,429,514,500	64.35 ⁽²⁷⁾
Pacific Landmark Holdings Limited ⁽⁶⁾	–	–	1,429,514,500	64.35 ⁽²⁷⁾
HKC Property Investment Holdings Limited ⁽⁷⁾	–	–	1,429,514,500	64.35 ⁽²⁷⁾
Hongkong Chinese Limited ⁽⁸⁾	–	–	1,429,514,500	64.35 ⁽²⁷⁾
Hennessy Holdings Limited ⁽⁹⁾	–	–	1,429,514,500	64.35 ⁽²⁷⁾
Prime Success Limited ⁽¹⁰⁾	–	–	1,429,514,500	64.35 ⁽²⁷⁾
Lippo Limited ⁽¹¹⁾	–	–	1,429,514,500	64.35 ⁽²⁷⁾
Lippo Capital Limited ⁽¹²⁾	–	–	1,429,514,500	64.35 ⁽²⁷⁾
Lippo Capital Holdings Company Limited ⁽¹³⁾	–	–	1,429,514,500	64.35 ⁽²⁷⁾
Lippo Capital Group Limited ⁽¹⁴⁾	–	–	1,429,514,500	64.35 ⁽²⁷⁾
PT Trijaya Utama Mandiri ⁽¹⁵⁾	–	–	1,429,514,500	64.35 ⁽²⁷⁾
Admiralty Station Management Limited ⁽¹⁶⁾	–	–	1,429,514,500	64.35 ⁽²⁷⁾
ASM Asia Recovery (Master) Fund ⁽¹⁷⁾	–	–	1,429,514,500	64.35 ⁽²⁷⁾
ASM Asia Recovery Fund ⁽¹⁸⁾	–	–	1,429,514,500	64.35 ⁽²⁷⁾
Argyle Street Management Limited ⁽¹⁹⁾	–	–	1,429,514,500	64.35 ⁽²⁷⁾
Argyle Street Management Holdings Limited ⁽²⁰⁾	–	–	1,429,514,500	64.35 ⁽²⁷⁾
Mr. James Tjahaja Riady ⁽²¹⁾	–	–	1,429,514,500	64.35 ⁽²⁷⁾
Dr. Stephen Riady ⁽²²⁾	–	–	1,429,514,500	64.35 ⁽²⁷⁾
Mr. Kin Chan ⁽²³⁾	–	–	1,429,514,500	64.35 ⁽²⁷⁾
Mr. V-Nee Yeh ⁽²⁴⁾	–	–	1,429,514,500	64.35 ⁽²⁷⁾
ITOCHU Singapore Pte Ltd ⁽²⁵⁾	–	–	562,500,000	25.32 ⁽²⁷⁾
ITOCHU Corporation ⁽²⁶⁾	–	–	562,500,000	25.32 ⁽²⁷⁾

- (1) OUE Limited ("OUE") is the holding company of Treasure International Holdings Pte. Ltd. ("TIHPL"). Accordingly, OUE has a deemed interest in the shares held by TIHPL.
- (2) OUE Realty Pte. Ltd. ("OUER") is the holding company of OUE. Accordingly, OUER has a deemed interest in the shares in which OUE has an interest.
- (3) Golden Concord Asia Limited ("GCAL") is the holding company of OUER, and an intermediate holding company of OUE. Accordingly, GCAL has a deemed interest in the shares in which OUE has an interest.
- (4) Fortune Code Limited ("FCL") is the holding company of GCAL, and an intermediate holding company of OUE. Accordingly, FCL has a deemed interest in the shares in which OUE has an interest.
- (5) Lippo ASM Asia Property Limited ("LAAPL") is the holding company of FCL. FCL is an intermediate holding company of OUE. Accordingly, LAAPL has a deemed interest in the shares in which OUE has an interest.
- (6) OUE is a subsidiary of LAAPL which is jointly held by Admiralty Station Management Limited ("Admiralty") and Pacific Landmark Holdings Limited ("Pacific Landmark"). Accordingly, Pacific Landmark has a deemed interest in the shares in which OUE has an interest.

SUBSTANTIAL SHAREHOLDERS

AS SHOWN IN THE COMPANY'S REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 5 MARCH 2018

- (7) OUE is a subsidiary of LAAPL which is jointly held by Admiralty and Pacific Landmark. HKC Property Investment Holdings Limited ("**HKC Property**") is the holding company of Pacific Landmark. Accordingly, HKC Property has a deemed interest in the shares in which OUE has an interest.
- (8) OUE is a subsidiary of LAAPL which is jointly held by Admiralty and Pacific Landmark. Hongkong Chinese Limited ("**HCL**") is an intermediate holding company of Pacific Landmark. Accordingly, HCL has a deemed interest in the shares in which OUE has an interest.
- (9) OUE is a subsidiary of LAAPL which is jointly held by Admiralty and Pacific Landmark. Hennessy Holdings Limited ("**Hennessy**") is an intermediate holding company of Pacific Landmark. Accordingly, Hennessy has a deemed interest in the shares in which OUE has an interest.
- (10) OUE is a subsidiary of LAAPL which is jointly held by Admiralty and Pacific Landmark. Prime Success Limited ("**PSL**") is an intermediate holding company of Pacific Landmark. Accordingly, PSL has a deemed interest in the shares in which OUE has an interest.
- (11) OUE is a subsidiary of LAAPL which is jointly held by Admiralty and Pacific Landmark. Lippo Limited ("**LL**") is an intermediate holding company of Pacific Landmark. Accordingly, LL has a deemed interest in the shares in which OUE has an interest.
- (12) OUE is a subsidiary of LAAPL which is jointly held by Admiralty and Pacific Landmark. Lippo Capital Limited ("**LCL**") is an intermediate holding company of Pacific Landmark. Accordingly, LCL has a deemed interest in the shares in which OUE has an interest.
- (13) OUE is a subsidiary of LAAPL which is jointly held by Admiralty and Pacific Landmark. Lippo Capital Holdings Company Limited ("**LCH**") is an intermediate holding company of Pacific Landmark. Accordingly, LCH has a deemed interest in the shares in which OUE has an interest.
- (14) OUE is a subsidiary of LAAPL which is jointly held by Admiralty and Pacific Landmark. Lippo Capital Group Limited ("**LCG**") is the holding company of LCH, which in turn is an intermediate holding company of Pacific Landmark. Accordingly, LCG has a deemed interest in the shares in which OUE has an interest.
- (15) OUE is a subsidiary of LAAPL which is jointly held by Admiralty and Pacific Landmark. PT Trijaya Utama Mandiri ("**PT Trijaya**") holds more than 20% of the shares in LCL, which is an intermediate holding company of Pacific Landmark. Accordingly, PT Trijaya has a deemed interest in the shares in which OUE has an interest.
- (16) LAAPL is an intermediate holding company of OUE, and LAAPL is jointly held by Admiralty and Pacific Landmark. Accordingly, Admiralty has a deemed interest in the shares in which OUE has an interest.
- (17) ASM Asia Recovery (Master) Fund ("**AARMF**") is a majority shareholder of Admiralty. LAAPL is an intermediate holding company of OUE, and LAAPL is jointly held by Admiralty and Pacific Landmark. Accordingly, AARMF has a deemed interest in the shares in which OUE has an interest.
- (18) ASM Asia Recovery Fund ("**AARF**") is a majority shareholder of AARMF. AARMF is a majority shareholder of Admiralty. LAAPL is an intermediate holding company of OUE, and LAAPL is jointly held by Admiralty and Pacific Landmark. Accordingly, AARF has a deemed interest in the shares in which OUE has an interest.
- (19) Argyle Street Management Limited ("**ASML**") manages AARF, a majority shareholder of AARMF. AARMF is a majority shareholder of Admiralty. LAAPL is an intermediate holding company of OUE, and LAAPL is jointly held by Admiralty and Pacific Landmark. Accordingly, ASML has a deemed interest in the shares in which OUE has an interest.
- (20) Argyle Street Management Holdings Limited ("**ASMHL**") is the holding company of ASML. ASML manages AARF, a majority shareholder of AARMF. AARMF is a majority shareholder of Admiralty. LAAPL is an intermediate holding company of OUE, and LAAPL is jointly held by Admiralty and Pacific Landmark. Accordingly, ASMHL has a deemed interest in the shares in which OUE has an interest.
- (21) Mr. James Tjahaja Riady effectively holds all the shares in PT Trijaya, which holds more than 20% of the shares in LCL. LCL is an intermediate holding company of Pacific Landmark. OUE is a subsidiary of LAAPL which is jointly held by Admiralty and Pacific Landmark. Accordingly, Mr. James Tjahaja Riady has a deemed interest in the shares in which OUE has an interest.
- (22) Dr. Stephen Riady holds all the shares in LCG, which is the holding company of LCH. LCH is an intermediate holding company of Pacific Landmark. Pacific Landmark and Admiralty jointly hold LAAPL. LAAPL is the indirect holding company of TIHPL. TIHPL has a direct interest in 1,429,514,500 shares. Accordingly, Dr. Stephen Riady has a deemed interest in the shares held by TIHPL.

SUBSTANTIAL SHAREHOLDERS

AS SHOWN IN THE COMPANY'S REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 5 MARCH 2018

- (23) Mr. Kin Chan is the beneficial owner of more than 20% of the issued share capital of ASMHL, the holding company of ASML. ASML manages AARF, a majority shareholder of AARMF. AARMF is a majority shareholder of Admiralty. LAAPL is an intermediate holding company of OUE, and LAAPL is jointly held by Admiralty and Pacific Landmark. Accordingly, Mr. Kin Chan has a deemed interest in the shares in which OUE has an interest.
- (24) Mr. V-Nee Yeh is the beneficial owner of more than 20% of the issued share capital of ASMHL, the holding company of ASML. ASML manages AARF, a majority shareholder of AARMF. AARMF is a majority shareholder of Admiralty. LAAPL is an intermediate holding company of OUE, and LAAPL is jointly held by Admiralty and Pacific Landmark. Accordingly, Mr. V-Nee Yeh has a deemed interest in the Shares in which OUE has an interest.
- (25) ITOCHU Singapore Pte. Ltd. ("**ITOCHU SG**") holds 60 per cent. of the issued share capital of Browny Healthcare Pte. Ltd. ("**BHL**") Accordingly, ITOCHU SG has a deemed interest in the shares held by BHL.
- (26) ITOCHU Corporation ("**ITOCHU Corp**") is the holding company of ITOCHU SG. ITOCHU Corp holds 60 per cent. of the issued share capital of BHL. Accordingly, ITOCHU Corp has a deemed interest in the shares held by BHL.
- (27) The shareholding percentage is calculated based on 2,221,564,603 issued shares as at 5 March 2018.

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 5 March 2018, approximately 10.33% of its listed shares were held in the hands of the public.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN That Annual General Meeting of **OUE LIPPO HEALTHCARE LIMITED** will be held at No. 1 Marina Boulevard, Level 7 Stephen Riady Auditorium @ NTUC, NTUC Centre, Singapore 018989 on Tuesday, 24 April 2018 at 10:00 a.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 ended 31 December 2017 and the Auditors' Report thereon. **(Resolution 1)**
2. To re-elect Mr. Lee Yi Shyan, a Director retiring pursuant to Article 92 of the Company's Constitution and who, being eligible, offer himself for re-election. [See Explanatory Note (a)] **(Resolution 2)**
3. To re-elect Dr. Stephen Riady, a Director retiring pursuant to Article 92 of the Company's Constitution and who, being eligible, offer himself for re-election. [See Explanatory Note (b)] **(Resolution 3)**
4. To re-elect Dr. Wong Weng Hong, a Director retiring pursuant to Article 92 of the Company's Constitution and who, being eligible, offer himself for re-election. [See Explanatory Note (c)] **(Resolution 4)**
5. To re-elect Mr. Johji Sato, a Director retiring pursuant to Article 92 of the Company's Constitution and who, being eligible, offer himself for re-election. [See Explanatory Note (d)] **(Resolution 5)**
6. To re-elect Mr. Masato Mohri, a Director retiring pursuant to Article 92 of the Company's Constitution and who, being eligible, offer himself for re-election. [See Explanatory Note (e)] **(Resolution 6)**
7. To re-elect Mr. Eric Sho Kian Hin as a Director retiring by rotation under Article 93 of the Company's Constitution. [See Explanatory Note (f)] **(Resolution 7)**
8. To approve the payment of S\$350,826.38 as Director's Fees for the financial year ended 31 December 2017. **(Resolution 8)**
9. To re-appoint Messrs KPMG LLP as the Company's External Auditors and to authorize the Directors to fix their remuneration. **(Resolution 9)**
10. To transact any other ordinary business that may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS:

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution, with or without modifications:

11. "SHARE ISSUE MANDATE"

That pursuant to Section 161 of the Companies Act, Cap. 50 of Singapore 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,

NOTICE OF ANNUAL GENERAL MEETING

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

- 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 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 granted 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 outstanding or subsisting at the time of the passing of this Resolution, 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;
- (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." [See Explanatory Note (g)]

(Resolution 10)

By Order of the Board

Ng Ngai
Company Secretary

Singapore, 4 April 2018

NOTICE OF ANNUAL GENERAL MEETING

Notes:–

1. Save as provided in the Constitution, a member (other than a Relevant Intermediary*) entitled to attend and vote at the Annual General Meeting is entitled to appoint up to two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. A Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).
3. The instrument appointing a proxy must be lodged at the registered office of the Company at 9 Battery Road #15-01 Singapore 049910 not less than forty-eight (48) hours before the time fixed for the Annual General Meeting.

* A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

EXPLANATORY NOTES:

- (a) **Resolution 2** – Re-election of Mr. Lee Yi Shyan, a Director retiring under Article 92 of the Company's Constitution and who, being eligible, offer himself for re-election.

Mr. Lee Yi Shyan, upon re-election, will continue as a Non-Independent and Non-Executive Chairman of the Company. The profile of Mr. Lee Yi Shyan can be found under the sections entitled "Board of Directors" and the "Corporate Governance Report" in the Annual Report 2017.

- (b) **Resolution 3** – Re-election of Dr. Stephen Riady, a Director retiring under Article 92 of the Company's Constitution and who, being eligible, offer himself for re-election.

Dr. Stephen Riady, upon re-election, will continue as a Non-Independent and Non-Executive Director of the Company. The profile of Dr. Stephen Riady can be found under the sections entitled "Board of Directors" and the "Corporate Governance Report" in the Annual Report 2017.

- (c) **Resolution 4** – Re-election of Dr. Wong Weng Hong, a Director retiring under Article 92 of the Company's Constitution and who, being eligible, offer himself for re-election.

Dr. Wong Weng Hong, upon re-election, will continue as a Chief Executive Officer and Executive Director of the Company. The profile of Dr. Wong Weng Hong can be found under the sections entitled "Board of Directors" and the "Corporate Governance Report" in the Annual Report 2017.

- (d) **Resolution 5** – Re-election of Mr. Johji Sato, a Director retiring under Article 92 of the Company's Constitution and who, being eligible, offer himself for re-election.

Mr. Johji Sato, upon re-election, will continue as an Independent Director of the Company and member of the Audit and Risk Committee of the Company. The profile of Mr. Johji Sato can be found under the sections entitled "Board of Directors" and the "Corporate Governance Report" in the Annual Report 2017. He will be considered Independent for the purpose of Rule 704(7) of the Catalyst Rules.

- (e) **Resolution 6** – Re-election of Mr. Masato Mohri, a Director retiring under Article 92 of the Company's Constitution and who, being eligible, offer himself for re-election.

Mr. Masato Mohri, upon re-election, will continue as a Non-Independent and Non-Executive Director of the Company and a member of the Nominating and Remuneration Committee of the Company. The profile of Mr. Masato Mohri can be found under the sections entitled "Board of Directors" and the "Corporate Governance Report" in the Annual Report 2017.

- (f) **Resolution 7** – Re-election of Mr. Eric Sho Kian Hin as a Director retiring by rotation under Article 93 of the Company's Constitution.

Mr. Eric Sho Kian Hin will, upon re-election, continue as an Independent Director and Chairman of the Audit and Risk Committee of the Company. He will be considered Independent for the purpose of Rule 704(7) of the Catalyst Rules. The profile of Mr. Eric Sho Kian Hin can be found under the sections entitled "Board of Directors" and the "Corporate Governance Report" in the Annual Report 2017.

NOTICE OF ANNUAL GENERAL MEETING

- (g) **Resolution 10** 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 10 (including shares to be issued in pursuance of instruments made or granted) shall not exceed 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 10, 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 outstanding or subsisting at the time of the passing of Resolution 10, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules of the SGX-ST; and (iii) any subsequent bonus issue, consolidation or subdivision of shares.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

QUE LIPPO HEALTHCARE LIMITED

(Incorporated in Singapore)
(Registration No. 201304341E)
(in receivership over charged shares in certain subsidiaries)

PROXY FORM ANNUAL GENERAL MEETING

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. Relevant intermediaries (as defined in Section 181 Companies Act, Cap. 50) may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used CPF/SRS monies to buy shares in the OUE Lippo Healthcare Limited, this form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s) the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 4 April 2018.

I/We, _____ (Name) _____ (NRIC/Passport Number/Company Regn. No.)

of _____ (Address)

being a member/members of OUE Lippo Healthcare Limited (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or failing him/her (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or failing him/her, the Chairman of the meeting, as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at No. 1 Marina Boulevard, Level 7 Stephen Riady Auditorium @ NTUC, NTUC Centre, Singapore 018989 on Tuesday, 24 April 2018 at 10.00 a.m. and at any adjournment thereof.

The proxy/proxies shall vote on the Resolutions set out in the notice of Meeting in accordance with my/our directions as indicated hereunder. Where no such direction is given, the proxy/proxies may vote or abstain from voting at his/their discretion, on any matter at the Meeting or at any adjournment thereof.

No.	Resolutions relating to:	For*	Against*
ORDINARY BUSINESS			
1.	To receive and adopt the Directors' Statement and Audited Financial Statements of the Company and its subsidiaries for the financial year ended 31 December 2017 and the Auditors' Report thereon. (Resolution 1)		
2.	To re-elect Mr. Lee Yi Shyan as a Director retiring under Article 92 of the Company's Constitution (Resolution 2)		
3.	To re-elect Dr. Stephen Riady as a Director retiring under Article 92 of the Company's Constitution (Resolution 3)		
4.	To re-elect Dr. Wong Weng Hong as a Director retiring under Article 92 of the Company's Constitution (Resolution 4)		
5.	To re-elect Mr. Johji Sato as a Director retiring under Article 92 of the Company's Constitution (Resolution 5)		
6.	To re-elect Mr. Masato Mohri as a Director retiring under Article 92 of the Company's Constitution (Resolution 6)		
7.	To re-elect Mr. Eric Sho Kian Hin as a Director retiring by rotation under Article 93 of the Company's Constitution. (Resolution 7)		
8.	To approve the payment of S\$350,826.38 as Director's Fees for the financial year ended 31 December 2017. (Resolution 8)		
9.	To re-appoint Messrs KPMG LLP as the Company's External Auditors and to authorize the Directors to fix their remuneration. (Resolution 9)		
10.	Any other business		
SPECIAL BUSINESS			
11.	Authority for Directors to allot and issue new shares pursuant to Section 161 of the Companies Act, Cap. 50 (Resolution 10)		

* Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against", please indicate with an "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2018

Total Number of Shares held in:	
CDP Register	
Register of Members	

Signature(s) of member(s)
or Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF.

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. A member of the Company (other than a Relevant Intermediary*), entitled to attend and vote at a meeting of the Company is entitled to appoint up to two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
3. The instrument appointing a proxy or proxies must be deposited at the Company's Registered Office at 9 Battery Road #15-01 Singapore 049910 not less than 48 hours before the time set for the meeting.
4. Where a member (other than a Relevant Intermediary*) appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
5. A member who is a Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number or class of shares shall be specified).
6. A proxy need not be a member of the Company.
7. Subject to note 10, completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
8. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its officer or attorney duly authorised. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
9. 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 meeting, in accordance with Section 179 of the Companies Act, Cap. 50 and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
10. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investors**") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

* A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged 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 Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 4 April 2018.

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OUE Lippo Healthcare Limited

(Company Reg. No. 201304341E)

(In receivership over charged shares in certain subsidiaries)