

UNAUDITED FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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

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

	Group			Group		
	3 months ended 31 December			12 months ended 31 December		
	2017	2016	Inc/(Dec)	2017	2016	Inc/(Dec)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	10,593	10,642	(0.5)	43,571	49,060	(11.2)
Cost of sales	(6,067)	(5,840)	3.9	(24,976)	(26,218)	(4.7)
Gross profit	4,526	4,802	(5.7)	18,595	22,842	(18.6)
Other operating loss, net	(44,260)	(76,105)	(41.8)	(62,685)	(57,973)	8.1
Administrative expenses	(7,342)	(4,733)	55.1	(18,321)	(13,386)	36.9
Finance expenses	(3,341)	(9,310)	(64.1)	(19,354)	(27,299)	(29.1)
Loss before tax	(50,417)	(85,346)	(40.9)	(81,765)	(75,816)	7.8
Tax expense	(4,041)	(858)	N/M	(8,223)	(1,051)	N/M
Loss after tax	(54,458)	(86,204)	(36.8)	(89,988)	(76,867)	17.1
Other comprehensive income						
Foreign currency translation differences relating to foreign operations	(162)	(9,933)	(98.4)	(3,745)	(3,174)	18.0
Foreign currency translation differences realised on deconsolidation of subsidiaries reclassified to profit or loss	-	4,186	N/M	-	4,186	N/M
Total comprehensive income for the period	(54,620)	(91,951)	(40.6)	(93,733)	(75,855)	23.6
Loss attributable to:						
Owners of the Company	(55,170)	(86,189)	(36.0)	(90,700)	(76,847)	18.0
Non-controlling interests	712	(15)	N/M	712	(20)	N/M
	(54,458)	(86,204)	(36.8)	(89,988)	(76,867)	17.1
Total comprehensive income attributable to:						
Owners of the Company	(55,338)	(91,936)	(39.8)	(94,451)	(75,840)	24.5
Non-controlling interests	718	(15)	N/M	718	(15)	N/M
	(54,620)	(91,951)	(40.6)	(93,733)	(75,855)	23.6

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

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

Statements of Financial Position	Group		Company	
	31.12.2017 S\$'000	31.12.2016 S\$'000	31.12.2017 S\$'000	31.12.2016 S\$'000
ASSETS				
Current assets				
Inventories	1,137	776	-	-
Trade and other receivables	41,751	58,333	166,316	167,116
Cash and cash equivalents	21,530	15,186	31	24
	<u>64,418</u>	<u>74,295</u>	<u>166,347</u>	<u>167,140</u>
Non-current assets				
Property, plant and equipment	6,520	7,631	321	13
Intangible assets	467	715	-	-
Investment properties	287,784	296,588	-	-
Investment properties under development	123,712	123,012	-	-
Lease prepayments	5,540	5,932	-	-
Subsidiaries	-	-	120,700	123,708
Other receivables	-	-	9,792	-
	<u>424,023</u>	<u>433,878</u>	<u>130,813</u>	<u>123,721</u>
Total assets	<u>488,441</u>	<u>508,173</u>	<u>297,160</u>	<u>290,861</u>
LIABILITIES				
Current liabilities				
Loans and borrowings	173,814	170,336	171,681	111,446
Trade and other payables	25,243	27,214	42,407	36,394
Provisions	46,000	-	5,000	-
Current tax liabilities	1,051	1,080	-	-
	<u>246,108</u>	<u>198,630</u>	<u>219,088</u>	<u>147,840</u>
Non-current liabilities				
Loans and borrowings	160,164	140,618	-	-
Trade and other payables	7,419	7,663	908	1,116
Deferred tax liabilities	36,715	29,494	-	-
	<u>204,298</u>	<u>177,775</u>	<u>908</u>	<u>1,116</u>
Total liabilities	<u>450,406</u>	<u>376,405</u>	<u>219,996</u>	<u>148,956</u>
NET ASSETS	<u>38,035</u>	<u>131,768</u>	<u>77,164</u>	<u>141,905</u>
EQUITY				
Share capital	192,707	192,707	192,707	192,707
Merger reserve	(65,742)	(65,742)	-	-
Asset revaluation reserve	3,630	3,630	-	-
Foreign currency translation reserve	(6,538)	(2,787)	-	-
Statutory surplus reserve	327	327	-	-
Accumulated (losses)/profits	(86,423)	4,277	(115,543)	(50,802)
	<u>37,961</u>	<u>132,412</u>	<u>77,164</u>	<u>141,905</u>
Non-controlling interests	74	(644)	-	-
Total equity	<u>38,035</u>	<u>131,768</u>	<u>77,164</u>	<u>141,905</u>

Notes to the Financial Statements

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

	Group			Group		
	3 months ended 31 December			12 months ended 31 December		
	2017	2016	Incl/(Dec)	2017	2016	Incl/(Dec)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Interest income	(26)	(80)	(67.5)	(190)	(193)	(1.6)
Interest expense	3,341	9,310	(64.1)	19,354	27,299	(29.1)
Amortisation of lease prepayments	72	74	(2.7)	290	296	(2.0)
Amortisation of intangible assets	59	59	N/M	234	238	(1.7)
Depreciation of property, plant and equipment	988	291	N/M	1,833	1,163	57.6
Impairment loss on goodwill	-	32,627	N/M	-	32,627	N/M
Impairment losses on trade and other receivables	-	12,186	N/M	17,554	13,020	34.8
Bad debts written-off	-	1,908	N/M	-	1,908	N/M
Provisions	46,000	-	100.0	46,000	-	100.0
Loss/(Gain) on deconsolidation of subsidiaries	-	4,192	N/M	-	(9,115)	N/M
Foreign exchange (gains)/losses, net	(803)	1,287	N/M	833	(1,198)	N/M
Guarantee fee income	-	-	N/M	-	(1,192)	N/M
Net rental income from assets held for sale	-	1,619	N/M	-	-	N/M
Fair value gains on investment properties	(588)	-	N/M	(588)	-	N/M
Fair value (gains)/losses on investment properties under development	(257)	18,799	N/M	(257)	18,799	N/M

1(a)(ii) Income expense

	Group			Group		
	3 months ended 31 December			12 months ended 31 December		
	2017	2016	Incl/(Dec)	2017	2016	Incl/(Dec)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Current tax expense/(credit)	21	(124)	N/M	53	69	(23.2)
Deferred tax expense	4,020	982	N/M	8,170	982	N/M
Charge for the period	4,041	858	N/M	8,223	1,051	N/M

1(b)(i) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year.

	Group			Group		
	As at 31.12.2017			As at 31.12.2016		
	Secured	Unsecured	Total	Secured	Unsecured	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Amount repayable within one year	125,987	47,827	173,814	65,112	105,224	170,336
Amount repayable after one year	160,164	-	160,164	140,618	-	140,618

The secured borrowings of the Group as at 31 December 2017 comprised of term loans and bonds secured by the following:-

- (a) corporate guarantees from the Company and a subsidiary;
- (b) joint and several guarantees by certain shareholders;
- (c) a fixed charge over the total assets of a subsidiary of the Group which mainly comprised of investment properties and cash and cash equivalents;
- (d) a charge created over an investment property under development of the Group;
- (e) a debenture over the assets and rights of a subsidiary pertaining to a development project of the Group;
- (f) charges created over the entire issued share capital of certain subsidiaries of the Company;
- (g) bank deposits of certain subsidiaries of the Company;
- (h) debenture over the assets and rights of the Company; and
- (i) a deed of subordination in respect of amounts owing by a subsidiary to certain subsidiaries of the Company.

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

	Group		Group	
	3 months ended 31 December		12 months ended 31 December	
	2017	2016	2017	2016
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Loss after tax	(54,458)	(86,204)	(89,988)	(76,867)
Adjustments for:				
Depreciation of property, plant and equipment	988	291	1,833	1,163
Amortisation of lease prepayments	72	74	290	296
Amortisation of intangible assets	59	59	234	238
Impairment losses on trade and other receivables	-	12,186	17,554	13,020
Bad debts written-off	-	1,908	-	1,908
Impairment loss on goodwill	-	32,627	-	32,627
Loss/(Gain) on deconsolidation of subsidiaries	-	4,192	-	(9,115)
Loss on disposal of property, plant and equipment	1	30	52	41
Interest income	(26)	(80)	(190)	(193)
Interest expense	3,341	9,310	19,354	27,299
Provisions	46,000	-	46,000	-
Fair value gains on investment properties	(588)	-	(588)	-
Fair value (gains)/losses on investment properties under development	(257)	18,799	(257)	18,799
Tax expense	4,041	858	8,223	1,051
Operating (loss)/profit before working capital changes	(827)	(5,950)	2,517	10,267
Changes in working capital:				
Inventories	348	122	(386)	135
Trade and other receivables	2,110	(3,706)	(2,236)	(5,991)
Trade and other payables	104	9,643	(866)	4,605
Cash generated from/(used in) from operations	1,735	109	(971)	9,016
Interest paid	(1,324)	(10,039)	(14,853)	(27,725)
Income tax paid	-	(1,024)	(57)	(1,024)
Net cash generated from/(used in) from operating activities	411	(10,954)	(15,881)	(19,733)
Cash flows from investing activities				
Additions to investment properties	(4)	(560)	(51)	(560)
Additions to investment properties under development	(264)	4,964	(311)	-
Purchase of property, plant and equipment	(426)	(68)	(913)	(2,107)
Net cash inflow from deconsolidation of subsidiaries	-	(261)	-	-
Interest received	26	80	190	193
Net cash (used in)/generated from investing activities	(668)	4,155	(1,085)	(2,474)
Cash flows from financing activities				
Advances from/(Repayment to) related parties	-	154	-	(982)
Proceeds from borrowings	5,941	4,824	164,313	25,832
Repayment of borrowings	(880)	2,518	(140,534)	(14,013)
Net cash generated from financing activities	5,061	7,496	23,779	10,837
Net increase/(decrease) in cash and cash equivalents	4,804	697	6,813	(11,370)
Cash and cash equivalents at beginning of financial period	16,730	15,897	15,186	25,751
Effect of exchange rate fluctuations on cash and cash equivalents	(4)	(1,408)	(469)	805
Cash and cash equivalents at end of financial period	21,530	15,186	21,530	15,186

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

GROUP	Attributable to 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		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
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 period									
Loss for the period	-	-	-	-	-	(35,530)	(35,530)	-	(35,530)
Other comprehensive income									
Foreign currency translation differences relating to foreign operations	-	-	-	(3,583)	-	-	(3,583)	-	(3,583)
At 30 September 2017	192,707	(65,742)	3,630	(6,370)	327	(31,253)	93,299	(644)	92,655
At 1 October 2017	192,707	(65,742)	3,630	(6,370)	327	(31,253)	93,299	(644)	92,655
Total comprehensive income for the period									
Loss for the period	-	-	-	-	-	(55,170)	(55,170)	712	(54,458)
Other comprehensive income									
Foreign currency translation differences relating to foreign operations	-	-	-	(168)	-	-	(168)	6	(162)
At 31 December 2017	192,707	(65,742)	3,630	(6,538)	327	(86,423)	37,961	74	38,035
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 period									
Profit for the period	-	-	-	-	-	9,342	9,342	(5)	9,337
Other comprehensive income									
Foreign currency translation differences relating to foreign operations	-	-	-	6,754	-	-	6,754	5	6,759
At 30 September 2016	192,707	(65,742)	3,630	2,960	327	90,466	224,348	(629)	223,719
At 1 October 2016	192,707	(65,742)	3,630	2,960	327	90,466	224,348	(629)	223,719
Total comprehensive income for the period									
Loss for the period	-	-	-	-	-	(86,189)	(86,189)	(15)	(86,204)
Other comprehensive income									
Foreign currency translation differences relating to foreign operations	-	-	-	(9,933)	-	-	(9,933)	-	(9,933)
Foreign currency translation differences realised on deconsolidation of subsidiaries reclassified to profit or loss	-	-	-	4,186	-	-	4,186	-	4,186
At 31 December 2016	192,707	(65,742)	3,630	(2,787)	327	4,277	132,412	(644)	131,768

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

COMPANY	Share capital	Accumulated losses	Total equity
	S\$'000	S\$'000	S\$'000
At 1 January 2017	192,707	(50,802)	141,905
Total comprehensive income for the period			
Loss for the period	-	(26,402)	(26,402)
At 30 September 2017	192,707	(77,204)	115,503
At 1 October 2017	192,707	(77,204)	115,503
Total comprehensive income for the period			
Loss for the period	-	(38,339)	(38,339)
At 31 December 2017	192,707	(115,543)	77,164
At 1 January 2016	192,707	(23,240)	169,467
Total comprehensive income for the period			
Loss for the period	-	(4)	(4)
At 30 September 2016	192,707	(23,244)	169,463
At 1 October 2016	192,707	(23,244)	169,463
Total comprehensive income for the period			
Loss for the period	-	(27,558)	(27,558)
At 31 December 2016	192,707	(50,802)	141,905

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

<u>Ordinary shares issued and fully paid-up</u>	Number of shares	Paid-up share capital
		S\$
Balance as at 30 September 2017 and 31 December 2017	1,659,064,603	192,706,969

There was no change in the Company's share capital between 30 September 2017 and 31 December 2017.

There were no outstanding convertibles, treasury shares or subsidiary holdings as at 31 December 2017 and 31 December 2016.

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

As at 31 December 2017 and 31 December 2016, the Company had 1,659,064,603 issued and fully paid ordinary shares. The Company did not have treasury shares as at the end of the respective period.

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

Not applicable.

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

Not applicable.

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

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

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

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed in paragraph 5 below, the accounting policies and methods of computation adopted in the financial statements for the current reporting period are consistent with those disclosed in the audited consolidated financial statements for the financial year ended 31 December 2016.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group adopted a number of new standards, amendments to standards and interpretations that are effective for annual periods beginning on 1 January 2017. The adoption of these new standards, amendments to standards and interpretations did not result in any significant impact on the financial statements of the Group.

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

	Group		Group	
	3 months ended 31 December		12 months ended 31 December	
	2017	2016	2017	2016
Net loss attributable to owners of the Company (S\$'000)	(55,170)	(86,189)	(90,700)	(76,847)
Weighted average number of ordinary shares in issue	1,659,064,603	1,659,064,603	1,659,064,603	1,659,064,603
Basic earnings per share (Singapore cents)	(3.33)	(5.20)	(5.47)	(4.63)

Basic and diluted earnings per share were the same as there were no potentially dilutive ordinary shares in issue as at 31 December 2017 and 31 December 2016 respectively.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	As at 31.12.2017	As at 31.12.2016	As at 31.12.2017	As at 31.12.2016
Net asset value attributable to owners of the Company (S\$'000)	37,961	132,412	77,164	141,905
Number of ordinary shares in issue	1,659,064,603	1,659,064,603	1,659,064,603	1,659,064,603
Net asset value per ordinary share (Singapore cents)	2.29	7.98	4.65	8.55

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

Review of financial performance for financial year ended 31 December 2017 ("FY2017")

(a) Revenue

Revenue decreased by S\$5.5 million to S\$43.6 million in FY2017 as compared to S\$49.1 million for the financial year ended 31 December 2016 ("**FY2016**"). The decrease was due mainly to a S\$6.5 million decrease in rental revenue from the investment properties in Australia, located at St. Kilda and Geelong (collectively known as "**Australian Properties**"). Revenue from the Australian Properties was not included as part of the Group's results from September 2016 following the Deconsolidation Event as described below. The decrease was partially offset by an increase of S\$1.8 million in the revenue from the operation of the Wuxi New District Phoenix Hospital in Wuxi, Jiangsu, China ("**Wuxi Hospital**").

Rental income from the Group's nursing facilities in Japan (the "**Japan Nursing Facilities**") remained stable as compared to FY2016.

Deconsolidation Event

The Company was deemed to have lost control 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 known as "**Deconsolidated Subsidiaries**") as a result of the events described in the announcement dated 15 August 2016.

Therefore, the Company deconsolidated the assets and liabilities of the Deconsolidated Subsidiaries in accordance with Singapore Financial Reporting Standards 110.

(b) Other operating loss

Other operating loss amounted to S\$62.7 million as compared to S\$58.0 million in FY2016. The increase of S\$4.7 million was due mainly to the absence of a one-off net gain on deconsolidating of subsidiaries of S\$9.1 million recorded in FY2016, provisions for legal and related expenses of S\$46.0 million and higher impairment losses on trade and other receivables of S\$4.5 million. The one-off gain was in relation to the Deconsolidation Event as described above.

The other operating loss for FY2016 included a fair value loss of S\$18.8 million on investment properties under development in China and impairment loss on goodwill of S\$32.7 million relating to the Wuxi Hospital.

(c) Administrative expenses

Administrative expenses increased by S\$4.9 million to S\$18.3 million as compared to S\$13.4 million in FY2016. The increase was due mainly to higher legal and professional fees incurred. Higher legal and professional fees were incurred in FY2017 in connection with the various corporate activities and actions in FY2017, as well as on-going litigations.

(d) Finance expenses

Finance expenses decreased by S\$7.9 million to S\$19.4 million in FY2017. The decrease was due mainly to reduction in interest expenses amounting to:

- (i) S\$4.2 million arising from the partial redemption of the "S\$50.0 million 6 per cent Medium Term Notes Series 001" ("MTN-1") and the full redemption of the "S\$50.0 million 7 per cent Medium Term Notes Series 002" ("MTN-2") in April 2017;
- (ii) S\$1.4 million arising from the repayment of various high cost borrowings;
- (iii) S\$3.2 million following the refinancing of the Japan TMK bonds in July 2017; and
- (iv) S\$3.8 million related to the borrowings of the Deconsolidated Subsidiaries.

The decrease was partially offset by interest cost of S\$4.3 million incurred on loans received from Treasure International Holdings Pte. Ltd. ("TIHPL") and OUE Treasury Pte Ltd ("OUE Treasury"), which are the wholly-owned subsidiaries of OUE Limited ("OUE"). Please refer to the circular to shareholders dated 29 June 2017, notice of Extraordinary General Meeting ("EGM") dated 29 June 2017 and results of EGM dated 14 July 2017 for further details.

(e) Loss after tax

The Group recorded a loss after tax of S\$90.0 million in FY2017.

Review of Statement of Financial Position as at 31 December 2017

- (a) Current assets decreased by S\$9.9 million from S\$74.3 million as at 31 December 2016 to S\$64.4 million as at 31 December 2017. The decrease was due mainly to:

- (i) net decrease in trade and other receivables of S\$16.5 million, arising from impairments made of S\$17.6 million and partially offset by a S\$0.4 million increase in the trade and other receivables related to the operations in China;
- (ii) S\$6.3 million increase in cash and cash equivalents; and
- (iii) S\$0.4 million increase in inventories, comprising mainly pharmaceutical, medical and surgical supplies.

- (b) Non-current assets decreased by S\$9.9 million from S\$433.9 million as at 31 December 2016 to S\$424.0 million as at 31 December 2017. The decrease was due mainly to:

- (i) a S\$8.8 million decrease in the carrying value of the properties in Japan as a result of the weakening of the Japanese Yen against the Singapore Dollar of S\$9.4 million and partially offset by a gain on revaluation of S\$0.6 million; and
- (ii) depreciation recorded on property, plant and equipment of S\$1.8 million.

- (c) Current liabilities increased by S\$47.5 million from S\$198.6 million as at 31 December 2016 to S\$246.1 million as at 31 December 2017. The increase was due mainly to net increase in loans and borrowings of S\$3.5 million and provisions for legal and related expenses of S\$46.0 million. The net increase in loans and borrowings included a reclassification of S\$43.3 million from current liabilities to non-current liabilities. Loans and other borrowings comprise mainly the shareholder's loans of S\$165.4 million from TIHPL and OUE Treasury. The shareholder's loans were used mainly to repay various high interest loans in FY2017.
- (d) Non-current liabilities increased by S\$26.5 million from S\$177.8 million as at 31 December 2016 to S\$204.3 million as at 31 December 2017. The increase was due mainly to:
 - (i) the reclassification loans and borrowings of S\$43.3 million from current liabilities to non-current liabilities; and
 - (ii) an increase in provision for deferred tax liabilities of S\$7.2 million.

The increase was partially offset by repayment of borrowings of S\$25.3 million.

Review of Cashflow and Working Capital

- (a) Operating activities utilised net cash of \$1.0 million before interest and income tax payments which amounted to S\$14.9 million.
- (b) Investing activities utilised net cash of S\$1.1 million, which related mainly to the purchase of medical equipment for Wuxi Hospital.
- (c) Financing activities provided net cash of S\$24.5 million. Proceeds from new borrowings mainly related to shareholders' loans from TIHPL and OUE Treasury.
- (d) As at 31 December 2017, the Group's net current liabilities amounted to S\$181.7 million. The current liabilities of the Group mainly include shareholders' loans of S\$165.4 million from TIHPL and OUE Treasury and provisions.

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

Not applicable. No forecast or prospect statement has been previously disclosed.

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

Pursuant to the mandatory unconditional cash offer to acquire all the issued and paid-up capital of the Company, OUE, through its subsidiaries, acquired 86.16% of the issued shares of the Company in April 2017.

On 10 January 2018, the Company announced a strategic partnership with ITOCHU Corporation (“**ITOCHU**”). ITOCHU is one of the largest and most diversified trading companies in the world with a market capitalization of over US\$30 billion.

ITOCHU, through its wholly-owned subsidiary, will subscribe for 562,500,000 new shares in the Company, representing 25.3% of the enlarged share capital of the Company, for an aggregate consideration of S\$78,750,000 based on an issue price of S\$0.14 per share. Upon completion of the share placement, OUE will continue to be the largest shareholder with a shareholding of 64.4%. The share placement is expected to be completed in February 2018. The share placement will strengthen the financial position of the Group and also, put the Group in good stead to execute its business plans.

Healthcare spending in Asia will continue to rise because of growing affluence, technological developments and ageing population in certain countries. The Group intends to become a leading healthcare company in Asia by strengthening its presence in China, as well as expanding into new markets in Southeast Asia, in order to deliver enhanced value to shareholders. The strategy is to leverage on the strengths of its major shareholders, including OUE and ITOCHU, and forge partnerships with local or industry leaders, such as China Merchants Group and SK Telecom.

11. If a decision regarding dividend has been made:-

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

None.

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

Not applicable.

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

Not applicable.

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

Not applicable.

(d) The date the dividend is payable

Not applicable.

(e) Books closure date

Not applicable.

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

No dividend has been declared or recommended for the financial year ended 31 December 2017.

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

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

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

The Group's operations can be categorised into the following two segments.

- (i) Healthcare services – Hospital operation and trading of pharmaceutical supplies and products; and
- (ii) Property investments – Rental of investment properties.

"Others" refers mainly to corporate, investment holding and head office related functions and costs.

(a) Business segments

	Healthcare services S\$'000	Property investments S\$'000	Others S\$'000	Total S\$'000
Group				
31 December 2017				
Revenue				
External revenue	26,860	16,711	-	43,571
Inter-segment revenue	-	-	1,177	1,177
Segment revenue (including inter-segment revenue)	<u>26,860</u>	<u>16,711</u>	<u>1,177</u>	<u>44,748</u>
Segment (loss)/profit before tax	<u>(1,203)</u>	<u>8,481</u>	<u>(89,043)</u>	<u>(81,765)</u>
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 on investment properties under development	340	(83)	-	257
Provisions	-	-	(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	514	-	399	913
- 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				<u>36,715</u>
				<u>450,406</u>

	Healthcare services S\$'000	Property investments S\$'000	Others S\$'000	Total S\$'000
Group				
31 December 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
				<u>376,405</u>

(b) Geographical segments

The Group operates in five main geographical areas.

Singapore – The Company is headquartered in Singapore;

Japan – The lease and management of the Japan Nursing Facilities;

China – The management and operation of the Wuxi Hospital, trading of pharmaceutical supplies and medical equipment, development of medical real estate, healthcare-related assets and integrated mixed-use development, as well as investment holding;

Malaysia – The development of medical real estate, healthcare-related assets and integrated mixed-use developments; and

Australia – The lease and management of commercial and healthcare related properties in Australia, the Australian Properties. The Australia entities were deconsolidated in August 2016. Please refer to the explanation on the Deconsolidation Event under paragraph 8.

Group	Revenue		Non-current assets*	
	FY2017	FY2016	FY2017	FY2016
	S\$'000	S\$'000	S\$'000	S\$'000
China	26,860	25,289	76,386	79,292
Japan	16,711	17,268	287,823	296,636
Malaysia	-	-	59,453	57,897
Singapore	-	-	361	53
Australia	-	6,503	-	-
	43,571	49,060	424,023	433,878

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

There was no single external customer that contributed more than 10% of the Group's revenue during the financial year ended 31 December 2017 and 2016, respectively.

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

Healthcare Services

Revenue for the Healthcare Services Segment increased by S\$1.6 million from S\$25.3 million in FY2016 to S\$26.9 million in FY2017. The increase was attributable to better performance by the Wuxi Hospital. This segment recorded a pre-tax loss of S\$1.5 million in the current financial year mainly as a result of depreciation and amortization costs incurred.

Property Investments

Revenue for Property Investments Segment decreased by S\$7.1 million from S\$23.8 million in FY2016 to S\$16.7 million in FY2017. The decrease was due mainly to the Deconsolidation Event where the rental revenue from the Australian Properties was not included as part of the Group's results from September 2016 onwards. This segment recorded a pre-tax profit of S\$8.8 million in FY2017, which was mainly attributable to the Japan Nursing Facilities.

Others

"Others" refers to corporate, head office and investment holding related activities. There was no external revenue for FY2017 and FY2016. The pre-tax loss of S\$89.0 million in FY2017 was due mainly due to finance expenses of S\$11.6 million, impairment losses on trade and other receivables of S\$17.6 million, provisions made for legal and related expenses of S\$46.0 million, legal and professional fees of S\$6.6 million, and staff costs and other corporate overheads incurred.

16. A breakdown of sales as follows:-

	Group		
	2017	2016	Inc/(Dec)
	S\$'000	S\$'000	%
(a) Revenue reported for first half year	21,281	26,924	(21.0)
(b) Operating loss after tax before deducting non-controlling interests reported for first half year	(31,781)	(757)	N/M
(c) Revenue reported for second half year	22,290	22,136	0.7
(d) Operating loss after tax before deducting non-controlling interests reported for second half year	(58,207)	(76,110)	(23.5)

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

No dividend had been declared or recommended for the financial year ended 31 December 2017 and 31 December 2016.

18. Confirmation Pursuant to Rule 720(1)

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

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

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

BY ORDER OF THE BOARD OF DIRECTORS

Dr. Wong Weng Hong
Executive Director

12 February 2018

This announcement has been prepared by OUE Lippo Healthcare Limited (the "Company") and its contents have been reviewed by PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") for compliance with the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.

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

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