OUE HEALTHCARE LIMITED

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

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2023 (UNAUDITED)

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

		Group					
	Note	6 Months ended 31.12.2023 $'000	6 Months ended 31.12.2022 $'000	Change %	12 Months ended 31.12.2023 $'000	12 Months ended 31.12.2022 $'000	Change %
Revenue	5	80,628	77,194	*4*	159,315	119,796	*33*
Cost of sales		(19,381)	(15,088)	*28*	(37,585)	(18,187)	*n.m.*
Gross profit		61,247	62,106	*(1)*	121,730	101,609	*20*
Administrative expenses		(15,898)	(13,715)	*16*	(30,881)	(24,344)	*27*
Other income/(expenses), net	7	17,448	(14,630)	*n.m.*	11,563	(6,140)	*n.m.*
Results from operating activities		62,797	33,761	*86*	102,412	71,125	*44*
Finance income	7	327	244	*34*	701	456	*54*
Finance costs	7	(16,663)	(12,622)	*32*	(30,287)	(20,373)	*49*
Net finance costs		(16,336)	(12,378)	*32*	(29,586)	(19,917)	*49*
Share of results of equity-accounted investees, net of tax		555	(3,716)	*n.m.*	1,692	(1,473)	*n.m.*
Profit before tax		47,016	17,667	*n.m.*	74,518	49,735	*50*
Tax expense	9	(8,056)	(9,951)	*(19)*	(17,008)	(17,239)	*(1)*
Profit after tax for the year		38,960	7,716	*n.m.*	57,510	32,496	*77*
Other comprehensive income							
Items that are or may be reclassified subsequently to profit or loss							
Foreign currency translation differences relating to foreign operations		(34,595)	(61,111)	*(43)*	(22,183)	(82,476)	*(73)*
Share of foreign currency translation differences of equity-accounted investees		(1,366)	(4,083)	*(67)*	(1,769)	(5,886)	*(70)*
Items that will not be reclassified to profit or loss							
Share of fair value reserve of equity-accounted investees		432	(1,095)	*n.m.*	387	(3,123)	*n.m.*
Net change in fair value - equity investment at FVOCI		(55)	-	*n.m.*	(170)	-	*n.m.*
Other comprehensive income, net of tax		(35,584)	(66,289)	*(46)*	(23,735)	(91,485)	*(74)*
Total comprehensive income for the year		3,376	(58,573)	*n.m.*	33,775	(58,989)	*n.m.*
Profit/(loss) attributable to:							
Owners of the Company		6,243	(4,010)	*n.m.*	8,049	4,392	*83*
Non-controlling interests		32,717	11,726	*n.m.*	49,461	28,104	*76*
		38,960	7,716	*n.m.*	57,510	32,496	*77*
Total comprehensive income attributable to:							
Owners of the Company		(6,354)	(31,519)	*(80)*	(2,580)	(36,087)	*(93)*
Non-controlling interests		9,730	(27,054)	*n.m.*	36,355	(22,902)	*n.m.*
		3,376	(58,573)	*n.m.*	33,775	(58,989)	*n.m.*
Earnings per share							
Basic earnings per share (cents)	10	0.14	(0.09)	*n.m.*	0.18	0.10	*80*
Diluted earnings per share (cents)	10	0.09	(0.06)	*n.m.*	0.11	0.06	*83*

n.m. – not meaningful

(B) Condensed Interim Statements of Financial Position

		Group		Company	
	Note	31.12.2023	31.12.2022	31.12.2023	31.12.2022
		$'000	$'000	$'000	$'000
ASSETS					
Property, plant and equipment	12	8,794	8,201	747	248
Intangible assets and goodwill	13	30,722	30,785	-	-
Investment properties	14	1,139,468	1,145,343	-	-
Investment properties under development	15	48,493	52,283	-	-
Associate and joint ventures	16	130,885	70,550	23,607	23,607
Subsidiaries		-	-	*	*
Other investment		2,648	2,817	-	-
Trade and other receivables		3,223	3,358	305,816	58,872
Derivative financial instruments		-	1,248	-	-
Non-current assets		1,364,233	1,314,585	330,170	82,727
Inventories		855	774	-	-
Trade and other receivables		22,834	20,350	14,737	259,295
Derivative financial instruments		560	-	-	-
Cash and cash equivalents		59,618	66,877	2,863	9,648
Current assets		83,867	88,001	17,600	268,943
Total assets		1,448,100	1,402,586	347,770	351,670
LIABILITIES					
Loans and borrowings	17	517,306	449,614	11,875	-
Trade and other payables		18,557	29,023	-	-
Lease liabilities		2,210	1,252	292	-
Deferred tax liabilities		50,477	51,772	-	-
Derivative financial instruments		259	-	-	-
Non-current liabilities		588,809	531,661	12,167	-
Loans and borrowings	17	31,346	52,933	30,000	30,189
Trade and other payables		46,455	35,895	5,098	9,020
Provisions	20	20,199	20,724	20,199	20,724
Lease liabilities		1,683	1,024	284	-
Current tax liabilities		3,569	1,832	6	-
Derivative financial instruments		27	494	-	-
Current liabilities		103,279	112,902	55,587	59,933
Total liabilities		692,088	644,563	67,754	59,933
NET ASSETS		756,012	758,023	280,016	291,737
EQUITY					
Share capital	18	418,913	418,913	418,913	418,913
Convertible perpetual securities	19	79,635	79,635	79,635	79,635
Capital reserve		4,285	4,203	-	-
Asset revaluation reserve		3,630	3,630	-	-
Foreign currency translation reserve		(50,445)	(39,517)	-	-
Fair value reserve		(25,703)	(25,920)	-	-
Accumulated losses		(136,119)	(142,210)	(218,532)	(206,811)
Equity attributable to owners of the Company		294,196	298,734	280,016	291,737
Non-controlling interests		461,816	459,289	-	-
Total equity		756,012	758,023	280,016	291,737

* Less than $1,000

(C) Condensed Interim Statement of Changes in Equity

GROUP	Attributable to owners of the Company									
	Share capital $'000	Convertible perpetual securities $'000	Capital reserve $'000	Asset revaluation reserve $'000	Foreign currency translation reserve $'000	Fair value reserve $'000	Accumulated losses $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2023	**418,913**	**79,635**	**4,203**	**3,630**	**(39,517)**	**(25,920)**	**(142,210)**	**298,734**	**459,289**	**758,023**
Total comprehensive income for the year										
Profit for the year	-	-	-	-	-	-	8,049	8,049	49,461	57,510
Other comprehensive income										
Foreign currency translation differences relating to foreign operations	-	-	82	-	(9,159)	-	-	(9,077)	(13,106)	(22,183)
Share of foreign currency translation differences of equity-accounted investees	-	-	-	-	(1,769)	-	-	(1,769)	-	(1,769)
Share of fair value reserve of equity-accounted investees	-	-	-	-	-	387	-	387	-	387
Net change in fair value - equity investment at FVOCI	-	-	-	-	-	(170)	-	(170)	-	(170)
Total other comprehensive income, net of tax	-	-	82	-	(10,928)	217	-	(10,629)	(13,106)	(23,735)
Total comprehensive income for the year	**-**	**-**	**82**	**-**	**(10,928)**	**217**	**8,049**	**(2,580)**	**36,355**	**33,775**
Transactions with owners, recognised directly in equity										
Contributions by and distributions to owners										
Distribution to perpetual securities holders by a subsidiary	-	-	-	-	-	-	-	-	(1,656)	(1,656)
Distribution to unitholders and dividends paid to shareholders by subsidiaries	-	-	-	-	-	-	-	-	(34,130)	(34,130)
Total contributions by and distributions to owners	-	-	-	-	-	-	-	-	(35,786)	(35,786)
Changes in ownership interests in subsidiaries										
Changes in ownership interest in subsidiaries without a change in control	-	-	-	-	-	-	(1,958)	(1,958)	1,958	-
Total changes in ownership interests in subsidiaries	-	-	-	-	-	-	(1,958)	(1,958)	1,958	-
Total transactions with owners	**-**	**-**	**-**	**-**	**-**	**-**	**(1,958)**	**(1,958)**	**(33,828)**	**(35,786)**
At 31 December 2023	**418,913**	**79,635**	**4,285**	**3,630**	**(50,445)**	**(25,703)**	**(136,119)**	**294,196**	**461,816**	**756,012**

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

GROUP	Note	Share capital $'000	Convertible perpetual securities $'000	Capital reserve $'000	Asset revaluation reserve $'000	Foreign currency translation reserve $'000	Fair value reserve $'000	Accumulated losses $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
		Attributable to owners of the Company									
At 1 January 2022		**418,913**	**79,635**	**-**	**3,630**	**(6,791)**	**(22,797)**	**(147,967)**	**324,623**	**(429)**	**324,194**
Total comprehensive income for the year											
Profit for the year		-	-	-	-	-	-	4,392	4,392	28,104	32,496
Other comprehensive income											
Foreign currency translation differences relating to foreign operations		-	-	-	-	(31,470)	-	-	(31,470)	(51,006)	(82,476)
Share of foreign currency translation differences of equity-accounted investees		-	-	-	-	(5,886)	-	-	(5,886)	-	(5,886)
Share of fair value reserve of equity-accounted investees		-	-	-	-	-	(3,123)	-	(3,123)	-	(3,123)
Total other comprehensive income, net of tax		-	-	-	-	(37,356)	(3,123)	-	(40,479)	(51,006)	(91,485)
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**(37,356)**	**(3,123)**	**4,392**	**(36,087)**	**(22,902)**	**(58,989)**
Transactions with owners, recognised directly in equity											
Contributions by and distributions to owners											
Perpetual securities redemption, distribution and gain on redemption, net transaction costs by a subsidiary		-	-	-	-	-	-	2,593	2,593	(21,715)	(19,122)
Distribution to perpetual securities holders by a subsidiary		-	-	-	-	-	-	-	-	(1,481)	(1,481)
Distribution to unitholders by a subsidiary		-	-	-	-	-	-	-	-	(24,059)	(24,059)
Total contributions by and distributions to owners		-	-	-	-	-	-	2,593	2,593	(47,255)	(44,662)
Changes in ownership interests in subsidiaries											
Changes in ownership interests in subsidiaries without a change in control		-	-	-	-	-	-	(1,228)	(1,228)	1,228	-
Disposal of subsidiaries to non-controlling interests without a change in control		-	-	4,203	-	4,630	-	-	8,833	92,190	101,023
Capital contribution from a fellow subsidiary		-	-	-	-	-	-	-	-	400	400
Acquisition of a subsidiary with perpetual securities holders		-	-	-	-	-	-	-	-	59,651	59,651
Acquisition of subsidiaries with non-controlling interest	21	-	-	-	-	-	-	-	-	376,406	376,406
Total changes in ownership interests in subsidiaries		-	-	4,203	-	4,630	-	(1,228)	7,605	529,875	537,480
Total transactions with owners		**-**	**-**	**4,203**	**-**	**4,630**	**-**	**1,365**	**10,198**	**482,620**	**492,818**
At 31 December 2022		**418,913**	**79,635**	**4,203**	**3,630**	**(39,517)**	**(25,920)**	**(142,210)**	**298,734**	**459,289**	**758,023**

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

COMPANY	Share capital $'000	Convertible perpetual securities $'000	Accumulated losses $'000	Total equity $'000
At 1 January 2023	**418,913**	**79,635**	**(206,811)**	**291,737**
Total comprehensive income for the year				
Loss for the year	-	-	(11,721)	(11,721)
Total comprehensive income for the year	**-**	**-**	**(11,721)**	**(11,721)**
At 31 December 2023	**418,913**	**79,635**	**(218,532)**	**280,016**
At 1 January 2022	**418,913**	**79,635**	**(262,189)**	**236,359**
Total comprehensive income for the year				
Profit for the year	-	-	55,378	55,378
Total comprehensive income for the year	**-**	**-**	**55,378**	**55,378**
At 31 December 2022	**418,913**	**79,635**	**(206,811)**	**291,737**

(D) Condensed Interim Consolidated Statements of Cash Flows

	Note	Group 12 Months ended 31.12.2023 $'000	Group 12 Months ended 31.12.2022 $'000
Cash flows from operating activities			
Profit after tax		57,510	32,496
Adjustments for:			
Depreciation of property, plant and equipment		2,155	1,496
Net fair value (gains)/losses on investment properties		(10,834)	8,692
Fair value losses on investment properties under development		948	1,429
Net fair value losses of derivative financial instruments		477	420
Fair value losses on property, plant and equipment		589	-
Property, plant and equipment written-off		2	5
Adjustment on rental straight-lining		(15,189)	(16,358)
Interest income	7	(701)	(456)
Interest expense	7	26,546	19,271
Net gain from the First REIT transaction	21(a)	-	(3,144)
Losses on disposal of quoted shares		7	30
Loss on disposal of a subsidiary		-	713
Reversal of provision for site restoration		-	(910)
Share of results of equity-accounted investees, net of tax		(1,692)	1,473
Manager's management fees settled in units		4,470	3,980
Trade and other receivables written off		455	127
Trade and other payables written back		(1,705)	-
Tax expense	9	17,008	17,239
		80,046	66,503
Changes in working capital:			
Inventories		(81)	(478)
Trade and other receivables		(19,439)	14,959
Trade and other payables		9,062	(26,333)
Cash generated from operations		69,588	54,651
Tax paid		(4,168)	(3,032)
Net cash from operating activities		65,420	51,619
Cash flows from investing activities			
Acquisition of equity-accounted investees		(57,120)	-
Acquisition of investment properties		-	(31,061)
Capital expenditures to investment properties		(4,923)	(4,278)
Acquisition of other investment		-	(2,817)
Acquisition of subsidiaries, net of cash acquired	21(b)	-	(18,639)
Capital contribution in equity-accounted investees		(2,904)	(4,901)
Capital contribution from a fellow subsidiary		-	400
Dividends from an equity-accounted investee		-	2,830
Investments in quoted shares		(117)	(383)
Disposals of quoted shares		110	492
Disposals of subsidiary	22(a)	246	-
Rental income received		100	-
Net cash inflow from the First REIT transaction	21(a)	-	58,484
Net cash inflow from disposal of a subsidiary	22(b)	-	37,954
Repayment of loan from joint venture		-	3,000
Repayment of an advance to a joint venture partner		1,800	2,310
Interest received		540	413
Purchase of property, plant and equipment		(477)	(610)
Net cash (used in)/from investing activities		(62,745)	43,194

		Group	
	Note	12 Months ended 31.12.2023	12 Months ended 31.12.2022
		$'000	**$'000**
Cash flows from financing activities			
Proceeds from borrowings		191,118	379,271
Repayment of borrowings		(136,262)	(387,968)
Payment of lease liabilities		(1,866)	(1,066)
Proceeds from settlement of derivative financial instruments		4	-
Loan from a fellow subsidiary	8(c)	-	8,000
Perpetual securities redemption, distribution and gain on redemption, net transaction cost by a subsidiary		-	(19,122)
Distribution to perpetual securities holders by a subsidiary		(1,656)	(1,481)
Distribution to unitholders and dividends paid to shareholders by subsidiaries		(34,130)	(24,059)
Payment of transaction costs related to loans and borrowings		(3,778)	(7,176)
Interest paid		(21,523)	(14,328)
Net cash used in financing activities		(8,093)	(67,929)
Net (decrease)/increase in cash and cash equivalents		(5,418)	26,884
Cash and cash equivalents at beginning of financial year		66,877	43,823
Effect of exchange rate fluctuations on cash and cash equivalents		(1,841)	(3,830)
Cash and cash equivalents at end of financial year		59,618	66,877

(E) Notes to the Condensed Interim Consolidated Financial Statements

1. Domicile and activities

OUE Healthcare Limited (formerly known as OUE Lippo Healthcare Limited) (the "**Company**") is a company incorporated in Singapore. The address of the Company's registered office is at 6 Shenton Way, #10-10, OUE Downtown, Singapore 068809. Shares of the Company are publicly traded on the Catalist Board of the Singapore Exchange.

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

These condensed interim consolidated financial statements as at and for the six months and full year ended 31 December 2023 comprise the Company and its subsidiaries (collectively, the "**Group**") and the Group's interests in equity-accounted investees.

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

2. Going concern

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

As at 31 December 2023, the Group had total assets of $1,448,100,000 (31 December 2022: $1,402,586,000) and net assets of $756,012,000 (31 December 2022: $758,023,000).

Notwithstanding the Group's net current liability position as at 31 December 2023, the condensed interim consolidated financial statements have been prepared on a going concern basis because management, having assessed the sources of liquidity and funding available to the Group, believes that the Group can continue as a going concern for the foreseeable future. These include the projected net operating cash inflows for the next 12 months and available cash reserves as at 31 December 2023 to finance the Group's working capital and day-to-day operation requirements.

3. Basis of preparation

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

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

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

3.1 Changes in material accounting policies

New accounting standards and amendments

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 January 2023:

- SFRS(I) 17: *Insurance Contracts*
- Amendments to SFRS(I) 1-12: *Deferred tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to SFRS(I) 1-12: *International Tax Reform – Pillar Two Model Rules*
- Amendments to SFRS(I) 1-1 and Practice Statement 2: *Disclosure of Accounting Policies*
- Amendments to SFRS(I) 1-8*: Definition of Accounting Estimates*

Material accounting policy information

The Group adopted Amendments to SFRS(I)1-1 and SFRS(I) Practice Statement 2: *Disclosure of Accounting Policies* for the first time in 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the condensed interim consolidated financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the condensed interim consolidated financial statements.

3.2 Use of estimates and judgements

The preparation of the condensed interim consolidated financial statements in conformity with SFRS(I) requires management to make judgements, estimates and assumptions about the future, including climate-related risks and opportunities, 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 ongoing basis and are consistent with the Group's risk management and climate-related commitments where appropriate. Revisions to accounting estimates are recognised prospectively.

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

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

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

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

4. Seasonal operations

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

5. Segment and revenue information

The Group has the following four (2022: four) strategic divisions, which are its reportable segments. These divisions offer different products and services and are managed separately because they require different technology and marketing strategies. The Group's CEO reviews internal management reports of each division at least quarterly.

The following summary describes the operations in each of the Group's reportable segments:

(i) Healthcare operations – Operation of hospitals, clinics and supply of medical equipment and pharmaceutical products. The Group currently has operations in the People's Republic China ("**PRC**"), Myanmar and Singapore. Healthcare operation in Singapore was through the acquisition of respiratory and cardiothoracic medical practices ("**O2 Group**") on 30 June 2022 (note 21(b)).

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

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

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

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

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

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

5.1 Information about reportable segments

	Healthcare operations $'000	Healthcare assets $'000	Properties under development $'000	Investments $'000	Others $'000	Total $'000
Group						
1 July 2023 to 31 December 2023						
Revenue						
External revenue	26,049	54,579	-	-	-	80,628
Inter-segment revenue	-	-	-	-	90	90
Segment revenue (including inter-segment revenue)	26,049	54,579	-	-	90	80,718
Segment profit/(loss) before tax	2,396	40,738	(1,006)	1,522	3,366	47,016
Depreciation	(854)	(26)	-	-	(192)	(1,072)
Interest expense	(775)	(11,478)	(33)	-	(1,396)	(13,682)
Interest income	26	267	-	-	34	327
Share of results of equity-accounted investees, net of tax	(967)	-	-	1,522	-	555
Other material non-cash items						
Net fair value gains on investment properties	-	18,380	-	-	-	18,380
Fair value losses on investment properties under development	-	-	(948)	-	-	(948)
Fair value losses on property, plant and equipment	-	-	(589)	-	-	(589)
Net fair value losses of derivative financial instruments	-	(1,062)	-	-	-	(1,062)
Trade and other receivables written off	(432)	-	-	-	(7)	(439)
Trade and other payables written back	-	-	-	-	1,705	1,705
Reportable segment assets	122,639	1,191,142	48,943	34,765	50,611	1,448,100
Additions to:						
- Property, plant and equipment	447	-	-	-	805	1,252
- Investment properties	-	3,800	-	-	-	3,800
- Investment in equity-accounted investees	57,120	-	-	-	-	57,120
Reportable segment liabilities	120,422	476,676	1,383	-	39,561	638,042
Current tax liabilities						3,569
Deferred tax liabilities						50,477
						692,088

5.1 **Information about reportable segments (continued)**

	Healthcare operations $'000	Healthcare assets $'000	Properties under development $'000	Investments $'000	Others $'000	Total $'000
Group						
1 July 2022 to 31 December 2022						
Revenue						
External revenue	19,706	57,488	-	-	-	77,194
Inter-segment revenue	-	-	-	-	500	500
Segment revenue (including inter-segment revenue)	19,706	57,488	-	-	500	77,694
Segment (loss)/profit before tax	(2,938)	11,831	(3,099)	1,921	9,952	17,667
Depreciation	(716)	(8)	-	-	(189)	(913)
Interest expense	(61)	(11,037)	(145)	-	(1,121)	(12,364)
Interest income	1	156	-	-	87	244
Loss on disposal of a subsidiary	-	(713)	-	-	-	(713)
Share of results of equity-accounted investees, net of tax	(5,637)	-	-	1,921	-	(3,716)
Other material non-cash items						
Reversal of provision for site restoration	-	-	910	-	-	910
Net fair value losses on investment properties	-	(12,905)	-	-	-	(12,905)
Fair value losses on investment properties under development	-	-	(1,429)	-	-	(1,429)
Net fair value losses of derivative financial instruments	-	(1,093)	-	-	-	(1,093)
Impairment losses on joint venture investment	(5,000)	-	-	-	-	(5,000)
Trade and other receivables written off	-	-	-	-	(79)	(79)
Reportable segment assets	66,659	1,203,224	53,162	31,313	48,228	1,402,586
Additions to:						
- Property, plant and equipment	2,151	-	-	-	292	2,443
- Investment properties	-	34,150	-	-	-	34,150
- Capital contribution in equity-accounted investee	3,842	-	-	-	-	3,842
Reportable segment liabilities	73,494	481,310	5,429	-	30,726	590,959
Current tax liabilities						1,832
Deferred tax liabilities						51,772
						644,563

5.1 Information about reportable segments (continued)

	Healthcare operations $'000	Healthcare assets $'000	Properties under development $'000	Investments $'000	Others $'000	Total $'000
Group						
1 January 2023 to 31 December 2023						
Revenue						
External revenue	50,747	108,568	-	-	-	159,315
Inter-segment revenue	-	-	-	-	448	448
Segment revenue (including inter-segment revenue)	50,747	108,568	-	-	448	159,763
Segment profit/(loss) before tax	6,643	58,755	(4,603)	3,078	10,645	74,518
Depreciation	(1,701)	(59)	-	-	(395)	(2,155)
Interest expense	(851)	(22,698)	(128)	-	(2,869)	(26,546)
Interest income	26	507	-	-	168	701
Share of results of equity-accounted investees, net of tax	(1,386)	-	-	3,078	-	1,692
Other material non-cash items						
Net fair value gains on investment properties	-	10,834	-	-	-	10,834
Fair value losses on investment properties under development	-	-	(948)	-	-	(948)
Fair value losses on property, plant and equipment	-	-	(589)	-	-	(589)
Net fair value losses of derivative financial instruments	-	(477)	-	-	-	(477)
Trade and other receivables written off	(434)	-	-	-	(21)	(455)
Trade and other payables written back	-	-	-	-	1,705	1,705
Reportable segment assets	122,639	1,191,142	48,943	34,765	50,611	1,448,100
Additions to:						
- Property, plant and equipment	2,755	-	-	-	884	3,639
- Investment properties	-	4,923	-	-	-	4,923
- Investment in equity-accounted investees	57,120	-	-	-	-	57,120
- Capital contribution in equity-accounted investees	2,904	-	-	-	-	2,904
Reportable segment liabilities	120,422	476,676	1,383	-	39,561	638,042
Current tax liabilities						3,569
Deferred tax liabilities						50,477
						692,088

5.1 **Information about reportable segments (continued)**

	Healthcare operations $'000	Healthcare assets $'000	Properties under development $'000	Investments $'000	Others $'000	Total $'000
Group						
1 January 2022 to 31 December 2022						
Revenue						
External revenue	21,731	98,065	-	-	-	119,796
Inter-segment revenue	-	-	-	-	1,097	1,097
Segment revenue (including inter-segment revenue)	21,731	98,065	-	-	1,097	120,893
Segment (loss)/profit before tax	(3,985)	43,273	(3,504)	4,248	9,703	49,735
Depreciation	(1,060)	(55)	-	-	(381)	(1,496)
Interest expense	(94)	(17,038)	(326)	-	(1,813)	(19,271)
Interest income	1	223	-	-	232	456
Net gain from First REIT transaction	-	3,144	-	-	-	3,144
Loss on disposal of a subsidiary	-	(713)	-	-	-	(713)
Share of results of equity-accounted investees, net of tax	(5,721)	-	-	4,248	-	(1,473)
Other material non-cash items						
Reversal of provision for site restoration	-	-	910	-	-	910
Net fair value losses on investment properties	-	(8,692)	-	-	-	(8,692)
Fair value losses on investment properties under development	-	-	(1,429)	-	-	(1,429)
Net fair value losses of derivative financial instruments	-	(420)	-	-	-	(420)
Impairment losses on joint venture investment	(5,000)	-	-	-	-	(5,000)
Trade and other receivables written off	-	-	-	-	(127)	(127)
Reportable segment assets	66,659	1,203,224	53,162	31,313	48,228	1,402,586
Additions to:						
- Property, plant and equipment	2,644	26	-	-	514	3,184
- Investment properties	-	35,339	-	-	-	35,339
- Capital contribution in equity-accounted investees	4,901	-	-	-	-	4,901
Reportable segment liabilities	73,494	481,310	5,429	-	30,726	590,959
Current tax liabilities						1,832
Deferred tax liabilities						51,772
						644,563

5.2 Disaggregation of Revenue

	Group		
	6 months ended 31 December 2023		
	Healthcare operations $'000	Healthcare assets $'000	Total $'000
Type of goods or service:			
Medical services	18,650	-	18,650
Sale of medicine and medical equipment	7,399	-	7,399
Rental income	-	54,579	54,579
Total revenue	26,049	54,579	80,628
Timing of revenue recognition:			
At a point in time	26,049	-	26,049
Over time	-	54,579	54,579
Total revenue	26,049	54,579	80,628
Geographical information:			
PRC	2,545	-	2,545
Japan	-	7,294	7,294
Indonesia	-	45,155	45,155
Singapore	23,504	2,130	25,634
Total revenue	26,049	54,579	80,628

	Group		
	6 months ended 31 December 2022		
	Healthcare operations $'000	Healthcare assets $'000	Total $'000
Type of goods or service:			
Medical services	15,130	-	15,130
Sale of medicine and medical equipment	4,576	-	4,576
Rental income	-	57,488	57,488
Total revenue	19,706	57,488	77,194
Timing of revenue recognition:			
At a point in time	19,706	-	19,706
Over time	-	57,488	57,488
Total revenue	19,706	57,488	77,194
Geographical information:			
PRC	2,735	-	2,735
Japan	-	7,693	7,693
Indonesia	-	47,665	47,665
Singapore	16,971	2,130	19,101
Total revenue	19,706	57,488	77,194

	Group		
	12 months ended 31 December 2023		
	Healthcare operations $'000	Healthcare assets $'000	Total $'000
Type of goods or service:			
Medical services	36,010	-	36,010
Sale of medicine and medical equipment	14,737	-	14,737
Rental income	-	108,568	108,568
Total revenue	50,747	108,568	159,315
Timing of revenue recognition:			
At a point in time	50,747	-	50,747
Over time	-	108,568	108,568
Total revenue	50,747	108,568	159,315
Geographical information:			
PRC	5,639	-	5,639
Japan	-	14,851	14,851
Indonesia	-	89,489	89,489
Singapore	45,108	4,228	49,336
Total revenue	50,747	108,568	159,315

	Group		
	12 months ended 31 December 2022		
	Healthcare operations $'000	Healthcare assets $'000	Total $'000
Type of goods or service:			
Medical services	15,841	-	15,841
Sale of medicine and medical equipment	5,890	-	5,890
Rental income	-	98,065	98,065
Total revenue	21,731	98,065	119,796
Timing of revenue recognition:			
At a point in time	21,731	-	21,731
Over time	-	98,065	98,065
Total revenue	21,731	98,065	119,796
Geographical information:			
PRC	4,760	-	4,760
Japan	-	15,357	15,357
Indonesia	-	79,165	79,165
Singapore	16,971	3,543	20,514
Total revenue	21,731	98,065	119,796

A breakdown of sales:

	Group		
	Financial year ending 31 December 2023 $'000	**Financial year ending 31 December 2022 $'000**	**Increase / (Decrease) %**
Sales reported for the first half year	78,687	42,602	*85*
Operating profit after tax before deducting non-controlling interests reported for first half year	18,550	24,780	*(25)*
Sales reported for second half year	80,628	77,194	*4*
Operating profit after tax before deducting non-controlling interests reported for second half year	38,960	7,716	*n.m.*

6. Financial assets and financial liabilities

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

	Group		Company	
	31.12.2023 $'000	**31.12.2022 $'000**	**31.12.2023 $'000**	**31.12.2022 $'000**
Financial assets not measured at fair value				
Trade and other receivables*	24,798	22,337	319,729	317,998
Cash and cash equivalents	59,618	66,877	2,863	9,648
Financial assets at amortised costs	84,416	89,214	322,592	327,646
Financial assets measured at fair value				
Other investment	2,648	2,817	-	-
Derivative financial instruments				
- Interest rate swaps (net-settled)	-	176	-	-
- Interest rate caps (net-settled)	411	1,072	-	-
- forward exchange contracts (net-settled)	149	-	-	-
	3,208	4,065	-	-
Financial liabilities measured at fair value				
Derivative financial instruments				
- Interest rate swaps (net-settled)	(272)	-	-	-
- forward exchange contracts (net-settled)	(14)	(494)	-	-
	(286)	(494)	-	-
Financial liabilities not measured at fair value				
Loans and borrowings	(548,652)	(502,547)	(41,875)	(30,189)
Trade and other payables#	(51,341)	(50,027)	(5,098)	(9,020)
Rental deposits received	(10,557)	(11,704)	-	-
Financial liabilities at amortised costs	(610,550)	(564,278)	(46,973)	(39,209)

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

7. Profit before tax

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

	Note	Group 6 Months ended 31.12.2023 $'000	6 Months ended 31.12.2022 $'000	Change %	12 Months ended 31.12.2023 $'000	12 Months ended 31.12.2022 $'000	Change %
Depreciation of property, plant and equipment		(1,072)	(913)	*17*	(2,155)	(1,496)	*44*
Trade and other receivables written off		(439)	(79)	*n.m.*	(455)	(127)	*n.m.*
Manager's management fees		(5,049)	(4,773)	*6*	(9,817)	(8,028)	*22*
Other expenses							
Net fair value losses on investment properties		-	(12,905)	*n.m.*	-	(8,692)	*n.m.*
Fair value losses on investment properties under development		(948)	(1,429)	*(34)*	(948)	(1,429)	*(34)*
Net fair value losses of derivative financial instruments		(1,062)	(1,093)	*(3)*	(477)	(420)	*13*
Fair value losses on property, plant and equipment		(589)	-	*n.m.*	(589)	-	*n.m.*
Loss on disposal of a subsidiary		-	(713)	*n.m.*	-	(713)	*n.m.*
Property, plant and equipment written-off		(2)	(5)	*(60)*	(2)	(5)	*(60)*
		(2,601)	(16,145)	*(84)*	(2,016)	(11,259)	*(82)*
Other income							
Net fair value gains on investment properties		18,380	-	*n.m.*	10,834	-	*n.m.*
Proceeds from liquidation of a subsidiary		(44)	-	*n.m.*	956	-	*n.m.*
Trade and other payables written back		1,705	-	*n.m.*	1,705	-	*n.m.*
Net gain from the First REIT transaction	21(a)	-	-	*n.m.*	-	3,144	*n.m.*
Reversal of provision for site restoration		-	910	*n.m.*	-	910	*n.m.*
Recovering from David Lin's enforcement proceedings		-	520	*n.m.*	-	520	*n.m.*
Recovery of litigation costs and settlement sum		-	-	*n.m.*	-	500	*n.m.*
Government grants		4	30	*(87)*	34	42	*(19)*
Others		4	55	*(93)*	50	3	*n.m.*
		20,049	1,515	*n.m.*	13,579	5,119	*n.m.*
Other income/(expenses), net		17,448	(14,630)	*n.m.*	11,563	(6,140)	*n.m.*
Finance Income							
Interest income		327	244	*34*	701	456	*54*
Finance costs							
Interest expense		(13,682)	(12,364)	*11*	(26,546)	(19,271)	*38*
Foreign exchange loss, net		(2,981)	(258)	*n.m.*	(3,741)	(1,102)	*n.m.*
		(16,663)	(12,622)	*32*	(30,287)	(20,373)	*49*

8. Related party transactions

(a) Management fees received by FRML from First REIT

From 1 January 2023 to 31 December 2023, FRML received management fees from First REIT totaling $9,757,000.

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

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

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

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

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

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

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

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

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

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

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

Save as disclosed above, there are no other material related party transactions as at 31 December 2023.

9. Tax expense

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

	Group					
	6 Months ended 31.12.2023 $'000	**6 Months ended 31.12.2022 $'000**	**Change %**	**12 Months ended 31.12.2023 $'000**	**12 Months ended 31.12.2022 $'000**	**Change %**
Current income tax expense	(5,070)	(6,460)	*(22)*	(10,041)	(9,076)	*11*
Withholding tax	(2,346)	(2,317)	*1*	(4,633)	(4,632)	*n.m.*
Deferred income tax relating to origination and reversal of temporary differences	(640)	(1,174)	*(45)*	(2,334)	(3,531)	*(34)*
Tax expense for the year	(8,056)	(9,951)	*(19)*	(17,008)	(17,239)	*(1)*

10. Earnings per ordinary share ("EPS")

	Group			
	6 Months ended 31.12.2023	**6 Months ended 31.12.2022**	**12 Months ended 31.12.2023**	**12 Months ended 31.12.2022**
Net profit/(loss) attributable to owners of the Company ($'000)	6,243	(4,010)	8,049	4,392
Weighted average number of ordinary shares in issue	4,443,129,206	4,443,129,206	4,443,129,206	4,443,129,206
Basic earnings per ordinary share (cents)	0.14	(0.09)	0.18	0.10
Weighted average number of ordinary shares (post conversion of convertible perpetual securities into ordinary shares)	7,151,810,635	7,151,810,635	7,151,810,635	7,151,810,635
Diluted earnings per ordinary share (cents)	0.09	(0.06)	0.11	0.06

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

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

11. Net asset value

	Group		Company	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Net asset value attributable to owners of the Company ($'000)	294,196	298,734	280,016	291,737
Number of ordinary shares in issue	4,443,129,206	4,443,129,206	4,443,129,206	4,443,129,206
Net asset value per ordinary share (cents)	6.62	6.72	6.30	6.57

12. Property, plant and equipment

For the year ended 31 December 2023, additions to property, plant and equipment amounted to $3,639,000 (31 December 2022: $3,184,000). The amount included additions of right-of-use assets (31 December 2022: additions from the acquisition of subsidiaries).

There was no disposal during the year (31 December 2022: $nil).

Impairment test for property, plant and equipment

The Group reviews the carrying amounts of the assets at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. When considering impairment indicators, the Group considers both internal (e.g. adverse changes in operating and financial performance of the assets) and external sources (e.g. adverse changes in the business environment). If an indicator of impairment is noted, further management estimate is required to determine the amount of impairment, if any. The recoverable amount of the Group's property, plant and equipment was determined based on the higher of fair value less costs to sell and value-in-use calculation.

Determining the value-in-use of property, plant and equipment, which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Group to make estimates and assumptions that can materially affect the financial statements. Any resulting impairment losses could have a material adverse impact on the Group's financial condition and results of operations.

Leasehold property under development (Chengdu land)

In 2023, the Chengdu land was fully impaired based on management's assessment of the status of the land, discussions with the relevant authority and the legal advice obtained in relation to the Group's contractual obligations. As at 31 December 2023, there was no further development and no changes to management's assessment.

13. Intangible assets and goodwill

	Goodwill $'000	Medical distribution licences $'000	Total $'000
Group			
At 30 June 2023			
Cost	32,949	1,108	34,057
Accumulated amortisation and impairment	(2,164)	(1,108)	(3,272)
Effect of movements in exchange rates	(7)	-	(7)
Net book amount	30,778	-	30,778
6 months ended 31 December 2023			
Opening net book amount	30,778	-	30,778
Effect of movements in exchange rates	(56)	-	(56)
Closing net book amount	30,722	-	30,722
At 31 December 2023			
Cost	32,949	1,108	34,057
Accumulated amortisation and impairment	(2,164)	(1,108)	(3,272)
Effect of movements in exchange rates	(63)	-	(63)
Net book amount	30,722	-	30,722

Impairment test for goodwill

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

	Group	
	31.12.2023	**31.12.2022**
	$'000	**$'000**
Brainy World Holdings Limited ("**BWH**") and its joint ventures	2,968	3,031
Echo Healthcare Management Pte. Ltd. ("**ECHM**") and its subsidiaries	27,754	27,754
	30,722	30,785

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

BWH

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

The recoverable amount is determined based on value-in-use calculation using a discounted cash flow projection covering a 8-year-period (31 December 2022: 9-year-period), including a construction period of 0 year (31 December 2022: 1 year). Management considers the 8-year operating period (31 December 2022: 8-year operating period) used in discounted cash flow is appropriate considering investment cycle of the healthcare industry.

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

ECHM

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

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

The recoverable amount is determined based on value-in-use calculation using a discounted cash flow projection covering a 5-year-period. Management considers the 5-year operating period used in discounted cash flow is appropriate considering investment cycle of the healthcare industry.

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

14. Investment properties

		Group	
	Note	**31.12.2023**	**31.12.2022**
		$'000	**$'000**
At 1 January		1,145,343	290,556
Capex expenditures		4,923	4,278
Acquisition of investment properties[(a)]		-	31,061
Acquisition of a subsidiary	21(a)	-	955,235
Net fair value gains/(losses) recognised in profit or loss		10,834	(8,692)
Adjustment on rental straight-lining		15,189	16,358
Disposal of a subsidiary	22(b)	-	(40,438)
Effect of movements in exchange rates		(36,821)	(103,015)
At end of year		1,139,468	1,145,343

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

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

As at 31 December 2023, the details of investment properties held by the Group are set out below:

Investment Property	**Tenure**	**Principal activity**	**Location**
Japan			
Hikari Heights Varus Fujino	Freehold	Skilled nursing facility	Hokkaido, Japan
Hikari Heights Varus Ishiyama	Freehold	Skilled nursing facility	Hokkaido, Japan
Hikari Heights Varus Kotoni	Freehold	Skilled nursing facility	Hokkaido, Japan
Hikari Heights Varus Makomanai-Koen	Freehold	Skilled nursing facility	Hokkaido, Japan
Hikari Heights Varus Tsukisamu-Koen	Freehold	Skilled nursing facility	Hokkaido, Japan
Varus Cuore Yamanote	Freehold	Skilled nursing facility	Hokkaido, Japan
Varus Cuore Sapporo-Kita/ Annex	Freehold	Skilled nursing facility	Hokkaido, Japan
Elysion Gakuenmae	Freehold	Skilled nursing facility	Nara, Japan
Elysion Mamigaoka/ Mamigaoka Annex	Freehold	Skilled nursing facility	Nara, Japan
Orchard Amanohashidate	Freehold	Skilled nursing facility	Kyoto, Japan
Orchard Kaichi North	Freehold	Skilled nursing facility	Nagano, Japan
Orchard Kaichi West	Freehold	Skilled nursing facility	Nagano, Japan
Medical Rehabilitation Home Bon Séjour Komaki	Freehold	Skilled nursing facility	Aichi, Japan
Loyal Residence Ayase	Freehold	Skilled nursing facility	Kanagawa, Japan
Singapore			
Pacific Healthcare Nursing Home	Leasehold	Skilled nursing facility	Bukit Merah, Singapore
Pacific Healthcare Nursing Home II	Leasehold	Skilled nursing facility	Bukit Panjang, Singapore
The Lentor Residence	Leasehold	Skilled nursing facility	Lentor Avenue, Singapore
Indonesia			
Siloam Hospitals Lippo Village	Leasehold	Hospital	Banten, Indonesia
Siloam Hospitals Kebon Jeruk	Leasehold	Hospital	West Jakarta, Indonesia
Imperial Aryaduta Hotel & Country Club	Leasehold	Hotel & Country Club	Banten, Indonesia
Mochtar Riady Comprehensive Cancer Centre	Leasehold	Hospital	Central Jakarta, Indonesia
Siloam Hospitals Lippo Cikarang	Leasehold	Hospital	Bekasi, Indonesia
Siloam Hospitals Manado	Leasehold	Hospital	North Sulawesi, Indonesia
Hotel Aryaduta Manado	Leasehold	Hotel	North Sulawesi, Indonesia
Siloam Hospitals Makassar	Leasehold	Hospital	South Sulawesi, Indonesia
Siloam Hospitals Bali	Leasehold	Hospital	Bali, Indonesia
Siloam Hospitals TB Simatupang	Leasehold	Hospital	South Jakarta, Indonesia
Siloam Hospitals Purwakarta	Leasehold	Hospital	West Java, Indonesia
Siloam Sriwijaya	Leasehold	Hospital	South Sumatra, Indonesia
Siloam Hospitals Kupang	Leasehold	Hospital	East Nusa Tenggara, Indonesia
Lippo Plaza Kupang	Leasehold	Mall	East Nusa Tenggara, Indonesia
Siloam Hospitals Labuan Bajo	Leasehold	Hospital	East Nusa Tenggara, Indonesia
Siloam Hospitals Baubau[1]	Leasehold	Hospital	Sulawesi Tenggara, Indonesia
Lippo Plaza Baubau[1]	Leasehold	Mall	Sulawesi Tenggara, Indonesia
Siloam Hospitals Yogyakarta	Leasehold	Hospital	Yogyakarta, Indonesia

[1] Formerly known as Siloam Hospitals Buton & Lippo Plaza Buton

As at 31 December 2023, investment properties of the Group with carrying amounts of $832,726,000 (31 December 2022: $811,667,000) were pledged as security for related borrowings (note 17).

Measurement of fair value

As at 31 December 2023, the fair value of investment properties were determined by external valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. External valuers appraise the fair value of the Group's investment property portfolio every year.

The fair values are based on open market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction wherein the parties had each acted knowledgeably and without compulsion. In determining the fair value as at the reporting date, the external valuers have adopted a combination of valuation methods, including discounted cash flow and direct comparison method (2022: discounted cash flow, income capitalisation and direct comparison method). The valuation methods involve certain estimates including those relating to market-corroborated discount rate, terminal capitalisation rate, and price per square metre (2022: discount rate, terminal capitalisation rate, capitalisation rate, and price per square metre). The specific risks inherent in each of the properties are taken into consideration in arriving at the valuations.

15. Investment properties under development

	Group	
	31.12.2023 $'000	**31.12.2022 $'000**
At 1 January	52,283	57,691
Fair value losses recognised in profit or loss	(948)	(1,429)
Effect of movements in exchange rates	(2,842)	(3,979)
At end of year	48,493	52,283

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

Description	**Unexpired term of leasehold land**
Land - Wuxi land, PRC	32 years
Land - Kuala Lumpur, Malaysia	84 years

An investment property under development with carrying amount of $36,634,000 (31 December 2022: $38,976,000) is mortgaged to secure bank borrowings (note 17(e) (ii)).

Classification of investment properties under development

The classification of the land as owner-occupied property or investment property is a matter of judgement, involving consideration of the purpose and usage of the land, and future development plans. Portion of land to be redeveloped for future rental or capital appreciations are held as investment properties under development while portion of land to be redeveloped for own use are held as property, plant and equipment. The relevant portion of the land continue to be classified as investment properties under development based on management's assessment of the above factors.

Measurement of fair value

For the land in Kuala Lumpur, the fair value was determined by an independent valuer as the fair value based on the direct comparison method, taking into consideration the economic conditions, market expectations and property market outlook in Malaysia. Management assessed that there was no change to the fair value as at 31 December 2023.

For the land in Wuxi, the PRC, the land valuation is based on assumptions made by management in relation to the plot ratio, hospital license, gross development value, entrepreneur profit and risk. As at 31 December 2023, management assessment that there were fair value losses of $948,000 for the valuation of the land.

16. Associate and joint ventures

	Group		Company	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	$'000	$'000	$'000	$'000
Interest in an associate	57,072	-	-	-
Interests in joint ventures	82,948	79,685	40,553	40,553
Less: Allowance for impairment loss	(9,135)	(9,135)	(16,946)	(16,946)
	130,885	70,550	23,607	23,607

Associate

On 26 October 2023, the Group completed the share acquisition of 26.24% interest in Healthway Medical Corporation Limited ("**HMC**"), for a total consideration of $57,120,000.

The Group has engaged an external expert to perform a purchase price allocation ("**PPA**") exercise for the acquisition. The Group's share of the net assets of HMC was based on the fair values of the identifiable assets and liabilities of HMC as at 26 October 2023.

The following table summarises the consideration transferred and the proportionate share of the fair value of net assets of HMC as at the date of acquisition:

	HMC
	2023
	$'000
Total consideration transferred	57,120
Less: Proportionate share of fair value of net assets	(17,720)
Provisional goodwill	39,400

Included in the carrying amount of associate and joint ventures in the statement of financial position as at 31 December 2023 is a provisional goodwill arising from acquisition of equity interest in HMC of $39,400,000.

Joint ventures

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

Recoverable amounts of interests in associate and joint ventures

For the year ended 31 December 2023, the Group assessed the recoverable amounts for each cash generating unit ("**CGU**") based on the value-in-use, taking into consideration the potential impact from the prevailing economic conditions and market outlook on the projected cash flows and discount rates.

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

17. Loans and borrowings

	Note	Group 31.12.2023 $'000	Group 31.12.2022 $'000	Company 31.12.2023 $'000	Company 31.12.2022 $'000
Current					
Loans from third parties	(a)	-	189	-	189
Loan from a fellow subsidiary	(b)	-	1,800	-	-
Secured Tokutei Mokuteki Kaisha ("**TMK**") bonds A	(c)	-	1,453	-	-
Secured TMK bonds B and term loan C	(d)	920	-	-	-
Bank borrowings	(e)	30,426	49,491	30,000	30,000
		31,346	52,933	30,000	30,189
Non-current					
Secured TMK bonds A	(c)	-	106,672	-	-
Secured TMK bonds B and term loan C	(d)	106,929	-	-	-
Guaranteed bonds	(f),(i)	96,778	95,571	-	-
Social term loan A	(g),(i)	230,148	230,742	-	-
Social term loan B	(h)	15,071	16,629	-	-
Secured term loan A	(j)	56,505	-	-	-
Secured revolving credit facility ("**RCF**") B	(j)	11,875	-	11,875	-
		517,306	449,614	11,875	-
Total loans and borrowings		548,652	502,547	41,875	30,189

As at 31 December 2023, total borrowings include secured liabilities of $548,652,000 (2022: $500,558,000) and $41,875,000 (2022: $30,000,000) of the Group and the Company respectively.

(a) Loans from third parties

The loans from third parties are unsecured. The loans were written back on 31 December 2023.

(b) Loan from a fellow subsidiary

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

(c) Secured TMK bonds A

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

The secured TMK bonds A pertain to a 5-year bonds issued by First REIT's indirect subsidiary, OUELH Japan First TMK, for JPY10.6 billion (approximately $97.5 million) due in May 2025 to Shinsei Bank Limited. The secured TMK bonds A were fully repaid on 23 June 2023 financed by a new secured TMK bonds of JPY2 billion and a secured term loan of JPY10 billion (note 17(d)).

(d) Secured TMK bonds B and Term Loan C

On 23 June 2023, OUELH Japan First TMK, a subsidiary of the First REIT Group, issued a 7-year bonds amounting to JPY2 billion (approximately $18.4 million) to Kiraboshi Bank Ltd and obtained a term loan of JPY10 billion (approximately $92.0 million) ("**Term Loan C**") from Kiraboshi Bank Ltd.. The outstanding balance for the secured TMK bond B and Term loan C as at 31 December 2023 amounts to JPY2 billion and JPY9.95 billion (approximately $18.4 million and $91.5 million) respectively. Both facilities will be due in June 2030.

(e) Bank borrowings

(i) $426,000 (2022: $444,000) is secured against a charge over the building and rights of the subsidiary pertaining of the working capital of the subsidiary;

(ii) $nil (2022: $4,047,000) is secured against:

- a charge created over an investment property under development of the Group (note 15);
- a debenture over the assets and rights of the subsidiary pertaining to a development project of the Group (note 15);
- joint and several guarantees by certain shareholders;
- a corporate guarantee from the Company.

The loan was fully repaid on 29 December 2023.

(iii) $30 million (2022: $30 million) is secured by a corporate guarantee from the intermediate holding company which is repayable upon the occurrence of the sale of KL land; and

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

The loan was fully repaid on 3 October 2023.

(f) Guaranteed bonds

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

(g) Social term loan A

On 25 November 2022, First REIT entered into a facility agreement with two of the existing lenders, Oversea-Chinese Banking Corporation Limited ("**OCBC**") and Commerce International Merchant Banks in respect of a $300 million social term loan and revolving credit facilities agreement (the "**Facilities**") to refinance the $260 million syndicated secured loan matured on 1 March 2023. As at 31 December 2023, First REIT drew down social term loan A amounting to $234 million (2022: $235 million) under these Facilities which are repayable in May 2026.

(h) Social term loan B

On 29 September 2022, First REIT's indirect subsidiary, First REIT Japan Two GK, secured a JPY1.66 billion (approximately $15.3 million) non-recourse social loan from Shinsei Trust Bank Limited which is due on 27 September 2026. The proceeds from social term loan B were utilised to partially fund the acquisition of two nursing homes, Loyal Residence Ayase and Medical Rehabilitation Home Bon Sejour Komaki which are located in Japan in 2022.

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

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

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

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

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

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

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

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

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

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

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

11) Compliance with all financial covenants.

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

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

2) A corporate guarantee from First REIT.

The secured TMK bonds A, secured TMK bonds B and Term loan C agreement provides amongst others matters for the following:

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

2) A corporate guarantee from the First REIT.

(j) Secured term loan A and secured RCF B

On 30 June 2023, the Company and its wholly-owned subsidiary, OUEH Investments Pte. Ltd. ("**OIPL**") entered into an $85 million facility agreement with three lenders, CIMB Bank Berhad ("**CIMB**"), The Hongkong and Shanghai Banking Corporation Limited ("**HSBC**") and OCBC (the "**Loan Facility**"). The Loan Facility consisted of a secured term loan A of $70 million and secured RCF B of $15 million.

The Loan Facility is secured by a corporate guarantee from the intermediate holding company, charge over units in a subsidiary held by one of the subsidiaries of the Company and the shares in an associate company.

(k) Intra-group financial guarantees

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

(i) RMB222.5 million (approximately $41.2 million) (2022: RMB222.5 million (approximately $42.9 million)) in respect of the Group's 50% share of the bank loan facilities taken up by its joint ventures in the PRC; and

(ii) $nil (2022: $19.1 million) to its subsidiaries in Malaysia and Singapore (2022: Malaysia and Singapore).

At the reporting date, the Company has not recognised an ECL provision as the ECL amount was lower than the amortised liability for intra-group financial guarantee contracts. The Company does not consider it probable that a claim will be made against the Company under the guarantee. As at 31 December 2023, management has assessed that the fair value of intra-group financial guarantees is insignificant at initial recognition.

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

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

18. Share capital

	The Group and the Company			
	31.12.2023		31.12.2022	
	No. of ordinary shares '000	Share capital $'000	No. of ordinary shares '000	Share capital $'000
Company				
At beginning and end of the year	4,443,129	418,913	4,443,129	418,913

Ordinary shares

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

19. Convertible perpetual securities

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

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

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

20. Provisions

	Legal $'000
Group and Company	
At 1 January 2023	20,724
Utilisation during the year	(525)
At 31 December 2023	20,199

Legal

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

For the year ended 31 December 2023, provisions were utilised for legal costs incurred.

21. Acquisition of subsidiaries and disposal of associate

(a) Acquisition of First REIT as subsidiary

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

Identifiable assets acquired and liabilities assumed

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

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

Negative goodwill and net gain from First REIT transaction

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

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

Disposal of First REIT as an associate

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

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

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

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

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

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

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

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

Identifiable assets acquired and liabilities assumed

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

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

Cash flow relating to the O2 Group

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

Goodwill

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

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

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

22. Disposal of a subsidiary

(a) FRM Japan Management Co., Ltd

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

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

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

Effect of the disposal

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

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

(b) PT Tata Prima Indah

On 27 September 2022, the First REIT's Group has through its indirect wholly-owned subsidiaries, Primerich Investments Pte. Ltd. and Surabaya Hospitals Investment Pte. Ltd., completed the disposal of 100% of issued and paid-up share capital of PT Tata Prima Indah (“**PT TPI”)** for a total sales consideration of IDR430,000,000,000 (approximately $40,345,000).

PT TPI previously contributed net profit after tax of $2,106,000 from 1 March 2022 to the date of disposal.

Effect of the disposal

The cash flow and net asset of PT TPI were as follows:

	$'000
Investment properties	40,438
Other payables	*
Cash and cash equivalents	*
Net assets disposed	40,438
Realisation of foreign exchange reserves	44
Tax expense relating to the disposal	(2,017)
	38,465
Loss on disposal of a subsidiary (including transaction costs[1])	(713)
	37,752
Less: Cash and cash equivalents disposed	*
Add: Transaction costs – Manager's divestment fees paid in units	202
Net cash inflow on disposal of a subsidiary	37,954

* Less than $1,000
[1] Included in the transaction costs are the audit fees paid to the auditors amounting to $37,000.

23. Litigation cases

The status of the litigation cases as at 31 December 2023 is as summarised below.

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

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

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

Arbitration Proceedings against David Lin

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

Recognition and enforcement proceedings

In 2019, the Company commenced recognition and enforcement proceedings in Hong Kong, Taiwan and Shanghai against David Lin to enforce the said award. As at 31 December 2023, the Company has obtained permission from the respective authorities concerned to enforce the award in Hong Kong, Taiwan and Shanghai.

As at 31 December 2023:

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

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

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

(b) Other claim(s) against the Company

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

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

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

24. Subsequent event

On 1 January 2024, RMA Global Pte. Ltd., Respiratory Medical Associates Pte. Ltd., Respiratory Medical Associates (Novena) Pte. Ltd, and Respiratory Medical Associates (Orchard) Pte. Ltd amalgamated as RMA Global Pte. Ltd.

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

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

Ordinary shares issued and fully paid-up	Number of shares	Paid-up share capital
		$
Balance as at 31 December 2023 and 31 December 2022	4,443,129,206	418,912,580

There were no outstanding convertibles, treasury shares or subsidiary holdings as at 31 December 2023 and 31 December 2022.

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

As at 31 December 2023 and 31 December 2022, the Company had 4,443,129,206 issued and fully paid-up ordinary shares.

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

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

Not applicable.

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

Not applicable.

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

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

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

Not applicable.

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

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

Not applicable.

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

Not applicable.

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

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

Review of financial performance of Continuing Operations for the financial year ended 31 December 2023

(a) Revenue

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

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

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

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

(b) Cost of sales

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

(c) Gross profit

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

(d) Administrative expenses

The increase in administrative expenses was due mainly to the consolidation of the full year results of First REIT and the Medical Partners. For 2022 results, the Group consolidated 10 months results of Frist REIT and 6 months results of the Medical Partners.

(e) Other income/(expenses)

Other income/(expenses) for FY2023 comprised mainly the followings:

(i) Net fair value gains of $10,834,000 on First REIT's investment properties;
(ii) Fair value losses of $948,000 on investment properties under development;
(iii) Fair value losses of $589,000 on property, plant and equipment for the Wuxi land use right;
(iv) Net fair value losses of $477,000 relating to First REIT's derivative financial instruments (revaluation of interest rate swaps, interest rate caps contracts, as well as currency hedging contracts);
(v) Proceeds from liquidation of a subsidiary of $956,000; and
(vi) Trade and other payables written back of $1,705,000 in relation to liabilities that were no longer needed.

Other (expenses)/income for FY2022 comprised mainly the following:

(i) Net fair value losses of $8,692,000 on First REIT's investment properties;
(ii) Fair value losses of $1,429,000 on investment properties under development;
(iii) Loss on disposal of a subsidiary of $713,000 relating to First REIT's divestment of PT TPI which held Siloam Hospitals Surabaya;
(iv) Net fair value losses of $420,000 relating to First REIT's derivative financial instruments (revaluation of interest rate swaps, interest rate caps contracts, as well as currency hedging contracts);
(v) Reversal of provision made for site restoration costs of $910,000;

(vi) Recovery of $500,000 received in relation to the final settlement with the Crest entities;
(vii) Recovery from David Lin's enforcement proceedings from one of the subsidiaries $520,000; and
(viii) Net gain of $3,144,000 relating to the First REIT transaction.

(f) Finance income

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

(g) Finance costs

The increase in finance costs was mainly due to the impact of increasing interest rate, increase in borrowings and transaction costs written off in relation to the refinancing of First REIT's loans in Japan. Finance costs included the net foreign exchange loss.

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

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

On 26 October 2023, the Group completed the acquisition of 26.24% interest in Healthway Medical Corporation Limited ("**HMC**").

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

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

YOPH and PHIH, collectively the "**Myanmar Group**", refers to the 40/60 joint venture with First Myanmar Investment Public Company Limited ("**FMI**"). The Group holds a 40% stake in the Myanmar Group that currently operates 3 hospitals and 5 clinics in Myanmar.

The Group's overall share of results for 2023 was higher than 2022 as the 2022 share of results included an impairment loss in relation to the Group's investment in Myanmar.

(i) Tax expense

The decrease in tax expense was mainly due to writeback of deferred tax liabilities for Wuxi land. Tax expenses included the provision for withholding tax and deferred tax liabilities in relation to the Group's investment properties.

(j) Profit after tax

The Group recorded a profit after tax of $57,510,000 compared to a profit after tax of $32,496,000 for FY2022, mainly attributable to the aforementioned factors.

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

(a) Non-current assets

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

(i) The property, plant and equipment arising from the O2 Group;
(ii) The increase in associate and joint ventures was due to acquisition of equity-accounted investee, HMC of $57,120,000 and a capital contribution of $2,904,000 in CMJV.

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

(b) Current assets

The increase in trade and other receivables was due to the consolidation of trade receivables from the O2 Group and First REIT.

(c) Non-current liabilities

The increase in non-current loans and borrowings was mainly due to the followings:

(i) In September 2023, the Company loan drawdown for working capital; and
(ii) In October 2023, the Company's wholly-owned subsidiary loan drawdown for acquisition of HMC.

The increase in lease liabilities was due to renewal of tenancy agreements by O2 Group in FY2023.

(d) Current liabilities

The decrease in current liabilities was due to the followings:

(i) Repayment of loans and borrowings from a fellow subsidiary (note 17(b)) and bank borrowings (note 17(e));
(ii) Provisions for legal and related expense was utilised in FY2023; and
(iii) Disposal of derivative liabilities.

The increase in current tax liabilities due to O2 Group additional tax liabilities for FY2022.

Review of Cashflows and Working Capital

a) Cash flows from operating activities

Operating activities generated net cash of $80,046,000 before working capital changes. After taking into account the movement in working capital, operating activities generated net cash of $65,420,000. The increase was mainly due to the consolidation of the full year results of First REIT and O2 Group.

b) Cash flows from investing activities

Investing activities utilised net cash of $62,745,000. Cash outflow related to the acquisition of HMC, capital expenditures on investment properties and capital contribution made. The outflow was partly offset by a repayment of an advance to a joint venture partner.

c) Cash flows from financing activities

Financing activities utilised net cash of $8,093,000. The net outflow was mainly due to net repayment of borrowings, distribution to First REIT unitholders and dividends paid to shareholders of O2 Group, payment of transaction costs related to borrowings and interests.

d) Working capital

As at 31 December 2023, the Group's net current liabilities amounted to $19,412,000 (31 December 2022: $24,901,000).

The negative working capital was mainly due to provisions of $20,199,000 (note 20).

The Board confirms that the Group is able to meet its debt obligations as and when they fall due after having assessed the sources of liquidity, the available cash reserves as at 31 December 2023 and the projected net operating cash flows.

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

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

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

Global economic growth continued to remain sluggish due to the high interest rate environment as well as geopolitical tensions.[1] Notwithstanding, inflation seems to have peaked in most markets barring unforeseen circumstances, and there is expectation that the interest rate may finally be[2] lowered, albeit at a moderate pace.

While the global economic outlook continues to be shrouded with uncertainties, the Group believes that the healthcare sector in the region will remain resilient, driven by the increasing demand for quality healthcare services, growing health awareness and an aging population. With the vision to be the trusted healthcare provider in the communities that we serve, the Group continues to be focused in building a sustainable and integrated healthcare business ecosystem anchored on international best practices, which will bring comprehensive quality healthcare to its patients.

Singapore

Since the initiation of the 'Healthier SG' programme promoting patient-centred preventive care, over 700,000 Singapore residents have registered as at 23 January 2024. The Singapore Government has also further provided more subsidies to eligible Singaporeans under the Healthier SG Chronic Tier at their enrolled Healthier SG GP clinics.[3]

The successful exit offer and voluntary delisting of Healthway Medical Corporation Limited ("**HMC**") by the Group in October 2023 has resulted in the Group holding 26.24% of HMC. This enables the Group to significantly expand its healthcare network to over 100 clinics in Singapore, encompassing a comprehensive array of healthcare services covering primary, secondary, and ancillary care.

The addition of HMC will further strengthen the Group's regional network and Singapore's businesses, which also comprises O2 Healthcare Group, a team of trained lung specialists with expertise in cardiac surgery, thoracic surgery, pulmonary medicine, and intensive care. O2 Healthcare Group currently consists of three respiratory and cardiothoracic specialist groups with 11 specialist doctors and two cardiothoracic surgeons in Singapore.

The enlarged OUE Healthcare group, with the addition of HMC will be well-positioned to provide a comprehensive spectrum of healthcare services to the region, anchored on Singapore's high standards of medical excellence.

China

While economic activity in China has picked up in 2023 with the country recording a growth of 5.2%, its recovery remains fragile and bumpy as its economic performance has been marked by declining FDI, deflationary pressures, and weak consumer confidence.[4]

The Group's joint venture in China ("**CM Lippo**") has commissioned Changshu China Merchants – Lippo Obstetrics & Gynaecology Hospital ("**Changshu Hospital**"), in May 2023. Faced with a situation of weak economic conditions and declining birth rate, Changshu Hospital has been proactively fine-tuning its business strategies and service offerings to meet the challenges of the dynamic environment. The Shenzhen China Merchants – Lippo Prince Bay Hospital ("**Prince Bay Hospital**") is on course to be commissioned in the second half of 2024. It is positioned as a premium general hospital providing services of international standards to meet the discerning demands of the affluent population in the Greater Bay Area.

Myanmar

Myanmar's socio-political conflicts continue to rage with no sign of abatement.

Notwithstanding the challenging environment, the operations at Pun Hlaing Hospitals (joint venture with First Myanmar Investments), continue to be stable as healthcare remains an essential service. The Group will continue to stay abreast of the evolving business landscape and respond swiftly to changes.

[1] https://www.worldbank.org/en/publication/global-economic-prospects

[2] https://www.imf.org/en/Blogs/Articles/2023/07/13/weak-global-economy-high-inflation-and-rising-fragmentation-demand-strong-g20-action

[3] https://www.moh.gov.sg/news-highlights/details/healthier-sg-chronic-tier-subsidy-framework-to-start-from-1-february-2024

[4] https://www.reuters.com/world/china/chinas-q4-gdp-grows-52-yy-below-market-forecast-2024-01-17/

7. If a decision regarding dividend has been made:

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

None.

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

Not applicable.

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

Not applicable.

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

Not applicable.

(d) The date the dividend is payable

Not applicable.

(e) Books closure date

Not applicable.

8. Dividends

No dividends were paid or declared during the financial year ended 31 December 2023 and during the corresponding financial year ended 31 December 2022 after taking into consideration of the Group's cash flow requirements.

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

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

10. Confirmation Pursuant to Rule 720(1)

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

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

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

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

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

(b) Acquisition of an associated company, Healthway Medical Corporation Limited on 26 October 2023.

(c) Striking off of subsidiaries

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

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

(iii) IHC Healthcare REIT, a Singapore incorporated trust managed by IHC Medical RE Pte. Ltd. (a direct wholly-owned subsidiary of the Company), has been terminated and ceased to be a legal entity with effect from 2 October 2023.

13. Others

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

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

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

BY ORDER OF THE BOARD OF DIRECTORS

Mr. Yet Kum Meng
Chief Executive Officer and Executive Director
26 February 2024

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

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