STRENGTHENING GROWTH, EXPANDING POSSIBILITIES

TRANSFORMATION. SYNERGY. BORDERLESS

ANNUAL REPORT 2019

STRENGTHENING GROWTH, EXPANDING POSSIBILITIES

2019 has been a year of steady growth for OUE Lippo Healthcare Limited as we continue to focus our efforts on turning the Company around, as well as strengthening our three-pronged growth strategy of establishing strategic partnerships, building our asset-light business and growing our Pan-Asian presence. With our acquisitions in Myanmar and China during the year, we look forward to deepening our healthcare reach as we expand sustainably across Pan-Asia.

ABOUT OUE LIPPO HEALTHCARE LIMITED

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

OUELH is a Pan-Asian healthcare group that owns, operates and invests in quality healthcare assets in high-growth Asian markets. It currently owns 12 nursing homes in Japan, as well as operating one hospital and developing another two hospitals in China. It also has a stake in the joint venture companies that own and operate six medical facilities in Myanmar. In addition, it holds a 40% stake in Bowsprit Capital Corporation Limited, which is the manager of First Real Estate Investment Trust ("**First REIT**"), Singapore's first listed healthcare real estate investment trust.

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

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

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

As at 31 December 2019, OUE and ITOCHU own approximately 64.35% and 25.32% of equity interest in OUELH respectively.

This Annual Report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**"), in accordance with Rules 226(2)(b) and 753(2) of the SGX-ST Listing Manual Section B: Rules of Catalist.

This Annual Report has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this Annual Report, including the correctness of any of the statements or opinions made or reports contained in this Annual Report.

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

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OUR MILESTONES

JAN 2018

ESTABLISHED STRATEGIC PARTNERSHIP WITH CHINA MERCHANTS GROUP LIMITED

Completed acquisition of

50% interest

in China Merchants Lippo Hospital Management (Shenzhen) Limited

("**CMLHM**") through the acquisition of Brainy World Holdings Limited. CMLHM is a joint venture company with a subsidiary of China Merchants Shekou Industrial Zone Holdings Co., Ltd, a member company of China Merchants Group.

FEB 2018

WELCOMED ITOCHU CORPORATION AS A STRATEGIC SHAREHOLDER

Completed placement of

562,500,000 new ordinary shares

to an indirect subsidiary of ITOCHU Corporation.

OCT 2018

STRATEGIC ACQUISITION OF STAKES IN FIRST REIT AND ITS MANAGER, BOWSPRIT CAPITAL CORPORATION LIMITED

Completed acquisition of

40% interest

in Bowsprit Capital Corporation Limited[1] (First REIT's manager) and

83,593,683 units

of First REIT (10.48% of total issued and paid up units of First REIT[2]).

Completed a

1-for-1 Rights Issue

to fund the acquisitions of Bowsprit and First REIT.

1 Bowsprit Capital Corporation Limited owns 8.28% of the total issued and paid up units of First REIT as at 31 December 2019

2 Calculated based on the total issued units of First REIT as at 31 December 2019

DEC 2018

DEEPENING COLLABORATION WITH CHINA MERCHANTS GROUP

OUELH announced plans

to jointly develop, operate and manage an international hospital in

Prince Bay, Shekou, Shenzhen

("**Prince Bay Hospital**") with China Merchants Shekou Industrial Zone Holdings Co., Ltd

VENTURED INTO MYANMAR'S HEALTHCARE MARKET

Announced acquisitions of 40% and 35% equity interest in Yoma Siloam Hospital Pun Hlaing Limited and Pun Hlaing International Hospital Limited respectively, a joint venture with First Myanmar Investment Public Company Limited ("**FMI**")

to own, manage and operate

3 hospitals, 2 clinics and 1 medical centre

in Myanmar.

ACQUISITION OF HOSPITAL IN WUXI, JIANGSU

Completed the acquisition of 70% equity interest in Wuxi Bohai Hospital Company Limited, which operates Wuxi Bohai Hospital. The hospital has been renamed to

Wuxi Lippo Xi Nan Hospital,

and assumed full operating control.

Completed acquisitions of

40% and 35% equity interest

in Yoma Siloam Hospital Pun Hlaing Limited and Pun Hlaing International Hospital Limited respectively.

MOVING FORWARD WITH THE DEVELOPMENT OF PRINCE BAY HOSPITAL

Subscribed for

50% shares

of Riviera Quad International Limited

for the development of Prince Bay Hospital.

Entered into shareholders' agreement in Jan 2020.

TRANSFORMATION

Being Asset-Light

At OUELH, we constantly innovate to meet the challenges and tap the opportunities in the healthcare market. We will continually transform ourselves to grow our businesses in an efficient and sustainable manner.

SYNERGY

Strengthening Partnerships

Partnerships are at the centre of our growth journey. As we strengthen our partnerships with key Asian partners, we aim to integrate our wide variety of expertise and synergistic collaborations to bring better quality healthcare across Asia.

BORDERLESS

Expanding in Pan-Asia

We want to inspire the future of healthcare in Asia. We believe we can be part of Asia's transformative healthcare landscape as we redefine healthcare to meet the demands of each unique Asian market.

CHAIRMAN'S STATEMENT

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

Dear Valued Shareholders,

It has been a year of transformational growth for OUE Lippo Healthcare Limited ("**OUELH**") as the Company continues to strengthen and expand its operations to meet the rapidly evolving healthcare demands in the region.

For the financial year ended 31 December 2019 ("**FY2019**"), OUELH strengthened our business based on the foundations laid for our three-pronged strategy as we continued to expand strategically into our target high-growth markets across Asia by deepening our partnerships and focusing on our asset-light business model. With that, the Company has also recorded a turnaround year since it became part of the OUE Group in 2017.

STRENGTHENING GROWTH

Adding Myanmar into our Pan-Asian Network

In the first half of FY2019, the Company completed the acquisition of stakes in two Myanmar companies that operate and own three hospitals, two clinics and one medical centre in Myanmar. This marks the Company's successful entry into one of the fastest-growing Southeast Asian markets with a reliable partner, First Myanmar Investment Public Company Limited ("**FMI**"), which is one of the largest public companies in Myanmar and the first company listed on the Yangon Stock Exchange.

Our foothold in key cities in Myanmar also diversified our healthcare network strategically, which now comprises stable healthcare markets like Japan, growing markets like China, as well as the rapidly emerging frontier market of Myanmar and Indonesia.

Bolstering Hospital Operations Business in China

Following the acquisitions in Myanmar, the Company continued to fortify its hospital operation and management business in China with the acquisition of a 70% stake in the operations of a general hospital in Wuxi, Jiangsu.

Strategic partnerships remain an important cornerstone of our long-term growth in Asia. In that regard, we have deepened our commitment with our strategic partner in China – China Merchants Group ("**CMG**") to jointly develop an international hospital in Prince Bay, Shekou, Shenzhen ("**Prince Bay Hospital**"). We completed a share subscription and subsequently entered into a shareholders' agreement in January 2020.

"OUELH strengthened our business based on the foundations laid for our three-pronged strategy as we continued to expand strategically into our target high-growth markets across Asia by deepening our partnerships and focusing on our asset-light business model."

The Prince Bay Hospital is positioned to serve the Greater Bay Area, an integrated megalopolis with a combined Gross Domestic Product ("**GDP**") of US$1.6 trillion, accounting for 12% of China's GDP. The projected GDP of the Greater Bay Area could be worth US$4.6 trillion in 2030, surpassing other similar bay areas of Tokyo, New York and San Francisco[1].

EXPANDING POSSIBILITIES

While the current healthcare market in China is clouded by the uncertainties brought about by the COVID-19 pandemic, we continue to take a long-term view in developing, managing and optimising our healthcare operations in Asia, and remain committed to participating in the healthcare transformation of one of the world's fastest-growing healthcare markets.

The Asian healthcare market is expected to grow steadily with a projected growth rate of 7.2% due to major increases in the number of hospitals, elderly care facilities and medical tourism, which are predominantly fuelled by the changing demographic of aging population in Asia[2]. As the Company continues to grow from strength to strength across all our businesses and geographical markets with our strategic partners, we remain positive of the burgeoning opportunities in Asia.

LOOKING AHEAD

Moving forward, we remain focused on strengthening and boosting the value of our existing operations while assessing and pursuing suitable Pan-Asian growth opportunities. Amidst global geopolitical uncertainties, the Company maintains a cautiously positive outlook for the region and will continue to work towards enhancing shareholders' value.

IN GRATITUDE

On behalf of the Board, I would like to express my appreciation to our shareholders, strategic partners, business associates and our staff for their steadfast support as we continue to pursue our vision of becoming the leading Pan-Asian healthcare company.

Lee Yi Shyan
Non-Independent and Non-Executive Chairman

1 *"HSBC forum hears the Greater Bay Area is poised to deliver new business" Retrieved from: https://www.scmp.com/presented/economy/china-economy/topics/great-powerhouse/article/3017198/hsbc-forum-hears-greater*
2 *"Asia Pacific Healthcare Market Outlook for 2020 and Beyond". Retrieved from: https://globalhealthintelligence.com/ghi-analysis/asia-pacific-healthcare-market-outlook-for-2020-and-beyond/*

主席致辞

尊敬的各位股东

华联力宝有限公司（“华联力宝”或“公司“，包含其子公司统称“集团”）在过去的一年继续强化并拓展公司的医疗保健业务，以迎合泛亚区域的医疗服务需求。同时，集团也更进一步地落实了其转型和增长的计划。

在 2019 财务年度（“2019 财年”），华联力宝在其三重策略的基础上持续加强其发展业务，巩固并加深与其战略合作伙伴的关系、贯彻轻资产的商业模式和战略性地扩展到泛亚的高增长市场。2019 财年也是华联力宝自 2017 年加入华联企业集团以来首次转亏为盈的财年。

强化业务增长

把缅甸并入公司泛亚蓝图

公司在 2019 财年的上半年，成功收购了 1 家缅甸的医疗物业公司和 1 家医疗运营公司部分股份。 这 2 家公司在缅甸持有并运营着 3 家医院、2 间诊所及 1 间医疗中心。这也标志着公司透过与第一缅甸投资公司（“FMI”）的合作，成功地进入了东南亚增长最快的市场之一。FMI，作为公司强大可靠的合作伙伴，是第一家在仰光证券交易所上司的公司，也是缅甸最大规模的上市公司之一。

随着缅甸业务的并入，集团的医疗蓝图更加的多元化，不仅涵盖稳定的日本医疗市场，以及强大发展中的中国医疗市场，还涉足于缅甸和印尼这样迅速崛起的前沿市场。

增强中国的医院业务

继缅甸的收购项目后，公司也收购了江苏无锡一家综合医院 70.0% 的股权，持续加强其在中国医疗运营的业务。

战略合作伙伴是公司在亚洲长期发展的重要基石。2020 年 1 月，公司与战略合作伙伴招商局集团在深圳蛇口太子湾联合开发的太子湾国际医院项目也迈入了新的里程碑，完成了太子湾国际医院项目相关的股权认购，并签署了股东合作协议。

太子湾医院项目建成后，预计服务对象涵括粤港澳大湾区，粤港澳大湾区作为一个综合大都市，生产总值达 1.6 万亿美元，占中国生产总值的 12%。预计到 2030 年，粤港澳大湾区的生产总值将达到 4.6 万亿美元，超越东京、纽约及旧金山等同类湾区的生产总值 [1]。

“华联力宝在其三重策略的基础上持续加强其发展业务，巩固并加深与其战略合作伙伴的关系、贯彻轻资产的商业模式和战略性地扩展到泛亚的高增长市场。”

持续开拓新的契机

尽管当前的医疗市场被新形冠状肺炎疫情所带来的不确定性所笼罩，公司将继续秉持着放眼长远的心态，持续发展并管理和优化其医疗业务，力求在这个全球增长最快的医疗市场做出贡献。

随着亚洲人口老龄化，医院、老年疗养设施需求和医疗旅游预计大幅增长，亚洲医疗市场整体预计稳步增长，增长率为 7.2%[2]。 公司持续着加强与战略合作伙伴的关系，并对整体亚洲市场方兴未艾的机遇抱持乐观态度。

未来展望

公司在未来将持续致力于加强和提升现有业务的价值，并同时关注适宜的泛亚市场，把握机会。尽管全球的地缘政治仍存在着其不确定性，公司对亚洲地区还是抱持着谨慎且正面的态度，并将持续致力提高股东价值。

致谢

我谨代表董事会在此向公司的股东、战略合作伙伴、商业伙伴和全体员工的支持表示万分感谢，以期共襄推动公司成为领先泛亚的医疗集团的愿景。

李奕贤
董事会主席
非独立非执行董事

1 “HSBC forum hears the Greater Bay Area is poised to deliver new business”取于 https://www.scmp.com/presented/economy/china-economy/topics/great-powerhouse/article/3017198/hsbc-forum-hears-greater
2 “Asia Pacific Healthcare Market Outlook for 2020 and Beyond”. 取于 https://globalhealthintelligence.com/ghi-analysis/asia-pacific-healthcare-market-outlook-for-2020-and-beyond/

CEO'S STATEMENT

Mr. Yet Kum Meng
Chief Executive Officer
and Executive Director

Dear Valued Shareholders,

I am pleased to report that OUE Lippo Healthcare Limited ("**OUELH**", the "**Company**", or together with its subsidiaries, the "**Group**") has delivered a positive set of results for the financial year ended 31 December 2019 ("**FY2019**").

The Group has made significant progress since OUE Limited acquired a majority controlling interest in the Company in 2017, with the Group reporting its first full year profit after tax of S$3.2 million for FY2019 compared to a loss of S$8.8 million for the previous financial year ("**FY2018**").

GROUP OVERALL PERFORMANCE

The Group's revenue for FY2019 remained stable at S$19.6 million, mainly from the steady leasing income of our 12 nursing homes in Japan and our pharmaceutical business in China.

Our share of results of the associated companies increased by 32.0% or S$1.8 million as it included the full year's share of results for our interests in First Real Estate Investment Trust ("**First REIT**") and its manager, Bowsprit Capital Corporation Limited ("**Bowsprit**"). Other associated companies consist of our 40.0% and 35.0% equity interest in the Myanmar joint venture companies Yoma Siloam Hospital Pun Hlaing Limited ("**YSHPH**") and Pun Hlaing International Hospital Limited ("**PHIH**") respectively, as well as the 50.0% joint venture company, China Merchants Lippo Hospital Management (Shenzhen) Limited ("**CMLHM**"), formed as part of the strategic partnership with China Merchants Group ("**CMG**").

Administrative expenses increased by approximately 8.0% to S$17.8 million mainly due to higher litigation costs incurred. There was a reversal of provision for legal and related cost amounting to S$9.8 million that is no longer required.

Net assets increased by S$7.8 million to S$253.1 million as at 31 December 2019. The increase was attributable to the current year's net profit and gains from foreign currency translation of overseas operations.

BUSINESS REVIEW

Myanmar

During FY2019, we completed the acquisitions of our 40.0% and 35.0% equity interest in YSHPH and PHIH respectively. The portfolio owns and

"We will continue to remain focused on our three-pronged strategy as we remain confident in the long-term prospects of the healthcare market. We believe that the Group is well-positioned to reap these opportunities and will continue to grow into a leading regional healthcare group."

operates three hospitals, two clinics and one medical centre in Myanmar. The flagship hospital in Yangon, Yoma Siloam Hospital Pun Hlaing is the first hospital in Myanmar to receive the Joint Commission International accreditation. We believe that the medical and operational excellence of our medical facilities will put the Group in good stead to capitalise on the growing healthcare demand in Myanmar, which is driven by growing affluence and favourable governmental reforms.

China

As we continue to expand our portfolio of businesses across the region, we have also strengthened our presence in the key market of China with the acquisition of Wuxi Lippo Xi Nan Hospital in end 2019. It will be a springboard and training ground for the Group to grow its operational capabilities to support its pipeline of projects in China.

In January 2020, we formed a joint venture company with CMG to develop the "China Merchants-Lippo" brand hospital in Prince Bay, Shekou, Shenzhen, China ("**Prince Bay Hospital**"). The Prince Bay Hospital will become the flagship hospital of the strategic partnership between the Group and CMG.

The outlook for the Group's pharmaceutical distribution business in China remains challenging given the prevailing consolidation within the industry in response to the ongoing reforms to reduce pharmaceutical costs to patients.

Japan

Our operations in Japan comprise the ownership and asset management of 12 nursing home facilities. These are leased to independent nursing home operators and continue to generate a recurring stable income for the Group. Gross leasing income rose marginally to S$17.0 million in FY2019, compared to S$16.6 million in FY2018.

Indonesia

Through our stakes in First REIT and Bowsprit, the Group has a significant presence in the regional healthcare market as First REIT's portfolio includes 16 properties in Indonesia, 3 in Singapore and 1 in South Korea. These investments generate a recurring income and cashflow stream for the Group.

MOVING FORWARD

FY2019 has been a busy but exciting year for OUELH as we continue to strengthen our financial health and seed opportunities for future growth. However, the ongoing COVID-19 situation has clouded the horizon and will impact the Group's execution of its business plans and pipeline of projects. Nevertheless, we will continue to remain focused on our three-pronged strategy as we remain confident in the long-term prospects of the healthcare market. We believe that the Group is well-positioned to reap these opportunities and will continue to grow into a leading regional healthcare group.

APPRECIATION

I would like to take this opportunity to express my gratitude to our shareholders for their continued trust, as well as management and staff for their unwavering commitment. With our dedicated team and supportive shareholders, we look forward to reporting another fruitful year ahead.

Yet Kum Meng
Chief Executive Officer
Executive Director

首席执行总裁致辞

尊敬的各位股东

很欣喜地向各位股东汇报截止于 2019 年 12 月 31 日的财务年度（“2019 财年”），华联力宝医疗有限公司（“华联力宝”或“公司“，包含其子公司统称“集团”）缔造了良好的业绩。

自华联企业有限公司于 2017 年取得公司的绝对控制权后，集团取得了显著进展，更于 2019 财年首次转亏为盈。相较于 2018 财务年度 (“2018 财年”) 880 万新元的亏损，2019 财年实现税后利润 320 万新元。

集团整体业务表现

集团在 2019 财年的收入保持稳健为 1,960 万新元，收入主要来源于日本 12 家疗养院的租赁租金以及在中国的药品分销的业务收入。

此外，公司的联营公司的业绩份额也增长了 32%，即 180 万新元，其增幅主要源于先锋医疗产业信托（“先锋信托”）及其经理公司 Bowsprit Capital Corporation Limited（“Bowsprit”）的全年收益贡献。集团的附属公司包括在缅甸持有 40%股份的 Yoma Siloam Hospital Pun Hlaing Limited（“YSHPH”）和 35%股份的 Pun Hlaing International Hospital Limited（“PHIH”）、在中国与其战略伙伴招商局集团（“招商局”）各持 50%股份的联营公司，即招商力宝医院管理（深圳）有限公司（“招商力宝”）。

集团于 2019 财年的行政费用增加了约 8%，共 1,780 万新元。其增加大部分归咎于更高的诉讼费用。同时，集团也转销法律费用准备金，约 980 万新元。

截止 2019 年 12 月 31 日，集团净资产增长 780 万新元至 2.531 亿新元。其增长主要来源于 2019 财年取得的净利润和外汇变动准备的增加。

业务回顾

缅甸

在 2019 财年，集团成功收购了 YSHPH 的 40% 股份和 PHIH 的 35% 股份。YSHPH 和 PHIH 在缅甸持有并经营 3 间医院、2 间诊所和 1 间医疗中心。其在仰光的旗舰医院，更是缅甸第一家获取国际医疗卫生机构认证联合委员会认证的医疗设施。随着缅甸日益富裕，加上当地政府积极推动医疗改革，当地市场对医疗保健的需求会急速增加。凭借集团卓越医疗技术和运营能力的优势，集团坚信其在缅甸的医疗设施势必能满足市场的需求。

中国

随着集团在亚洲地区业务的持续扩展，公司在 2019 年底通过收购无锡力宝锡南医院 70% 股份，进一步加强其在中国这核心市场的业务。为更好地支援集团在中国的新项目发展，无锡力宝锡南医院将会是集团提升其中国医疗运营能力的跳板和培训基地。

“我们对于医疗市场的长期前景仍充满信心，并将继续坚定不移地执行既定的三重发展策略。我们相信集团有能力把握每个机遇，将华联力宝打造成为区域领先的医疗保健集团。”

集团与招商局于 2020 年 1 月组建了新的合资公司，为双方在中国深圳蛇口太子湾片区共同打造“招商力宝”品牌的医院（“太子湾医院”）。太子湾医院将成为本集团与招商局双方战略合作的旗舰医院。

为了降低全体国民的用药成本，中国政府持续推动医疗改革整合药品销售行业，这些措施将导致集团在中国的药品分销业务持续面临严峻的挑战。

日本

集团在日本的业务，涵盖 12 家分别租赁给不同的独立经营者的疗养院及其资产管理，该业务持续为本集团带来稳定的收入贡献。随着日元的升值，2019 财年的毛租赁收入也从 2018 财年的 1,660 万新元增长至 1,700 万新元。

印尼

通过持有先锋信托和 Bowsprit 的权益，集团在本区域的医疗保健市场中占有重要的一席位。先锋信托在的资产涵盖位于印度尼西亚的 16 个物业、新加坡的 3 个物业、及韩国的 1 个物业。先锋信托和 Bowsprit 的投资为本集团贡献了经常性的稳定收入和现金流。

未来展望

2019 财年是忙碌但令人振奋的一年。我们继续致力于改善公司的财务状况的同时，也不断为集团的未来发展制造更多的机遇。然而，随着新形冠状肺炎疫情（COVID-19）的持续爆发，使得市场的发展前景难以预测，势必影响集团接下来的业务计划和新项目的执行。尽管如此，我们对于医疗市场的长期前景仍充满信心，并将继续坚定不移地执行既定的三重发展策略。我们相信集团有能力把握每个机遇，将华联力宝打造成为区域领先的医疗保健集团。

致谢

我想借此机会感谢股东们的持续托付及信任，也感谢管理团队和员工坚定的付出。在股东们的鼎力支持及团队的努力下，我们期待下一年度也能向各位股东汇报丰硕的成果。

易锦明
首席执行总裁
执行董事

BOARD OF DIRECTORS

1

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3

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

Mr. Lee Yi Shyan was appointed as the Non-Independent and Non-Executive Chairman and Member of the Nominating and Remuneration Committee of the Company on 17 July 2017. He was last re-appointed as a Director of the Company on 24 April 2018. In accordance with the Company's Constitution, Mr. Lee will retire at the 2020 Annual General Meeting and will stand for re-appointment as a Director.

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

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

Mr. Lee was appointed as the Deputy Chairman and Non-Independent Non-Executive Director of the Board of Directors of OUE Hospitality REIT Management Pte. Ltd. and OUE Hospitality Trust Management Pte. Ltd. in January 2016 and subsequently assumed the role of Chairman of the Board of Directors in November 2017 till September 2019.

Prior to joining OUE Limited, Mr. Lee was the Senior Minister of State for the Ministry of National Development, Ministry of Trade & Industry and Ministry of Manpower. Mr. Lee had extensive interactions with governments and businesses in China, the Middle East, Africa and Russia and oversaw urban planning, construction productivity development and town council management.

Mr. Lee is currently an elected Member of Parliament for East Coast GRC.

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

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

❷ MR. YET KUM MENG
Chief Executive Officer and Executive Director

Mr. Yet Kum Meng was appointed as Chief Executive Officer and Executive Director of the Company on 28 February 2019. Mr. Yet was previously the Chief Financial Officer of the Company since May 2017. He was last re-appointed as a Director at the Annual General Meeting of the Company held on 25 April 2019. As Chief Executive Officer and Executive Director, Mr. Yet manages and oversees the overall business and development matters of the Company and its subsidiaries.

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

Mr. Yet joined Lippo Group in 2008 and served as its Chief Executive Officer/President, China Real Estate Division, as well as Board Member of the China project companies till 2015. During his tenure, Mr. Yet led the acquisition, development and/or management of projects in Beijing, Huai An and Taizhou in Jiangsu Province, Zhuhai in Guangdong Province and Putian in Fujian Province. He has also been on the Board of Directors of Lippo Group's retail businesses in China since 2010.

Prior to joining Lippo Group, Mr. Yet was with GuocoLand Limited ("**GuocoLand**") as Group Financial Controller of China from 2005 to 2008, overseeing finance and accounting, taxation, business development, human resources and legal matters. During this period, GuocoLand's footprint

BOARD OF DIRECTORS

in China expanded to new projects in Beijing, Shanghai, Tianjin and Nanjing in Jiangsu Province.

Mr. Yet was in the airline sector from 1996 to 2005, having served in various management roles with Singapore Airlines ("**SIA**") in Finance, Treasury, Sales and Marketing, North Asia Regional Office, as well as being Staff Assistant to SIA Group Chairman and Deputy Chairman/ Chief Executive Officer. His last held position was Senior Manager Corporate Accounts and Projects, responsible for the SIA Group's statutory and management reporting.

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

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

Mr. Tadahiro Kiyosu was appointed as Non-Independent and Non-Executive Director and Member of the Nominating and Remuneration Committee of the Company on 7 May 2019. In accordance with the Company's Constitution, Mr. Kiyosu will retire at the 2020 Annual General Meeting and will stand for re-appointment as a Director.

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

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

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

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

4 MR. ROGER TAN CHADE PHANG
Lead Independent and Non-Executive Director

Mr. Roger Tan Chade Phang was appointed as Independent and Non-Executive Director of the Company on 23 January 2017 and was appointed as Lead Independent Director, Chairman of the Nominating and Remuneration Committee and Member of the Audit and Risk Committee of the Company on 17 July 2017. He was last re-appointed as a Director at the Annual General Meeting of the Company held on 25 April 2019.

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

Currently, Mr. Tan is the President of the Small and Middle Capitalisation Association (SMCCA), where he actively gathers small and middle capitalisation companies within a single entity to work closely with the authorities and professionals to improve the visibility and governance standards of its members.

Mr. Tan also sits on the Board of TIH Limited, Starland Holdings Limited and TBK & Sons Holdings Limited as an Independent Director.

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

5 MR. ERIC SHO KIAN HIN

Independent and Non-Executive Director

Mr. Eric Sho Kian Hin was appointed as Independent and Non-Executive Director of the Company on 23 January 2017 and was appointed as Chairman of the Audit and Risk Committee and Member of the Nominating and Remuneration Committee of the Company on 17 July 2017. He was last re-appointed as a Director at the Annual General Meeting of the Company held on 24 April 2018. In accordance with the Company's Constitution, Mr. Sho will retire at the 2020 Annual General Meeting and will stand for re-appointment as a Director.

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

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

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

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

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

6 MR. JACKSON TAY ENG KIAT

Independent and Non-Executive Director

Mr. Jackson Tay Eng Kiat was appointed as Independent and Non-Executive Director of the Company on 23 January 2017 and was appointed as Member of the Audit and Risk Committee of the Company on 17 July 2017. He was also appointed as Member of the Nominating and Remuneration Committee of the Company on 21 March 2018. He was last re-appointed as a Director at the Annual General Meeting of the Company held on 25 April 2019.

Mr. Tay has more than 17 years of experience in accounts and finance functions of various entities in the public and private sectors.

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

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

BOARD OF DIRECTORS

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

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

7 MR. JOHJI SATO

Independent and Non-Executive Director

Mr. Johji Sato was appointed as Independent and Non-Executive Director and Member of the Audit and Risk Committee of the Company on 15 February 2018. He was last re-appointed as a Director at the Annual General Meeting of the Company held on 24 April 2018. In accordance with the Company's Constitution, Mr. Sato will retire at the 2020 Annual General Meeting and will stand for re-appointment as a Director.

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

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

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

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

KEY EXECUTIVE

MR. YET KUM MENG
Chief Executive Officer and Executive Director

Please refer to pages 17 and 18 – the "Board of Directors" section of this Annual Report for Mr. Yet Kum Meng's biography.

OUR NETWORK

CHINA

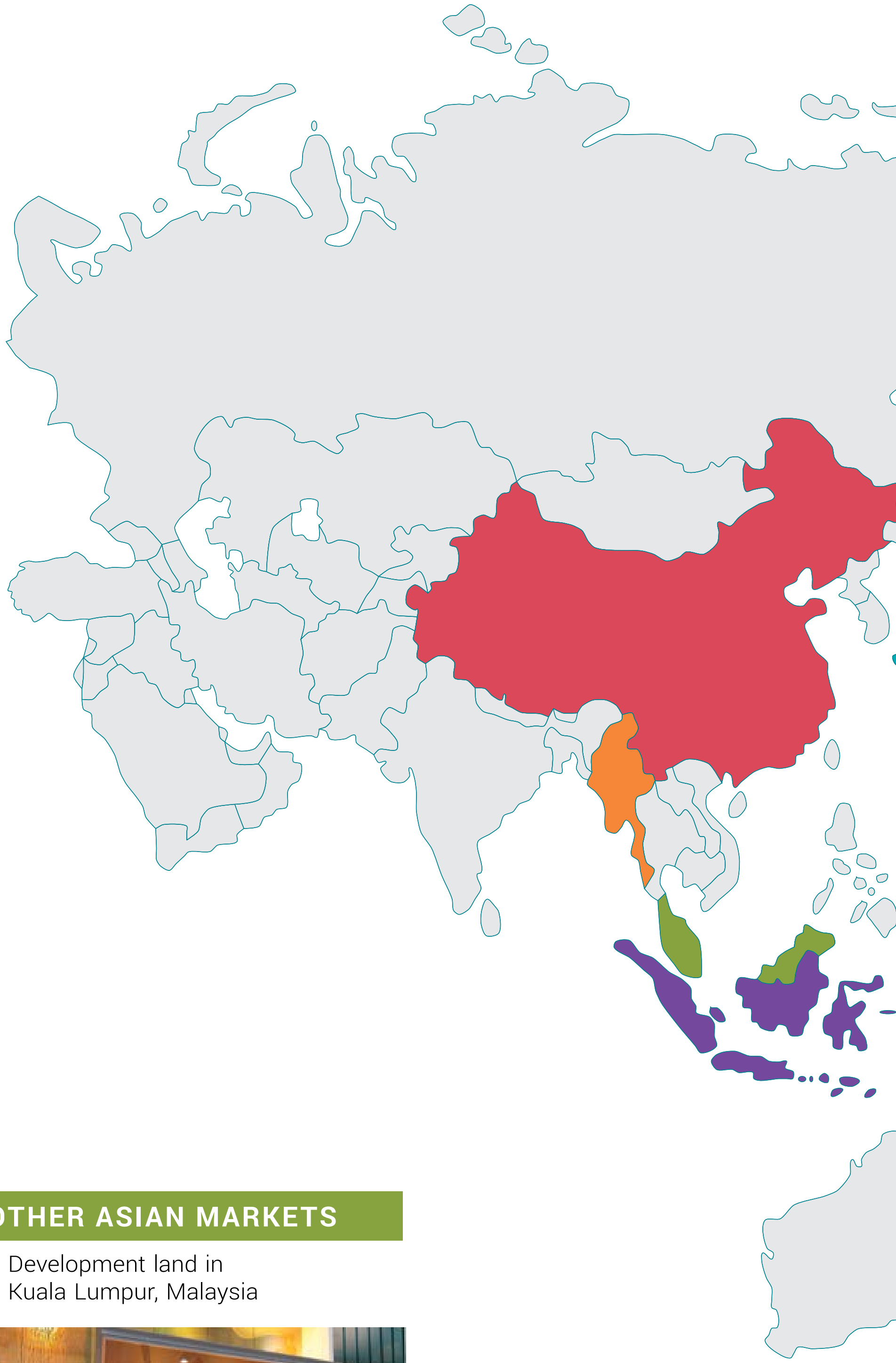
- Operating a general hospital in Wuxi
- Developing 2 hospitals in Chengdu and Shenzhen
- Hospital land and building in Wuxi

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

MYANMAR

- Jointly managing and operating 3 hospitals in Yangon, Mandalay and Taunggyi
- Jointly managing and operating 2 clinics in Yangon and Nyaung Shwe and 1 medical centre in downtown Yangon

Pun Hlaing Siloam Hospital Yangon



INDONESIA

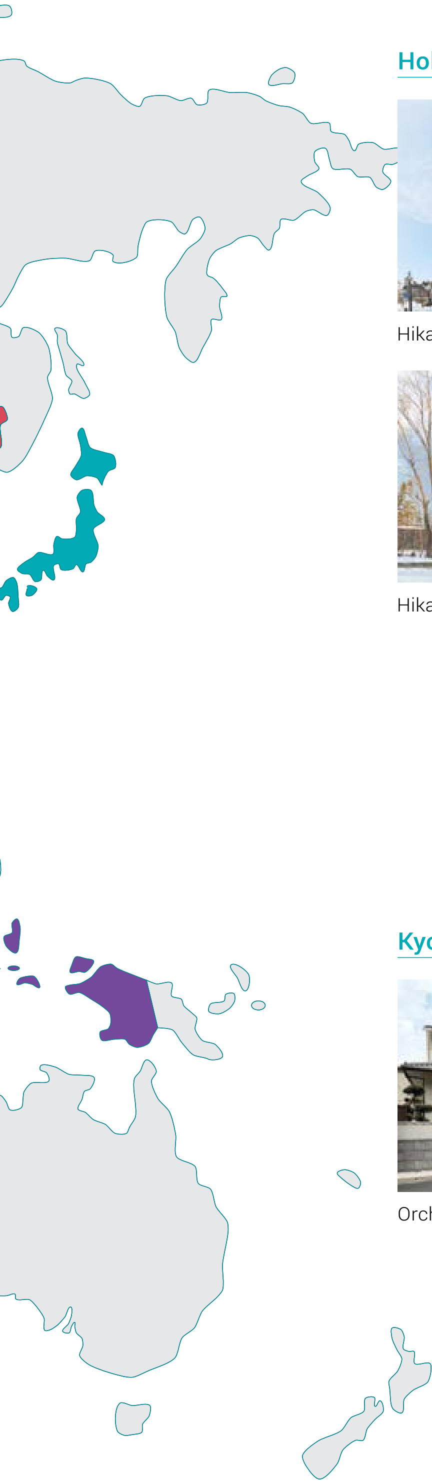
- Presence via stakes in Bowsprit and First REIT

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

OTHER ASIAN MARKETS

- Development land in Kuala Lumpur, Malaysia

Artist's impression of Kuala Lumpur City Centre Development Project



JAPAN

- Owns 12 quality nursing homes spanning 4 prefectures

Hokkaido


Hikari Heights Varus Fujino


Hikari Heights Varus Ishiyama


Hikari Heights Varus Kotoni


Hikari Heights Varus Tsukisamu-Koen


Hikari Heights Varus Makomanai-Koen


Varus Cuore Sapporo-Kita & Annex


Varus Cuore Yamanote

Kyoto


Orchard Amanohashidate

Nagano


Orchard Kaichi North


Orchard Kaichi West

Nara


Elysion Mamigaoka/Mamigaoka Annex


Elysion Gakuenmae

AT A GLANCE

JAPAN

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

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

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

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

Hikari Heights Varus Kotoni

1 Hokkaido
2 Kyoto
3 Nagano
4 Nara

Coverage
4 cities

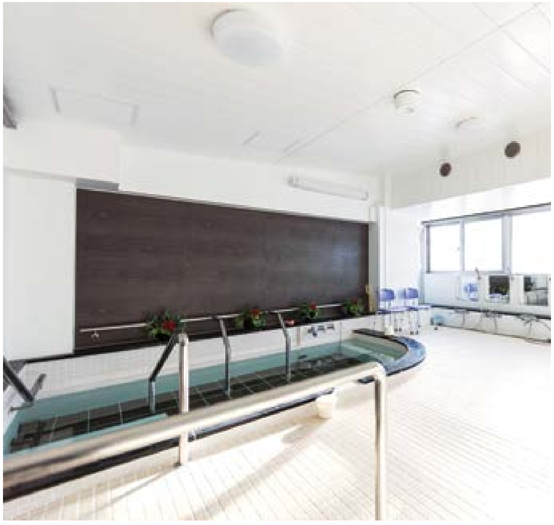
No. of Units
1,451
SPANNING OVER 4 PREFECTURES

No. of Nursing Homes
12

Average Occupancy[1]
>90%
AS AT 31 DECEMBER 2019

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

Hokkaido - Hikari
Heights Varus
Tsukisamu-Koen



Hokkaido - Hikari
Heights Varus
Tsukisamu-Koen

Hokkaido - Hikari
Heights Varus Ishiyama

JAPAN

SAPPORO, HOKKAIDO

Hikari Heights Varus Fujino

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

No. of Units
139

Gross Floor Area (Sq ft. approx)
105,290

Occupancy (as at 31 Dec 2019)
84.2%

Hikari Heights Varus Ishiyama

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

No. of Units
117

Gross Floor Area (Sq ft. approx)
94,152

Occupancy (as at 31 Dec 2019)
88.0%

Hikari Heights Varus Kotoni

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

No. of Units
281

Gross Floor Area (Sq ft. approx)
223,420

Occupancy (as at 31 Dec 2019)
96.4%

Hikari Heights Varus Tsukisamu-Koen

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

No. of Units
58

Gross Floor Area (Sq ft. approx)
46,957

Occupancy (as at 31 Dec 2019)
100.0%

JAPAN

SAPPORO, HOKKAIDO

Hikari Heights Varus Makomanai-Koen

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

No. of Units
161

Gross Floor Area (Sq ft. approx)
143,174

Occupancy (as at 31 Dec 2019)
91.3%

Varus Cuore Sapporo-Kita & Annex

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

No. of Units
216

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

Occupancy (as at 31 Dec 2019)
98.0% 95.4%

KYOTO

Varus Cuore Yamanote

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

No. of Units
59

Gross Floor Area (Sq ft. approx)
30,223

Occupancy (as at 31 Dec 2019)
93.2%

Orchard Amanohashidate

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

No. of Units
60

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

Occupancy (as at 31 Dec 2019)
98.3%

JAPAN

NAGANO

Orchard Kaichi North

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

No. of Units
79

Gross Floor Area (Sq ft. approx)
54,443

Occupancy (as at 31 Dec 2019)
93.7%

Orchard Kaichi West

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

No. of Units
29

Gross Floor Area (Sq ft. approx)
16,894

Occupancy (as at 31 Dec 2019)
96.6%

NARA

Elysion Mamigaoka/Mamigaoka Annex

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

No. of Units
160

Gross Floor Area (Sq ft. approx)
110,426

Occupancy (as at 31 Dec 2019)
94.4%

Elysion Gakuenmae

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

No. of Units
92

Gross Floor Area (Sq ft. approx)
40,795

Occupancy (as at 31 Dec 2019)
100.0%

AT A GLANCE

INDONESIA
(VIA FIRST REIT)

OUELH has significant presence in Southeast Asia's largest economy through the acquisition of stakes in First REIT and its manager, which has been listed on the Main Board of the SGX-ST.

OUELH had completed the acquisition of its 10.48%[1] of First REIT and 40.0% of Bowsprit Capital Corporation Limited (First REIT's manager) in October 2018.

Listed on the Main Board of the SGX-ST in 2006, First REIT is Singapore's first healthcare real estate investment trust. Its investment strategy encompasses a diverse portfolio of yield-accretive healthcare and healthcare-related real estate assets in Asia.

Through First REIT, OUELH has significant presence in Indonesia as First REIT holds 20 properties across Indonesia (16), Singapore (3) and South Korea (1). The properties are collectively valued at over S$1 billion. The stable income-producing portfolio covers the full spectrum of healthcare real estate, including hospitals, nursing homes, a rehabilitation hospital and other healthcare-related facilities.

Siloam Hospitals Purwakarta

FIRST REIT
FIRST REAL ESTATE INVESTMENT TRUST

1 South Korea
2 Singapore
3 Indonesia

No. of Assets
20
16 IN INDONESIA, 3 IN SINGAPORE,
1 IN SOUTH KOREA

Total Assets Under Management[2]
S$1.34 billion

Minimum lease of
10 years
WITH STEP-UP ESCALATION

Total GFA
350,850 sqm

1 Calculated based on the total issued units of First REIT as at 31 December 2019.
2 As at 31 December 2019.

Siloam Sriwijaya

Siloam Hospitals Kupang & Lippo Plaza Kupang

Siloam Hospitals Manado & Hotel Aryaduta Manado

INDONESIA

1
Siloam Hospitals Yogyakarta
The hospital is located within a 10-storey integrated development in Yogyakarta.

2
Siloam Hospitals Buton & Lippo Plaza Buton
A newly-built 3-storey standalone hospital integrated with the only modern mall within Bau Bau City, the main city on Buton Island.

3
Siloam Hospitals Labuan Bajo
A 3-storey hospital located in the growing tourism centre of Labuan Bajo, currently the only hospital facility in Labuan Bajo and the West Manggarai Regency.

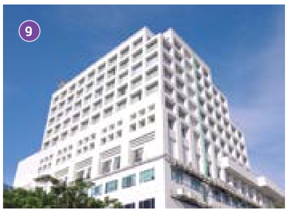
4
Siloam Hospitals Kupang & Lippo Plaza Kupang
A linked 4-storey hospital with a basement level and a 3-storey mall located in Kupang, the capital city of East Nusa Tenggara.

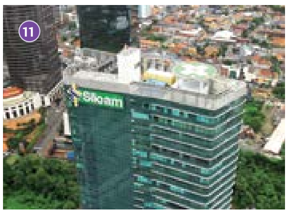
5
Siloam Sriwijaya
A strata-titled 7-storey hospital located in Palembang, the capital city of South Sumatra.

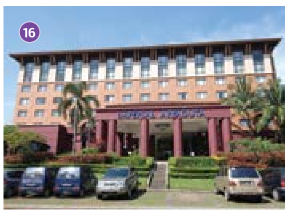
6
Siloam Hospitals Purwakarta
A 3-storey and 5-storey adjoining hospital building located in the fast-growing city of Purwakarta in West Java.

7
Siloam Hospitals Bali
A 4-storey hospital with one basement level, strategically located in one of the fastest-growing area in Bali.

8
Siloam Hospitals TB Simatupang
A 16-storey hospital with two basement levels, located in Cilandak, South Jakarta.







9

Siloam Hospitals Manado & Hotel Aryaduta Manado

An 11-storey integrated hospital and hotel with basement level located in Manado City, North Sulawesi.

10

Siloam Hospitals Makassar

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

11

Mochtar Riady Comprehensive Cancer Centre

A 29-storey hospital building with two basements, and Indonesia's first private comprehensive cancer treatment centre equipped with state-of-the art facilities and diagnostic medical technologies, located in Central Jakarta.

12

Siloam Hospitals Lippo Cikarang

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

13

Siloam Hospitals Lippo Village

A 10-storey hospital building, and one of the largest private hospitals in the region. It has a strong brand name for excellent patient care, world-class Neuroscience and Cardiology specialties and a first-rate Trauma Centre.

14

Siloam Hospitals Kebon Jeruk

A 6-storey hospital with a 3-storey extension building located in West Jakarta, renowned for the diagnosis and treatment of disorders of the urinary tract or urogenital system.

15

Siloam Hospitals Surabaya

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

16

Imperial Aryaduta Hotel & Country Club

A 5-star hotel connected to a country club in close proximity to Siloam Hospital Lippo Village.

SINGAPORE

17

Pacific Healthcare Nursing Home @ Bukit Merah

A 4-storey custom-built nursing home with basement carpark and roof terrace.

18

Pacific Healthcare Nursing Home II @ Bukit Panjang

A 5-storey custom-built nursing home.

19

The Lentor Residence

A 5-storey custom-built nursing home with comprehensive medical facilities.

SOUTH KOREA

20

Sarang Hospital

A 6-storey hospital, with one basement level and one of the largest rehabilitative treatment and nursing healthcare services in Yeosu City.

AT A GLANCE

CHINA

OUELH continues to expand its operations and strenghten its partnerships with local partners so as to capture growing opportunities stemming from ongoing healthcare reforms in China.

Signing ceremony of Prince Bay Hospital development with China Merchants Shekou Industrial Zone Holdings Co., Ltd.

In 2019, OUELH continued to build upon its hospital operations in China as it successfully took over the operations of a general hospital located in Wuxi, Jiangsu - now named as Wuxi Lippo Xi Nan Hospital.

Apart from operating its own hospital in Wuxi, Jiangsu, OUELH has a strategic partnership with China Merchants Group. Together with China Merchants Shekou Industrial Zone Holdings Co., Ltd ("**CMSK**"), the Group owns 50% equity interest in the joint venture company – China Merchants Lippo Hospital Management (Shenzhen) Limited ("**CMLHM**").

The Group has now completed a share subscription exercise and entered into a shareholders' agreement with CMSK's subsidiaries in January 2020 to jointly develop, operate and manage an international hospital in Prince Bay, Shekou, to serve the healthcare needs of the Greater Bay Area.

In addition, OUELH is planning to develop an integrated hospital project in Dujiangyan, Chengdu, which is expected to fill an existing gap from a lack of high-quality medical services in the area. Following these developments, OUELH will have presence in 3 major cities in China – Wuxi, Shenzhen and Chengdu.

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

1. Dujiangyan, Chengdu
2. Wuxi, Jiangsu
3. Shenzhen

Presence in
3 Major Cities

50:50 Joint venture
CMLHM
WITH CHINA MERCHANTS
SHEKOU INDUSTRIAL ZONE HOLDINGS CO., LTD

WUXI, JIANGSU

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

Wuxi Lippo Xi Nan Hospital

In line with the Group's asset-light strategy, OUELH completed the acquisition of a majority stake in a hospital located in Wuxi, Jiangsu in October 2019. Now named Wuxi Lippo Xi Nan Hospital, it is a general hospital that serves the healthcare needs of Wuxi, Jiangsu. Jiangsu is one of China's economic powerhouses and the second largest contributor to China's GDP. In 2018, Jiangsu's GDP grew 6.7% to reach RMB 9.3 trillion[1] with leading economic hubs in the cities of Nanjing, Suzhou and Wuxi. With continued government support and increased urbanisation, Jiangsu looks set to continue its development as a thriving economic hub, attracting both locals and foreigners to the province.

Wuxi Land

OUELH currently owns a piece of land and a building located at North Changjiang Road, New District, Wuxi City, Jiangsu Province, the People's Republic of China.

Interiors of Wuxi Lippo Xi Nan Hospital

1 Source: Background on Jiangsu and Singapore-Jiangsu economic relations, September 2019 (https://www.enterprisesg.gov.sg/-/media/esg/files/media-centre/media-releases/2019/september-2019/annex-4.pdf?la=en)

CHINA

GREATER BAY AREA – SHENZHEN

Prince Bay Hospital

OUELH completed a share subscription exercise and formed a 50:50 joint venture company in connection with the joint development of a high-end international hospital in Prince Bay, Shekou, Shenzhen, the People's Republic of China (the "**Prince Bay Hospital**") with CMSK.

The Prince Bay Hospital is expected to benefit from the growth of the medical tourism industry in the Guangdong-Hong Kong-Macao Greater Bay Area (the "**Greater Bay Area**")

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

The bustling cluster of 11 cities occupies about 56,000 sq km in land area. Despite comprising about 0.6% of China's total land area, the Greater Bay Area is home to approximately 5% of the total population and contributed about 12% of China's Gross Domestic Product ("**GDP**"), or approximately US$1.6 trillion[2], which is comparable to the economy of South Korea. The GDP of the Greater Bay Area is expected to grow to approximately US$4.62 trillion by 2030, surpassing the Tokyo Bay Area as well as the New York Bay Area. Shekou, where the Prince Bay Hospital is located, is nestled at the southern tip of Nanshan, with Hong Kong just across the Shenzhen Bay, and was designated a Free Trade Zone by the Chinese government in 2015. The vibrant commercial area is home to many Fortune 500 Chinese companies, which are attracted to its connectivity, location, and growth potential.

Cornerstone laying ceremony for the Prince Bay Hospital

Artist's impression of Prince Bay development in Shenzhen

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

DUJIANGYAN, CHENGDU

Artist's impression of the integrated hospital development in Dujiangyan, Chengdu

Chengdu Integrated Hospital Development Project

The plan is to build an integrated hospital development on a site in Dujiangyan, Chengdu next to a busy 800-bed public general hospital. It will be located in the midst of several residential projects, town amenities and industrial estates. The planned hospital is expected to fill an existing gap in medical care in the area, where there is a lack of high quality private hospitals for the wealthier residents. There is a potential catchment of two million residents in Dujiangyan and the adjoining Aba Tibetan Prefecture and a growing number of large retirement housing projects in Dujiangyan.

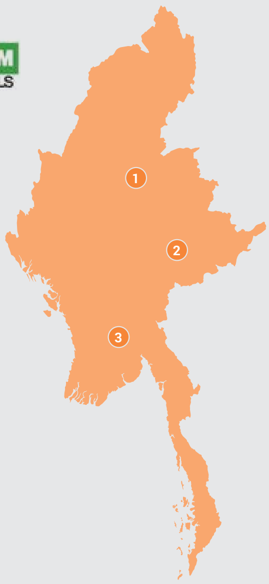
Aerial view of the integrated hospital development in Dujiangyan, Chengdu

AT A GLANCE

MYANMAR

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

Reception area of the Medical Centre in downtown Yangon.



1. Mandalay
2. Taunggyi
3. Yangon

First hospital in Myanmar with
JCI
Accreditation

Myanmar Medical Facilities
6

Total Bed Capacity
370

In April 2019, OUELH entered into Myanmar healthcare market via a joint venture with First Myanmar Investment Public Company Limited ("**FMI**"). With a stake in Yoma Siloam Hospital Pun Hlaing Limited ("**YSHPH**") and Pun Hlaing International Hospital Limited ("**PHIH**"), OUELH jointly operates and manages a healthcare portfolio of three hospitals, two clinics and one medical centre currently operated by YSHPH (the "**Myanmar Medical Facilities**") under the brand name "**Pun Hlaing Siloam Hospitals**". PHIH owns and holds the leases of the land and properties on which the Myanmar Medical Facilities are located.

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

YANGON

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

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

MANDALAY

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

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

TAUNGGYI

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

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

AT A GLANCE

OTHER ASIAN MARKETS

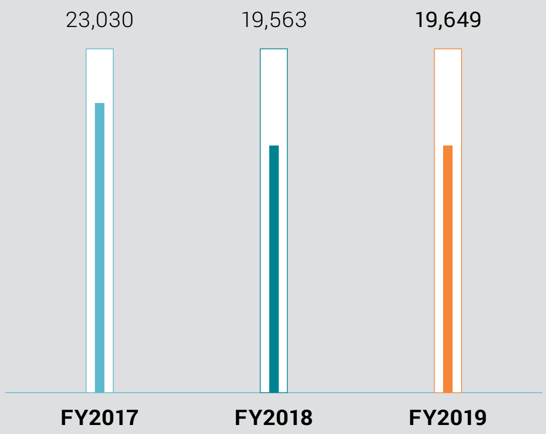
KUALA LUMPUR, MALAYSIA

OUELH currently owns a piece of land at Jalan Kia Peng, in Kuala Lumpur, Malaysia. The land is approximately 50,849 sq ft, which can potentially be developed into an integrated mixed-use development comprising specialist medical suites, upscale retail space and serviced residences. The land is strategically located within walking distance of the Kuala Lumpur Convention Centre, Kuala Lumpur city centre business district, Petronas Twin Towers and Pavillion Shopping Centre, and is also near the Bukit Bintang shopping district and Kuala Lumpur General Hospital.

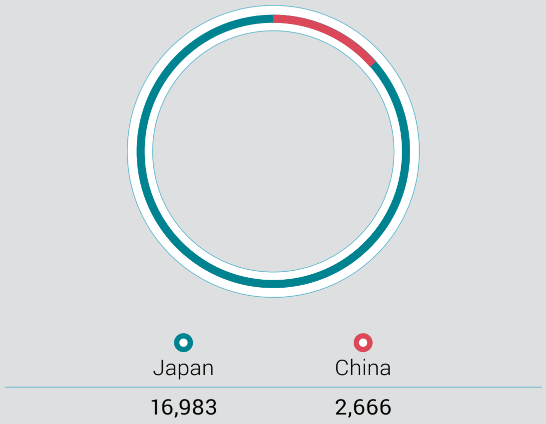
Artist's impression of the potential mixed-use development in Kuala Lumpur, Malaysia

3-YEAR FINANCIAL HIGHLIGHTS

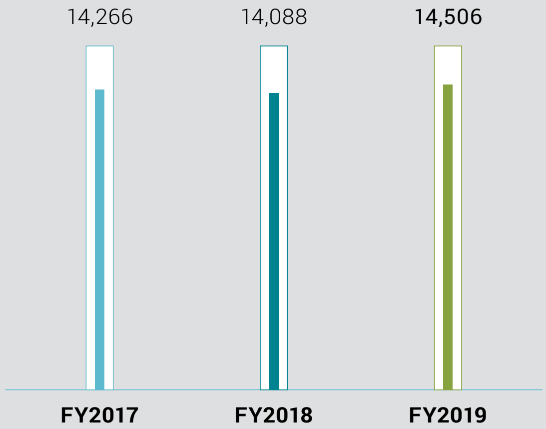
Group Revenue ($'000)



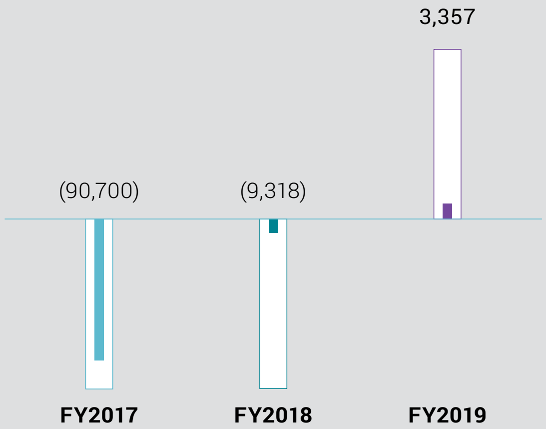
Revenue by Geographies (Continuing Operations) ($'000)



Gross Profit ($'000)



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



SUSTAINABILITY REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

WHO WE ARE

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

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

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

BOARD STATEMENT

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

As we continue to grow and build a resilient business, one of our key priorities is to maintain and increase our overall business resilience and sustainability. As a result, sustainability considerations remain an important component of our overall strategy formulation, alongside various other risks, opportunities and trends that impact our decision-making process.

We began formalising and documenting our sustainability journey in 2017 by identifying material areas of focus and developing a team to drive our efforts. These material areas of focus remain relevant into 2019 and the Board continues to be supported in our efforts by the SSC. Since 2017, we had also developed specific performance indicators and set targets and had followed through in 2018 and 2019.

We reviewed our performance in 2019 against these indicators and targets and present our results in this report.

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

SUSTAINABILITY AT OUELH

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

We believe it is important for us to focus on the areas where we can have the most impact. Therefore, the Board validated the results of a materiality assessment that was conducted to identify areas to concentrate our sustainability efforts, which will support our business strategy. In addition, we reported our performance for 2019 and set out targets for 2020.

In 2019, our sustainability approach remained focused in areas where we can have the most impact, including looking at how we manage our investments and assets as well as our own human resource practices. Going forward, we will expand our focus to other areas.

ABOUT THIS REPORT

This sustainability report addresses the material environmental, social and governance ("**ESG**") factors from 1 January 2019 to 31 December 2019.

Reporting Standard

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

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

Reporting Scope

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

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

The Healthcare Operations segment relates to the operation of Wuxi Lippo Xi Nan Hospital in Wuxi, Jiangsu, the China pharmaceutical trading business and the separate joint ventures with China

Merchants Landmark (Shenzhen) Co., Ltd and First Myanmar Investment Public Company Limited ("**FMI**") respectively.

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

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

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

The Investments segment comprises the Group's investments in an associate, First Real Estate Investment Trust ("**First REIT**") and the joint venture with OUE Limited in the manager of First REIT, Bowsprit Capital Corporation Limited ("**Bowsprit**"). Others refer mainly to the head office and corporate functions, including investment holding related activities.

In this report, we focused on the material ESG factors for our Japan nursing home facilities, human resource management practices and compliance with our Code of Business Conduct and Ethics. As the acquisition of 70% stake in Wuxi Lippo Xi Nan hospital's operation was only completed in October 2019, its performance data will be reflected from 2020 onwards.

Feedback

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

ASSESSING MATERIALITY WITH OUR STAKEHOLDERS IN MIND

Engaging with our stakeholders

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

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

SUSTAINABILITY REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

Material ESG Factors selection

A formal materiality assessment has been carried out in 2017 with the SSC and in collaboration with an external consultant. During this session, ESG factors that were most relevant to us were identified. For 2019, we have determined that based on the reporting scope as described above, the ESG factors previously selected remain material to our business.

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

The Sustainable Development Goals ("**SDGs**") are a set of global goals developed by the United Nations aimed at achieving a better and more sustainable future by 2030. In 2019, we mapped our material ESG factors and efforts to the SDGs developed by the United Nations to achieve a global perspective. In the mapping exercise, as shown below, we considered how our sustainability efforts contribute to the achievement of these global goals.

Material ESG factor	How we contribute to the SDG	Relevant SDGs
1 Economic performance[1]	Deliver economic value to shareholders, employees and community	8 DECENT WORK AND ECONOMIC GROWTH
2 Active ownership of assets	Encourage eco-efficiency and safety in our assets	13 CLIMATE ACTION
3 Talent management	Adopt fair employment practices and provide training and development programmes to equip employees with relevant skills	8 DECENT WORK AND ECONOMIC GROWTH; 10 REDUCED INEQUALITIES
4 Compliance with business conduct and ethics	Maintain high ethical standards and responsible business practices in all locations of operations	16 PEACE, JUSTICE AND STRONG INSTITUTIONS

1 Please refer to the Annual Report for more information on our economic performance (pages 13-14, page 43)

ACTIVE OWNERSHIP OF ASSETS

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

Asset Management

We conduct regular assessments of our assets and work closely with each nursing home operator to make physical improvements to address issues as they arise. These physical upgrades could be to improve eco-efficiency, safety or alignment with new regulations.

As part of these regular assessments, we prepare a maintenance capital expenditure ("**CAPEX**") plan based on the requirements of the master lease agreements and regulatory requirements. The budget for the maintenance CAPEX plan is reviewed and approved by our Singapore Head Office and the Board of Directors. The master lease agreements with the operators define the responsibility between the asset owner and the lessees for repairs and maintenance of the nursing home facilities.

Maintenance and improvement works on our assets in 2019 include:

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

2019 Performance	2020 target
We met the target set for 2019 with 100% assessment of our assets and the development of a maintenance and CAPEX plan for each asset.	We aim to continue to review and assess 100% of our assets and develop a maintenance and CAPEX plan for each asset.

TALENT MANAGEMENT

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

Fair employment

We abide by the Tripartite Alliance for Fair & Progressive Employment Practices ("**TAFEP**") guidelines in our recruitment and selection process. We are committed to employing qualified candidates without any discrimination relating to age, gender, race, marital status or religion. We recruit and select employees based on their qualifications, competencies, attributes, experience and assessed potential to contribute to the business.

Learning, development and performance review

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

Staff well-being

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

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

2019 Performance	2020 target
We met the target set for 2019 with 100% performance appraisals for all our staff. We have started a secondment programme and have seconded one of our Singapore staff to China for two months.	We aim to conduct 100% performance appraisals for all our staff. In addition, we plan to continue our secondment programme within our Group for selected staff to be exposed to different operating environments and share best practices.

COMPLIANCE WITH BUSINESS CONDUCT AND ETHICS

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

SUSTAINABILITY REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

2019 Performance	2020 target
There are no cases of corruption in reporting year.	No confirmed incidents of non-compliance resulting in a fine or penalty
There are no cases of significant fines and non-monetary sanctions for non-compliance with environmental laws.	No cases of significant fines and non-monetary sanctions for non-compliance with environmental laws.
There are no cases of significant fines and non-monetary sanctions for non-compliance in social and economic area.	No cases of significant fines and non-monetary sanctions for non-compliance in social and economic area.
	Should there be any whistleblowing case, we aim to address it immediately.

GOVERNANCE, FINANCIAL STATEMENTS & OTHER INFORMATION

CONTENTS

CORPORATE GOVERNANCE REPORT

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

This corporate governance report ("**Report**") describes the Company's corporate governance practices during the financial year ended 31 December ("**FY**") 2019, with specific reference to the principles of the Singapore Code of Corporate Governance 2018 (the "**Code**") issued by the Monetary Authority of Singapore (the "**MAS**").

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

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

A. BOARD MATTERS

Principle 1: The Board's conduct of affairs

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

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

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

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

Conflicts of Interest

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

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

Code of Business Conduct and Ethics

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

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

Directors' Attendance for Board and Board Committee Meetings

The Board conducts scheduled meetings on a quarterly basis and ad-hoc meetings are convened as and when the need arises. The Board met five (5) times in 2019.

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

CORPORATE GOVERNANCE REPORT

The report on Directors' attendance for Board and Board Committee meetings held in 2019 is set out below:

	Number of meetings attended in 2019		
Name of Director	**Board**	**ARC**	**NRC**
Mr Lee Yi Shyan	5	-	1
Dr Stephen Riady (1)	0	-	-
Dr Wong Weng Hong (2)	2	-	-
Mr Yet Kum Meng (3)	3	-	-
Mr Masato Mohri (4)	2	-	1
Mr Tadahiro Kiyosu (5)	3	-	0
Mr Roger Tan Chade Phang	5	4	1
Mr Eric Sho Kian Hin	5	4	1
Mr Jackson Tay Eng Kiat	5	4	1
Mr Johji Sato	5	4	-
Number of meetings held in 2019	5	4	1

Notes:
(1) Dr Stephen Riady retired as a Director at the conclusion of the Annual General Meeting of the Company held on 25 April 2019.
(2) Dr Wong Weng Hong resigned as Executive Director and Chief Executive Officer on 28 February 2019.
(3) Mr Yet Kum Meng was appointed to the Board with effect from 28 February 2019. Three (3) Board meetings were held between 28 February 2019 and 31 December 2019.
(4) Mr Masato Mohri resigned from the Board on 7 May 2019.
(5) Mr Tadahiro Kiyosu was appointed to the Board and as a member of the NRC with effect from 7 May 2019. Three (3) Board meetings and no NRC meeting were held between 7 May 2019 and 31 December 2019.

Access to information

In order to ensure that the Board is able to discharge its responsibilities and make informed decisions, the Management endeavours to provide the Board with complete, adequate and timely information prior to Board meetings and on an ongoing basis. Such information includes Board papers and related materials, background or explanatory information relating to matters to be brought before the Board, and summaries of disclosure documents, budgets, forecasts and periodic financial statements. The Management is also required to furnish any additional information when requested by the Board and/or and when the need arises.

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

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

<u>*Board Orientation and Training*</u>

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

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

In accordance with the Catalist Rules, both Mr Yet Kum Meng and Mr Tadahiro Kiyosu who were appointed to the Board on 28 February 2019 and 7 May 2019 respectively with no prior experience as a director of an issuer listed on the SGX-ST, had undergone the relevant trainings in the roles and responsibilities of a director of a listed issuer as prescribed by the SGX-ST.

The Company arranges for the Board to be updated regularly on risk management, corporate governance, insider trading, and the key changes in the relevant regulatory requirements and financial reporting standards, so as to enable the Directors to keep pace with the new laws, regulations and changing commercial risks and to discharge their duties effectively as members of the Board and where applicable, Board Committees. The Company encourages its Directors to attend training courses organised by the Singapore Institute of Directors or other training institutions in connection with their duties. The Directors are also given unrestricted access to professionals for consultation as and when they deem necessary.

In 2019, the Company had also organised trainings to brief the Board on key changes or amendments to the Code and on mergers & acquisition insights which are relevant to the Company and the Group. The Chief Executive Officer ("**CEO**") routinely updates the Board at relevant Board meetings on business and strategic developments relating to the industry that the Group operates in. The Directors are at liberty to request for further explanations, briefings or informal discussions on any aspect of the Company's operations or business issues from the Management.

Principle 2: Board composition and guidance

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

<u>*Board Composition*</u>

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

CORPORATE GOVERNANCE REPORT

Board Independence

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

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

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

Board Diversity

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

Currently, the Board comprises Directors who have core competencies such as accounting or finance, business or management experience, legal, industry knowledge and strategic planning experience. The Board currently has Directors with ages ranging from early 40s to more than 65 and who have served on the Board for different tenures, with the latest member of the Board being a Non-Independent and Non-Executive Director who was appointed in May 2019.

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

Key information on the Directors' particulars and background can be found on pages 17 to 20 of the Annual Report.

As required under the Code and based on the recommendation of the NRC, the Board has approved the adoption of a board diversity policy (the "**Board Diversity Policy**") in early 2020 which will take into account relevant measurable objectives such as skills, management experience, gender, age, ethnicity and other relevant factors in the composition of the Board. The NRC will report to the Board on an annual basis on the progress made in achieving the objectives set out in the Board Diversity Policy.

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

Principle 3: Chairman and Chief Executive Officer

The Chairman is Mr Lee Yi Shyan, who is a Non-Independent and Non-Executive Director. The CEO of the Company is Mr Yet Kum Meng who is an Executive Director. On 28 February 2019, Mr Yet Kum Meng was re-designated from Chief Financial Officer ("**CFO**") to CEO of the Company following the resignation of Dr Wong Weng Hong, the former CEO. Mr Lee Yi Shyan, Mr Yet Kum Meng and Dr Wong Weng Hong are not related to each other. As required under the Code, the Board has, in early 2020, approved a written terms of reference in respect of the respective roles, duties and/or responsibilities of the Chairman, CEO, and Lead Independent Director. The written terms of reference also provide that the Chairman and the CEO should generally be separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making. This separation of the roles avoids the concentration of power in one individual and ensures a degree of checks and balances.

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

The Board has delegated the management of the overall business and development of the Group to the CEO. The CEO together with senior Management execute plans which are in line with the strategic decisions and goals set out by the Board, and ensure that the Directors are kept updated and informed of the Group's businesses.

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

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

Principle 4: Board membership

The NRC currently comprises Messrs Roger Tan Chade Phang (who is the Lead Independent Director), Lee Yi Shyan, Tadahiro Kiyosu, Eric Sho Kian Hin and Jackson Tay Eng Kiat. Mr Tadahiro Kiyosu was appointed as a member of the NRC with effect from 7 May 2019 in place of Mr Masato Mohri, who resigned as a Director of the Company on the same day. More than half of the members of the NRC, including the chairman of NRC, Mr Roger Tan Chade Phang, are independent. The NRC has written terms of reference that describe the responsibilities of its members. The NRC met once in 2019.

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

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

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

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Selection, Appointment and Re-appointment process

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

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

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

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

All Directors must submit themselves for re-nomination and re-appointment at least once every three years. Under Article 92 of the Company's Constitution, any person appointed to the Board by the Directors shall hold office only until the next AGM of the Company, and shall then be eligible for re-appointment, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting. Accordingly, Mr Tadahiro Kiyosu who was appointed to the Board on 7 May 2019 will be subject to re-appointment by shareholders at the forthcoming AGM. Under Article 93 of the Company's Constitution, at least one third (1/3) of the Board is to retire by rotation and subject themselves to re-appointment by shareholders at every AGM. Accordingly, the NRC has determined that Mr Lee Yi Shyan, Mr Eric Sho Kian Hin and Mr Johji Sato will retire at the forthcoming AGM. They will subject themselves to re-appointment by shareholders at the forthcoming AGM.

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

Multiple Directorships and Director's Commitment

Key information on the current Directors, including their dates of appointment, re-appointment and directorships in other listed companies, are set out below. Further details of the current Directors (including their principal commitments) can be found on pages 17 to 20 of this Annual Report.

				Directorship in other Listed Companies	
Name of Director	**Position**	**Date of Appointment**	**Date of Last Re-appointment**	**Present**	**For the Past 3 Years**
Mr Lee Yi Shyan	Non-Independent and Non-Executive Chairman	17/07/2017	24/04/2018	OUE Commercial REIT Management Pte. Ltd. (the REIT manager of OUE Commercial Real Estate Investment Trust)	OUE Hospitality REIT Management Pte. Ltd. (the REIT manager) and OUE Hospitality Trust Management Pte. Ltd. (the trustee-manager) of OUE Hospitality Business Trust
Mr Yet Kum Meng	Chief Executive Officer and Executive Director	28/02/2019	25/04/2019	-	-
Mr Tadahiro Kiyosu	Non-Independent and Non-Executive Director	07/05/2019	Not Applicable	-	Daiken Corporation
Mr Roger Tan Chade Phang	Lead Independent and Non-Executive Director	23/01/2017	25/04/2019	Starland Holdings Limited; TIH Limited; TBK & Sons Holdings Limited	Dapai International Limited; Transcorp Holdings Limited
Mr Eric Sho Kian Hin	Independent and Non-Executive Director	23/01/2017	24/04/2018	QT Vascular Ltd; Choo Chiang Holdings Ltd	-
Mr Jackson Tay Eng Kiat	Independent and Non-Executive Director	23/01/2017	25/04/2019	Sim Leisure Group Ltd.; Sapphire Corporation Limited	-
Mr Johji Sato	Independent and Non-Executive Director	15/02/2018	24/04/2018	Sumida Corporation	-

Excluding their directorships in the Company, the number of listed company board representations currently held by each Director does not exceed three (3).

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

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

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

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

The Board does not appoint alternate directors.

Principle 5: Board performance

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

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

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

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

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

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

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

B. REMUNERATION MATTERS

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

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

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

The composition of the NRC can be found on page 55 of the Annual Report. As recommended in the accompanying Practice Guidance of the Code, the NRC comprises all Non-Executive Directors with the majority (including the Chairman) being Independent Directors. The NRC considers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, benefits-in-kind and termination terms. The recommendations are submitted to the Board for endorsement. The remuneration policies of the Company are structured to attract and retain highly qualified persons, and also take into consideration the Company's overall goal to ensure value creation and the long-term sustainability and success of the Company. No Director is involved in deciding his own remuneration.

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

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

Remuneration of the Non-Executive Directors

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

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

The Non-Executive Directors' fees take into account (i) the Directors' value creation, level of contribution and respective responsibilities at Board meetings and Board Committee(s) meetings and (ii) the industry practices and norms on remuneration, including guidelines set out in the Statement of Good Practice issued by the Singapore Institute of Directors. The Board determines value creation to be the amount of value-add contributed by the Director, including but not limited to deal introduction to the Company, cost-savings ideas and novel initiatives which have the potential of increasing the performance of the Company, measured against the monetary benefit/cost-savings which the Company enjoys as a result of the value-add contributed by the Director.

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

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Remuneration of the Executive Director and KMP

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

The NRC has reviewed and is satisfied that the performance conditions were met for FY2019.

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

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

Disclosure on the Remuneration of Directors, CEO and KMP for FY2019

(a) A breakdown (in percentage terms) showing the level and mix of the remuneration of each Non-Executive Director and the CEO (who is also an Executive Director) payable for FY2019 (including payment made by its subsidiaries, if any)

Name of Director (1)	Salary (%)	Bonuses (%)	Directors' Fees (%)	Others (%)	Total/ Remuneration (%)
S$250,000 or below					
Mr Lee Yi Shyan	-	-	100	-	100
Dr Stephen Riady (1)	-	-	-(6)	-	-
Mr Masato Mohri (2)	-	-	100	-	100
Mr Tadahiro Kiyosu (3)	-	-	100	-	100
Mr Roger Tan Chade Phang	-	-	100	-	100
Mr Eric Sho Kian Hin	-	-	100	-	100
Mr Jackson Tay Eng Kiat	-	-	100	-	100
Mr Johji Sato	-	-	100	-	100
Dr Wong Weng Hong (4)	97	-	-(6)	3	100
S$250,001 – S$500,000	-	-	-	-	-
S$500,001 – S$750,000					
Mr Yet Kum Meng (5)	56	37	-(6)	7	100

Notes:
(1) Dr Stephen Riady retired as a Director at the conclusion of the Annual General Meeting of the Company held on 25 April 2019.
(2) Mr Masato Mohri resigned from the Board on 7 May 2019.
(3) Mr Tadahiro Kiyosu was appointed to the Board and as a member of the NRC with effect from 7 May 2019.
(4) Dr Wong Weng Hong resigned as Executive Director and CEO on 28 February 2019.
(5) Mr Yet Kum Meng was re-designated from CFO to CEO and appointed to the Board on 28 February 2019.
(6) Director's fee for FY2019 was waived.

Total proposed payment of Directors' fees for FY2019 will be subject to the approval of shareholders of the Company at its forthcoming AGM.

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

Remuneration for FY 2019	Number of Directors (as at 31 December 2019)	Number of KMP [(1)] (who are not also Directors or the CEO) (as at 31 December 2019)
S$250,000 or below	6	-
S$250,001 – S$500,000	-	-
S$500,001 – S$750,000	1	-
Total	7	0

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

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

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

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

The Code also recommends companies to provide full disclosure of the name and remuneration (with breakdown) of the top five (5) KMP (who are not Directors or the CEO) within bands of S$250,000 and in aggregate the total remuneration paid to such KMP. The Company takes the view that save for the CEO (who is also an Executive Director), there were no other KMP in the Group during FY2019, as only the CEO (who is also an Executive Director) has the authority and responsibility for planning, directing and controlling the activities of the Company. Accordingly, there is no disclosure of the aggregate total remuneration paid to the top five (5) KMP (who are not Directors or the CEO).

There are no employees who are substantial shareholders of the Company or immediate family members of a Director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeds S$100,000 during FY2019.

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C. ACCOUNTABILITY AND AUDIT

Principle 9: Risk Management and Internal Controls

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

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

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

Internal Audit

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

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

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

Board's Commentary

Based on the respective work done by the internal audit function and the external auditors, the assurance given by the CEO and the CFO, as well as the ARC's review of the effectiveness of the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems which the Group considers relevant and material to its operations, the Board, with the concurrence of the ARC, is of the opinion that the Group's systems of internal controls and risk management are adequate and effective as at 31 December 2019.

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

Management's Assurance

The Board has received assurance from the CEO and the CFO that (a) the financial records have been properly maintained and the financial statements for FY2019 gave a true and fair view of the Group's operations and finances, and (b) the Group's risk management and internal control systems are adequate and effective in identifying and addressing the material risks faced by the Group in its current business environment including financial, operational, compliance and information technology risks. This assurance covers the Company and subsidiaries which are under the Company's management control.

Principle 10: Audit committee

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

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

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

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

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

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

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

The ARC met four (4) times in 2019. For the financial year under review, the ARC met with the external auditors and internal audit staff to review the annual audit plans and the results of the audits performed by them. The ARC also examined the adequacy and effectiveness of the Company's internal controls with the assistance of the internal audit team and the external auditors. The ARC further assessed the independence and objectivity of the external auditors and the non-audit services rendered by the external auditors. The quarterly and full year financial statements of the Group and the Company were also reviewed by the ARC prior to their submission to the Board for approval and adoption. The ARC has met with the external auditors and the internal audit team without the presence of Management. The external auditors have also presented to the ARC relevant updates relating to any change of accounting standards which have a direct impact on financial statements before an audit commences.

CORPORATE GOVERNANCE REPORT

The ARC has reviewed the non-audit fees paid to the external auditors. Having considered the nature and extent of the non-audit services provided, the ARC is satisfied that the independence and objectivity of the external auditors have not been compromised by the provision of such non-audit services. The amount of fees paid to the external auditors in FY2019 was S$95,000 for non-audit services and S$445,000 for audit services.

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

The details of the remuneration of the auditors of the Company during FY2019 are as follows:

	S$'000
Audit services	
– Auditors of the Company	351
– Member firms of the auditors of the Company	94
– Other auditors	8
Non-audit services	
– Auditors of the Company	95
– Other auditors	3

Whistle-blowing Policy

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

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

D. SHAREHOLDERS RIGHTS AND ENGAGEMENT, MANAGING STAKEHOLDERS RELATIONSHIPS

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

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

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

Shareholders' Meetings

The AGM of the Company is a principal forum for dialogue and interaction with shareholders. All shareholders will receive the Company's annual report and notice of AGM. At the AGM, shareholders will be given the opportunity and time to air their views and ask the Directors or the Management questions regarding the Company.

The respective Chairmen of the ARC and NRC, the Directors, as well as the external auditors will be present and on hand to address issues raised at the AGM. The Company held two (2) shareholders' meetings in FY2019 (i.e. an Extraordinary General Meeting held on 28 January 2019 and the AGM held on 25 April 2019). Other than Dr Stephen Riady who retired and ceased as a Director at the AGM in FY 2019, all Directors and the external auditor attended the said AGM held on 25 April 2019 to address shareholders' queries and were present for the entire duration of the AGM.

As encouraged by SGX-ST and in support of greater transparency of voting in general meetings and good corporate governance, the Company has employed electronic polling in the AGM held in 2019 whereby all resolutions are voted by poll. Separate resolutions were proposed at the AGM in FY2019 for each distinct issue and prior to voting, the voting procedures were made known to the shareholders.

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

The Code requires an issuer to publish the minutes of general meetings of shareholders on its corporate website as soon as practicable after such meetings. Although the Company does not currently have such a practice, the Company is of the view that all shareholders are treated fairly and equitably and are able to exercise their shareholder rights, as the minutes of the shareholders' meetings are available to any shareholder upon request.

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

Stakeholders Engagement

The Company understands the importance of maintaining regular engagement with its stakeholders and its stakeholders engagement approach is set out in its Sustainability Report, which can be found in pages 44 – 48 in this Annual Report.

Dividend policy

The Company has adopted a dividend policy, under which the Board would consider the Group's earnings, financial position, results of operations, capital needs, plans for expansion and any other appropriate factors before decided on the form, frequency and amount of dividends to declare. Taking into account the Company's financial performance in FY2019 and the need for the Company to deploy resources for the development and growth of the Group's business, no dividend was recommended or declared for FY2019. The Company's decision not to declare a dividend and its reasons for not doing so were announced when the Company released its financial statements for FY2019 on 19 February 2020.

CORPORATE GOVERNANCE REPORT

DEALING IN SECURITIES

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

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

The Directors and officers are prohibited from communicating trade-sensitive and materially price-sensitive information to any person. In addition, the Company also discourages the Directors and officers from dealing in the Company's shares on short-term considerations. They are also expected to observe insider trading laws at all times even when dealing in securities within permitted trading periods.

MATERIAL CONTRACTS AND LOANS

Pursuant to Rule 1204(8) of the Catalist Rules, the Company confirmed that except as disclosed in the paragraph on interested person transactions below, Directors' Statement and Financial Statements section of this Annual Report, there were no other material contracts and loans of the Company and its subsidiaries involving the interests of any Director or controlling shareholder of the Company, either still subsisting at the end of FY2019 or if not then subsisting, which were entered into since the end of the previous financial year.

INTERESTED PERSON TRANSACTIONS

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

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

The interested person transactions entered into by the Group during FY2019 are set out below:

Name of Interested Person	Nature of Relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
Innovation Lab Technology Pte. Ltd. ("**ILT**")	ILT is a wholly-owned subsidiary of Lippo China Resources Limited, which is in-turn owned by Lippo Limited, a controlling shareholder of the Company.	S$1,588,785 (1)	-
OUE Treasury Pte. Ltd. ("**OUET**")	OUET is a wholly-owned subsidiary of OUE Limited, a controlling shareholder of the Company.	S$242,860 (2)	-
Browny Healthcare Pte. Ltd. ("**Browny**"), ITOCHU Singapore Pte Ltd ("**ITOCHU SG**") and ITOCHU Corporation ("**ITOCHU Corp**")	Browny is a controlling shareholder of the Company and is wholly-owned by ITOCHU SG. ITOCHU SG is in turn wholly-owned by ITOCHU Corp.	S$514,280 (3)	-

Notes:

(1) On 29 March 2019, the Company's wholly owned subsidiary, OUELH Medical Assets Pte. Ltd. ("**OMA**") entered into an assignment agreement with ILT, pursuant to which OMA sold certain assets to ILT for an aggregate consideration of S$1,588,785.05 (the "**Assignment**"). The Assignment was completed on the same day. Please refer to the Company's announcement dated 29 March 2019 for further details.

(2) On 14 August 2019, OMA entered into a loan agreement with OUET, pursuant to which OUET advanced to OMA an aggregate principal amount of S$4.15 million at an interest rate of 4% per annum. The value of the interested person transaction in respect of the loan from OUET is the total interest payable to OUET, being the sum of S$242,860.00.

(3) On 15 February 2018, the Company entered into a secondment agreement with Browny, ITOCHU SG and ITOCHU Corp, pursuant to which Browny, ITOCHU SG and/or ITOCHU Corp have the right to second up to three (3) employees to the Company. Pursuant to the secondment agreement and related documentation, the Company is obliged to make remuneration-related payments either directly to the seconded employees and/or in the form of secondment fees payable to ITOCHU SG. In total, the sum of the payments made by the Company pursuant to these secondment arrangements in FY2019 is S$514,280.

CORPORATE GOVERNANCE REPORT

USE OF PROCEEDS

From Placement of Shares

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

	Amount allocated (as disclosed in the announcement dated 10 January 2018) S$'000	Amount re-allocated (as disclosed in the announcement dated 24 April 2019) S$'000	Amount utilised as at the Date of this Annual Report S$'000
Repayment of loans and borrowings	-	26,000	26,000
General working capital (1)	38,725	24,150	24,150
Development of healthcare business and healthcare related projects	38,725	27,300	27,300
Total	**77,450**	**77,450**	**77,450**

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

NON-SPONSOR FEES

In FY2019, no non-sponsor fee was paid to the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd.

DIRECTORS' STATEMENT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2019.

In our opinion:

(a) the financial statements set out on pages 77 to 161 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "**Act**") and Singapore Financial Reporting Standards (International); and

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

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

DIRECTORS

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

Lee Yi Shyan	
Stephen Riady	(Retired on 25 April 2019)
Yet Kum Meng	(Appointed on 28 February 2019)
Masato Mohri	(Resigned on 7 May 2019)
Roger Tan Chade Phang	
Eric Sho Kian Hin	
Jackson Tay Eng Kiat	
Johji Sato	
Wong Weng Hong	(Resigned on 28 February 2019)
Tadahiro Kiyosu	(Appointed on 7 May 2019)

DIRECTORS' INTERESTS

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

There were no changes in the interests in the Company between the end of the financial year and 21 January 2020.

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

SHARE OPTIONS

During the financial year, there were:

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

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

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

DIRECTORS' STATEMENT

AUDIT AND RISK COMMITTEE

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

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

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

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

The Audit and Risk Committee also reviewed the following:

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

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

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

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

AUDITORS

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

On behalf of the Board of Directors

Lee Yi Shyan
Director

Yet Kum Meng
Director

20 March 2020

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY
OUE LIPPO HEALTHCARE LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of OUE Lippo Healthcare Limited (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 77 to 161.

In our opinion, the accompanying financial statements of the Group and the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2019 and of the financial performance, changes in equity and cash flows of the Group for the year ended on that date.

Basis for opinion

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

Key audit matters

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

Valuation of investment properties and investment properties under development
(Refer to notes 4.7, 7 and 8 to the financial statements)

Risk

As at 31 December 2019, the Group has a portfolio of investment properties and investment properties under development in Japan, the People's Republic of China ("PRC") and Malaysia with a carrying value of $391.0 million (2018: $383.9 million). Investment properties and investment properties under development represent the most significant asset item on the statements of financial position.

The Group's accounting policy is to state these investment properties and investment properties under development at fair value, determined based on independent external valuations. Significant judgement and estimates are involved in determining the appropriate valuation methods and assumptions applied in the valuations. A small change in the key assumptions applied by the valuers such as the discount rate, terminal capitalisation rate and capitalisation rate can have a significant impact to the valuation.

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

Our response

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

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

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

Our findings

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

For investment properties under development, the valuation was based on management's current proposed development plan, the assumption that relevant regulatory approvals could be granted and it is probable that there will be favourable outcome for the litigation cases. These development plans may vary depending on the Group's future intentions and developments.

Valuation of other receivables
(Refer to notes 13 and 26 to the financial statements)

Risk

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

The Group assessed loss allowances for other receivables at an amount equal to lifetime expected credit losses.

The Group has in August 2016 derecognised its subsidiaries, IHC Management Pte. Ltd., IHC Management (Australia) Pty Ltd, IHC Medical RE Pte. Ltd., IHC Healthcare REIT, IHC Australia First Trust and IHC Australia Second Trust (collectively, "Deconsolidated subsidiaries") as these Deconsolidated subsidiaries are currently under receivership and the Group has no control over these subsidiaries. As at 31 December 2019, these Deconsolidated subsidiaries owe the Group $53.9 million (2018: $54.0 million). Management has provided $21.7 million (2018: $21.7 million) of allowance for impairment on other receivables from the Deconsolidated subsidiaries.

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

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY
OUE LIPPO HEALTHCARE LIMITED

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

Our response

We reviewed the expected credit losses assessment performed by management, with reference to historical payment behaviour, actual receipts and forward-looking macroeconomic factors.

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

Our findings

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

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

Risk

The Group was involved in several on-going litigations and claims, and provisions relating to legal and related expenses of $29.7 million was made as at 31 December 2019. There are uncertainties as to the possible outcome of these on-going litigations and claims, and the eventual outcome may be subjected to change, which can potentially affect the amount of provisions made.

Our response

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

Our findings

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

Other information

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

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

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

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

Responsibilities of management and directors for the financial statements

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

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY
OUE LIPPO HEALTHCARE LIMITED

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
20 March 2020

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
ASSETS					
Property, plant and equipment	5	**36,262**	31,683	**358**	302
Intangible assets and goodwill	6	**4,851**	3,310	**–**	–
Investment properties	7	**299,770**	290,231	**–**	–
Investment properties under development	8	**91,237**	93,663	**–**	–
Lease prepayments	9	**–**	4,595	**–**	–
Subsidiaries	10	**–**	–	**116,692**	119,038
Associate and joint ventures	11	**173,547**	145,347	**40,553**	40,553
Trade and other receivables	13	**–**	–	**10,118**	9,874
Non-current assets		**605,667**	568,829	**167,721**	169,767
Inventories	12	**325**	261	**–**	–
Trade and other receivables	13	**50,815**	41,431	**349,345**	285,034
Cash and cash equivalents	14	**52,709**	60,442	**30**	40,413
Current assets		**103,849**	102,134	**349,375**	325,447
Total assets		**709,516**	670,963	**517,096**	495,214
EQUITY					
Share capital	15	**418,913**	418,913	**418,913**	418,913
Merger reserve	16	**(65,742)**	(65,742)	**–**	–
Asset revaluation reserve	16	**3,630**	3,630	**–**	–
Foreign currency translation reserve	16	**(3,653)**	(7,754)	**–**	–
Fair value reserve	16	**(5,473)**	(5,571)	**–**	–
Accumulated losses		**(94,877)**	(98,206)	**(192,155)**	(188,424)
Equity attributable to owners of the Company		**252,798**	245,270	**226,758**	230,489
Non-controlling interests		**304**	79	**–**	–
Total equity		**253,102**	245,349	**226,758**	230,489
LIABILITIES					
Loans and borrowings	17	**16,596**	138,042	**–**	–
Trade and other payables	18	**7,666**	7,481	**489**	558
Deferred tax liabilities	20	**40,792**	37,957	**–**	–
Non-current liabilities		**65,054**	183,480	**489**	558
Loans and borrowings	17	**324,855**	169,965	**195,601**	165,601
Trade and other payables	18	**36,586**	30,089	**64,446**	56,487
Provisions	19	**29,661**	42,079	**29,661**	42,079
Lease liabilities	27	**220**	–	**141**	–
Current tax liabilities		**38**	1	**–**	–
Current liabilities		**391,360**	242,134	**289,849**	264,167
Total liabilities		**456,414**	425,614	**290,338**	264,725
Total equity and liabilities		**709,516**	670,963	**517,096**	495,214

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2019

	Note	2019 $'000	2018 $'000
Continuing operations			
Revenue	21	**19,649**	19,563
Cost of sales		**(5,143)**	(5,475)
Gross profit		**14,506**	14,088
Administrative expenses		**(17,770)**	(16,440)
Other income, net	23	**10,921**	56
Results from operating activities		**7,657**	(2,296)
Finance income		**232**	429
Finance costs		**(9,434)**	(11,219)
Net finance costs	22	**(9,202)**	(10,790)
Share of results of equity-accounted investees (net of tax)		**7,299**	5,546
Profit/(Loss) before tax	23	**5,754**	(7,540)
Tax expense	24	**(2,516)**	(1,246)
Profit/(Loss) from continuing operations		**3,238**	(8,786)
Discontinued operation	29		
Loss from discontinued operation (net of tax)		**–**	(532)
Profit/(Loss) for the year		**3,238**	(9,318)
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences relating to foreign operations		**4,115**	(3,513)
Foreign currency translation differences realised on disposal of discontinued operation reclassified to profit or loss		**–**	(509)
Share of foreign currency translation differences of equity-accounted investees		**(14)**	19
Share of fair value reserve of equity-accounted investees		**98**	(5,571)
Other comprehensive income, net of tax		**4,199**	(9,574)
Total comprehensive income for the year		**7,437**	(18,892)
Profit/(Loss) attributable to:			
Owners of the Company		**3,357**	(9,318)
Non-controlling interests		**(119)**	–
		3,238	(9,318)
Total comprehensive income attributable to:			
Owners of the Company		**7,556**	(18,892)
Non-controlling interests		**(119)**	–
		7,437	(18,892)
Earnings per share			
Basic and diluted earnings per share (cents)	25	**0.08**	(0.36)
Earnings per share – Continuing operations			
Basic and diluted earnings per share (cents)	25	**0.08**	(0.34)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2019

	Note	Share capital $'000	Merger reserve $'000	Asset revaluation reserve $'000	Foreign currency translation reserve $'000	Fair value reserve $'000	Accumulated losses $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
		Attributable to owners of the Company								
2019										
At 31 December 2018		418,913	(65,742)	3,630	(7,754)	(5,571)	(98,206)	245,270	79	245,349
Adjustment on initial application of SFRS(I) 16 (net of tax)	3.5	–	–	–	–	–	(28)	(28)	–	(28)
Adjusted balance at 1 January 2019		418,913	(65,742)	3,630	(7,754)	(5,571)	(98,234)	245,242	79	245,321
Total comprehensive income for the year										
Profit for the year		–	–	–	–	–	3,357	3,357	(119)	3,238
Other comprehensive income										
Foreign currency translation differences relating to foreign operations		–	–	–	4,115	–	–	4,115	–	4,115
Share of foreign currency translation differences of equity-accounted investees		–	–	–	(14)	–	–	(14)	–	(14)
Share of fair value reserve of equity-accounted investees		–	–	–	–	98	–	98	–	98
Total other comprehensive income, net of tax		–	–	–	4,101	98	–	4,199	–	4,199
Total comprehensive income for the year		–	–	–	4,101	98	3,357	7,556	(119)	7,437
Transactions with owners, recognised directly in equity										
Contribution from non-controlling interests		–	–	–	–	–	–	–	464	464
Acquisition of subsidiary with non-controlling interests	30	–	–	–	–	–	–	–	(120)	(120)
Total transaction with owners		–	–	–	–	–	–	–	344	344
At 31 December 2019		418,913	(65,742)	3,630	(3,653)	(5,473)	(94,877)	252,798	304	253,102

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2019

		Attributable to owners of the Company									
	Note	Share capital $'000	Merger reserve $'000	Asset revaluation reserve $'000	Foreign currency translation reserve $'000	Fair value reserve $'000	Statutory surplus reserve $'000	Accumulated losses $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
2018											
At 1 January 2018		192,707	(65,742)	3,630	(3,751)	–	327	(89,210)	37,961	74	38,035
Total comprehensive income for the year											
Loss for the year		–	–	–	–	–	–	(9,318)	(9,318)	–	(9,318)
Other comprehensive income											
Foreign currency translation differences relating to foreign operations		–	–	–	(3,513)	–	–	–	(3,513)	–	(3,513)
Foreign currency translation differences realised on disposal of discontinued operation reclassified to profit or loss		–	–	–	(509)	–	–	–	(509)	–	(509)
Share of foreign currency translation differences of an equity-accounted investee		–	–	–	19	–	–	–	19	–	19
Share of fair value reserve of an equity-accounted investee		–	–	–	–	(5,571)	–	–	(5,571)	–	(5,571)
Total other comprehensive income, net of tax		–	–	–	(4,003)	(5,571)	–	–	(9,574)	–	(9,574)
Total comprehensive income for the year		–	–	–	(4,003)	(5,571)	–	(9,318)	(18,892)	–	(18,892)
Transaction with owners, recognised directly in equity											
Contributions by owners											
Issue of ordinary shares, net of issuance costs	15	226,206	–	–	–	–	–	–	226,206	–	226,206
Total contributions by owners		226,206	–	–	–	–	–	–	226,206	–	226,206
Transfer from statutory surplus reserve to accumulated losses due to deconsolidation		–	–	–	–	–	(327)	322	(5)	5	–
At 31 December 2018		418,913	(65,742)	3,630	(7,754)	(5,571)	–	(98,206)	245,270	79	245,349

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

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2019

	Note	2019 $'000	2018 $'000
Cash flows from operating activities			
Profit/(Loss) after tax		**3,238**	(9,318)
Adjustments for:			
Depreciation of property, plant and equipment	5	**1,277**	1,618
Amortisation of intangible assets	6	**226**	234
Amortisation of lease prepayments	9	**–**	66
Loss from discontinued operation	29	**–**	497
Property, plant and equipment written off	5	**–**	1
Interest income		**(232)**	(431)
Interest expense		**9,749**	11,105
Reversal of provisions for legal and related expenses	19	**(9,750)**	–
Fair value gains on investment properties	7	**(706)**	(49)
Fair value losses/(gains) on investment properties under development	8	**1,185**	(7)
Share of results of equity-accounted investees, net of tax		**(7,299)**	(5,546)
Tax expense	24	**2,516**	1,246
		204	(584)
Changes in:			
– Inventories		**(57)**	560
– Trade and other receivables		**(3,300)**	(2,894)
– Trade and other payables		**(1,358)**	(5,669)
Cash used in operations		**(4,511)**	(8,587)
Tax paid		**(1)**	(23)
Net cash used in operating activities		**(4,512)**	(8,610)
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	30	**(1,335)**	(2,120)
Acquisition of equity-accounted investees		**(27,985)**	(145,338)
Additions to investment properties		**(1,371)**	–
Additions to investment properties under development		**–**	(725)
Contribution from non-controlling interests		**464**	–
Disposal of discontinued operation, net of cash disposed of	29	**–**	(294)
Dividends from an equity-accounted investee		**7,189**	1,797
Proceeds from sale of property, plant and equipment		**27**	–
Purchase of property, plant and equipment		**(1,129)**	(154)
Advance to joint venture partner		**(4,110)**	–
Loan to joint venture		**(2,712)**	–
Interest received		**232**	431
Net cash used in investing activities		**(30,730)**	(146,403)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2019

	Note	2019 $'000	2018 $'000
Cash flows from financing activities			
Proceeds from borrowings		**34,654**	6,653
Proceeds from issue of share capital		**–**	228,706
Repayment of borrowings		**(4,449)**	(33,443)
Payment of finance lease liability		**–**	(104)
Payment of lease liability		**(351)**	–
Interest paid		**(2,601)**	(5,463)
Payment of transaction costs related to issuance of share capital		**–**	(2,500)
Net cash from financing activities		**27,253**	193,849
Net (decrease)/increase in cash and cash equivalents		**(7,989)**	38,836
Cash and cash equivalents at beginning of financial year		**60,442**	21,530
Effect of exchange rate fluctuations on cash and cash equivalents		**256**	76
Cash and cash equivalents at end of financial year	14	**52,709**	60,442

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 20 March 2020.

1 DOMICILE AND ACTIVITIES

OUE Lippo Healthcare Limited (the "Company") is a company incorporated in Singapore. The address of the Company's registered office is at 120 Robinson Road, #08-01, Singapore 068913.

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

The financial statements of the Group as at and for the year ended 31 December 2019 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interests in equity-accounted investees.

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

2 GOING CONCERN

The Group has net current liabilities of $287,511,000 (2018: $140,000,000) as at 31 December 2019 and has a net profit of $3,238,000 (2018: net loss ($9,318,000)) for the year ended 31 December 2019.

Notwithstanding the above, the financial statements have been prepared on a going concern basis because management, having assessed the sources of liquidity and funding available to the Group, believes that the Group can continue as a going concern for the foreseeable future.

In assessing the appropriateness of the use of going concern basis of accounting in the preparation of the financial statements, management has considered the sources of liquidity and funding available to the Group. These include loan facilities of $165.0 million provided by Treasure International Holdings Pte. Ltd. and OUE Treasury Pte. Ltd., another wholly-owned subsidiary of OUE Limited (collectively, "OUE") to finance the Group's working capital requirements and day-to-day operation purposes, future cash inflows from the Group's operating activities for the financial year ending 31 December 2020 and available cash reserves as at 31 December 2019. Additionally, OUE has issued a letter of undertaking to the Company on 20 March 2020 which states that OUE will not demand for repayment of the outstanding loans for a period of at least 12 months from the date of the financial statements.

3 BASIS OF PREPARATION

3.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)).

This is the first set of the Group's annual financial statements in which SFRS(I) 16 *Leases* has been applied. The related changes to significant accounting policies are described in note 3.5.

3.2 Basis of measurement

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

3 BASIS OF PREPARATION (CONT'D)

3.3 Functional and presentation currency

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

3.4 Use of estimates and judgements

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

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

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

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

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

- notes 5 and 6 – measurement of recoverable amounts for property, plant and equipment and goodwill;
- notes 7 and 8 – determination of fair value of investment properties and investment properties under development;
- note 13 – measurement of recoverable amount of trade and other receivables;
- note 20 – estimation of tax liabilities; and
- note 26 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

Measurement of fair values

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

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

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

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

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

3 BASIS OF PREPARATION (CONT'D)

3.4 Use of estimates and judgements (cont'd)

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

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

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

- note 7 – investment properties;
- note 8 – investment properties under development;
- note 30 – acquisitions of subsidiaries; and
- note 31 – financial instruments.

3.5 Changes in accounting policies

New standards and amendments

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 January 2019:

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

Other than SFRS(I) 16, the application of these amendments to standards and interpretations does not have a material effect on the financial statements.

SFRS(I) 16 *Leases*

The Group and the Company applied SFRS(I) 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in accumulated losses at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under SFRS(I) 1-17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in SFRS(I) 16 have not generally been applied to comparative information.

Definition of a lease

Previously, the Group and the Company determined at contract inception whether an arrangement was or contained a lease under SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in SFRS(I) 16.

On transition to SFRS(I) 16, the Group and the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group and the Company applied SFRS(I) 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under SFRS(I) 1-17 and SFRS(I) INT 4 were not reassessed for whether there is a lease under SFRS(I) 16. Therefore, the definition of a lease under SFRS(I) 16 was applied only to contracts entered into or changed on or after 1 January 2019.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

3 BASIS OF PREPARATION (CONT'D)

3.5 Changes in accounting policies (cont'd)

The Group and the Company as lessees

The Group and the Company lease five office spaces. The Group and the Company previously classified leases as operating leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group and the Company. Under SFRS(I) 16, the Group and Company recognise right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

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

Leases classified as operating leases under SFRS(I) 1-17

Previously, the Group and the Company classified property leases as operating leases under SFRS(I) 1-17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the respective lessee entities' incremental borrowing rates applicable to the leases as at 1 January 2019. Right-of-use assets are measured at either:

- their carrying amount as if SFRS(I) 16 had been applied since the commencement date, discounted using the applicable incremental borrowing rates at the date of initial application: the Group and the Company applied this approach to its largest property lease; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments: the Group and the Company applied this approach to all other leases.

The Group and the Company have tested its right-of-use assets for impairment on the date of transition and have concluded that there is no indication that the right-of-use assets are impaired.

The Group and the Company used a number of practical expedients when applying SFRS(I) 16 to leases previously classified as operating leases under SFRS(I) 1-17. In particular, the Group and the Company:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. IT equipment);
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

The Group as lessor

The Group leases out healthcare-related facilities to non-related parties and has classified these leases as operating leases.

The Group is not required to make any adjustments on transition to SFRS(I) 16 for leases in which it acts as a lessor.

3 BASIS OF PREPARATION (CONT'D)

3.5 Changes in accounting policies (cont'd)

Impact on financial statements

Impact on transition*

On transition to SFRS(I) 16, the Group and the Company recognised additional right-of-use assets and additional lease liabilities, recognising the difference in accumulated losses. The impact on transition is summarised below.

	1 January 2019	
	Group $'000	**Company $'000**
Right-of-use assets – property, plant and equipment	532	349
Lease liabilities	(560)	(376)
Accumulated losses	28	27

* For the impact of SFRS(I) 16 on profit or loss for the period, see note 27. For the details of accounting policies under SFRS(I) 16 and SFRS(I) 1-17, see note 4.8.

When measuring lease liabilities for leases that were classified as operating leases, the Group and the Company discounted lease payments using the applicable incremental borrowing rates at 1 January 2019. The incremental borrowing rates applied for the Group and the Company ranges from 0.89% to 3.00% and 3.00% respectively.

	1 January 2019	
	Group $'000	**Company $'000**
Operating lease commitments at 31 December 2018 as disclosed under SFRS(I) 1-17 in the financial statements	663	445
Less: Recognition exemption for leases with less than 12 months of lease term at transition	(91)	(59)
Discounted using the incremental borrowing rates at 1 January 2019	572	386
Less: Total future interest expenses	(12)	(10)
Lease liabilities recognised at 1 January 2019	560	376

So far as the impact of the adoption of SFRS(I)16 on leases previously classified as lease prepayments is concerned, the Group is not required to make any adjustments at the date of initial application of SFRS(I) 16, other than changing the captions for the balances. Accordingly, instead of "lease prepayments", these amounts are included within the depreciated carrying amount of the corresponding leased assets and is identified as right-of-use assets. There is no impact on the opening balance of equity.

The following table summarises the impact of the adoption of SFRS(I) 16 on the Group's consolidated statement of financial position:

	1 January 2019		
	As previously reported $'000	**Reclassification $'000**	**As reclassified $'000**
Group			
Consolidated statement of financial position			
Property, plant and equipment	31,683	4,595	36,278
Lease prepayments	4,595	(4,595)	–

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

4 SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group.

The Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests ("NCI") in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree, over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

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

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

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

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

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

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

(ii) Subsidiaries

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

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

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Basis of consolidation (cont'd)

(iii) Acquisitions from entities under common control

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

(iv) Loss of control

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

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

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

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

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

(vi) Transactions eliminated on consolidation

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 Foreign currency

(i) Foreign currency transactions

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

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

(ii) Foreign operations

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

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

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

4.3 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

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

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

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 Financial instruments (cont'd)

(ii) Classification and subsequent measurement

Non-derivative financial assets

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

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

Financial assets at amortised cost

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

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

Financial assets: Business model assessment

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 Financial instruments (cont'd)

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

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest (cont'd)

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

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

Financial assets at amortised cost

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

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

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

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

(iii) Derecognition

Financial assets

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

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

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 Financial instruments (cont'd)

(iii) Derecognition (cont'd)

Financial liabilities

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

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

(iv) Offsetting

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

(v) Cash and cash equivalents

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

(vi) Share capital

Ordinary shares

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 Property, plant and equipment

(i) Recognition and measurement

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

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

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

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

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

• Buildings	16 – 35 years
• Office renovation, furniture, fixtures and equipment	3 – 8 years
• Medical equipment	8 years
• Motor vehicles	5 years

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

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 Lease prepayments

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

4.6 Intangible assets and goodwill

(i) Goodwill

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

Subsequent measurement

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

(ii) Medical distribution licences

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

(iii) Subsequent expenditure

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

(iv) Amortisation

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

- Medical distribution licences 5 years

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

4.7 Investment properties and investment properties under development

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 Investment properties and investment properties under development (cont'd)

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

4.8 Leases

The Group has applied SFRS(I) 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under SFRS(I) 1-17 and SFRS(I) INT 4. The details of accounting policies under SFRS(I) 1-17 and SFRS(I) INT 4 are disclosed separately.

Policy applicable from 1 January 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in SFRS(I) 16.

This policy is applied to contracts entered into, on or after 1 January 2019.

As a lessee

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

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

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

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

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

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

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

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 Leases (cont'd)

As a lessee (cont'd)

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

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

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

Short-term leases and leases of low-value assets

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

As a lessor

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

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

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

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

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

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from SFRS(I) 16.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 Leases (cont'd)

Policy applicable before 1 January 2019

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

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

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

Determining whether an arrangement contains a lease

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

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

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

4.9 Inventories

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

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

4.10 Impairment

(i) Non-derivative financial assets

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

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

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

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 Impairment (cont'd)

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

Simplified approach

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

General approach

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

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

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

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

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

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

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

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

Measurement of ECLs

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

Credit-impaired financial assets

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 Impairment (cont'd)

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

Credit-impaired financial assets (cont'd)

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

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

Presentation of allowance for ECLs in the statement of financial position

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

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

Write-off

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

(ii) Non-financial assets

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

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

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

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

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 Impairment (cont'd)

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

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

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

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

4.11 Employee benefits

(i) Defined contribution plans

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

(ii) Short-term employee benefits

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

4.12 Provisions

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

4.13 Revenue recognition

(i) Goods and services sold

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

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4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.13 Revenue recognition (cont'd)

(i) Goods and services sold (cont'd)

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

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

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

(ii) Rental income

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

(iii) Rendering of services

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

4.14 Finance income and finance costs

The Group's finance income and finance costs include:

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

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

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

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

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

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

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.15 Tax

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

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

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

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

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

Deferred tax is not recognised for:

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.16 Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss is re-presented as if the operation had been discontinued from the start of the comparative year.

4.17 Earnings per share

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

4.18 Segment reporting

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

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

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

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.19 New standards and interpretations not yet adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

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

- *Amendments to References to Conceptual Framework in SFRS(I) Standards*
- *Definition of a Business* (Amendments to SFRS(I) 3)
- *Definition of Material* (Amendments to SFRS(I) 1-1 and SFRS(I) 1-8)

5 PROPERTY, PLANT AND EQUIPMENT

	Note	Right-of-use asset* $'000	Buildings $'000	Office renovation, furniture, fixtures and equipment $'000	Medical equipment $'000	Motor vehicles $'000	Leasehold property under development $'000	Total $'000
Group								
Cost								
At 1 January 2018		–	5,936	1,587	5,885	470	–	13,878
Additions		–	–	130	24	–	–	154
Reclassification from investment properties under development	8	–	–	–	–	–	28,899	28,899
Written-off		–	–	(11)	(4)	–	–	(15)
Deconsolidation of a subsidiary	29	–	(3,663)	(70)	(2,276)	(155)	–	(6,164)
Effect of movements in exchange rates		–	(142)	(20)	(47)	(4)	–	(213)
At 31 December 2018		–	2,131	1,616	3,582	311	28,899	36,539
At 1 January 2019		–	2,131	1,616	3,582	311	28,899	36,539
Recognition of right-of-use assets on initial application SFRS(I) 16		6,777	–	–	–	–	–	6,777
Adjusted balance at 1 January 2019		6,777	2,131	1,616	3,582	311	28,899	43,316
Acquisition of subsidiary		–	–	1	77	2	–	80
Additions		–	–	110	7	–	1,623	1,740
Disposal		–	–	(54)	–	–	–	(54)
Effect of movements in exchange rates		(175)	(65)	(26)	(104)	(9)	(890)	(1,269)
At 31 December 2019		6,602	2,066	1,647	3,562	304	29,632	43,813

NOTES TO THE FINANCIAL STATEMENTS

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5 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Note	Right-of-use asset* $'000	Buildings $'000	Office renovation, furniture, fixtures and equipment $'000	Medical equipment $'000	Motor vehicles $'000	Leasehold property under development $'000	Total $'000
Group								
Accumulated depreciation								
At 1 January 2018		–	2,327	957	3,764	310	–	7,358
Depreciation charge for the year		–	833	199	527	59	–	1,618
Written-off		–	–	(10)	(4)	–	–	(14)
Deconsolidation of a subsidiary	29	–	(2,686)	(53)	(1,106)	(96)	–	(3,941)
Effect of movements in exchange rates		–	(60)	(19)	(79)	(7)	–	(165)
At 31 December 2018		–	414	1,074	3,102	266	–	4,856
At 1 January 2019		–	414	1,074	3,102	266	–	4,856
Recognition of right-of- use assets on initial application SFRS(I) 16		1,650	–	–	–	–	–	1,650
Adjusted balance at 1 January 2019		1,650	414	1,074	3,102	266	–	6,506
Depreciation charge for the year		368	437	174	258	40	–	1,277
Disposal		–	–	(27)	–	–	–	(27)
Effect of movements in exchange rates		(57)	(23)	(22)	(94)	(9)	–	(205)
At 31 December 2019		1,961	828	1,199	3,266	297	–	7,551
Carrying amounts								
At 1 January 2018		–	3,609	630	2,121	160	–	6,520
At 31 December 2018		–	1,717	542	480	45	28,899	31,683
At 31 December 2019		4,641	1,238	448	296	7	29,632	36,262

* The Group has initially applied SFRS(I) 16 using the modified retrospective method and adjusted the opening balances at 1 January 2019 to recognise right-of-use assets relating to leases which were previously classified as lease prepayments under SFRS(I) 1-17. See note 3.5.

5 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Office renovation, furniture, fixtures and equipment $'000	Right-of-use assets $'000	Total $'000
Company			
Cost			
At 1 January 2018	367	–	367
Additions	66	–	66
At 31 December 2018	433	–	433
At 1 January 2019	433	–	433
Recognition of right-of-use assets on initial application of SFRS(I) 16	–	663	663
Adjusted balance at 1 January 2019	433	663	1,096
Addition	35	–	35
Disposal	(16)	–	(16)
At 31 December 2019	452	663	1,115
Accumulated depreciation			
At 1 January 2018	46	–	46
Depreciation	85	–	85
At 31 December 2018	131	–	131
At 1 January 2019	131	–	131
Recognition of right-of-use assets on initial application of SFRS(I) 16	–	314	314
Adjusted balance at 1 January 2019	131	314	445
Depreciation	94	220	314
Disposal	(2)	–	(2)
At 31 December 2019	223	534	757
Carrying amounts			
At 1 January 2018	321	–	321
At 31 December 2018	302	–	302
At 31 December 2019	229	129	358

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5 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Right-of-use assets

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

		Group		Company	
	Note	31 December 2019 $'000	1 January 2019 $'000	31 December 2019 $'000	1 January 2019 $'000
Ownership interests in leasehold land held for own use, carried at depreciated cost	(i)	4,435	4,595	–	–
Other properties leased for own use, carried at depreciated cost	(ii)	206	532	129	349
		4,641	5,127	129	349

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

The Group hold a piece of leasehold land in the Republic of China (PRC), where its hospital is located. The leases expire in 2055. The Group is the registered owner of the property interests. Lump sum payments were made upfront to acquire these property interests from the PRC government authorities, and there is no ongoing payments to be made under the terms of the land lease. Lease prepayments under SFRS(I) 1-17 is identified as right-of-use assets upon the application of SFRS(I) 16. See note 3.5.

(ii) Other properties leased for own use

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

Impairment test for property, plant and equipment

The Group reviews the carrying amounts of the assets at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. 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.

Change in estimate

The Group reviews the useful lives of the property, plant and equipment annually in order to determine the amount of depreciation expense to be recorded. The estimated useful lives of property, plant and equipment are based on factors such as expected level of usage and the possible outcome of the litigation. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease in the carrying value of property, plant and equipment.

6 INTANGIBLE ASSETS AND GOODWILL

	Note	Goodwill $'000	Medical distribution licences $'000	Total $'000
Group				
Cost				
At 1 January 2018		44,344	1,169	45,513
Acquisitions through business combinations	30	3,057	–	3,057
Deconsolidation of a subsidiary	29	(42,239)	–	(42,239)
Effect of movements in exchange rates		(1,709)	(27)	(1,736)
At 31 December 2018		3,453	1,142	4,595
Acquisitions through business combinations	30	1,808	–	1,808
Effect of movements in exchange rates		(49)	(34)	(83)
At 31 December 2019		5,212	1,108	6,320
Accumulated amortisation and impairment losses				
At 1 January 2018		44,344	702	45,046
Amortisation	23	–	234	234
Deconsolidation of a subsidiary	29	(42,239)	–	(42,239)
Effect of movements in exchange rates		(1,733)	(23)	(1,756)
At 31 December 2018		372	913	1,285
Amortisation	23	–	226	226
Effect of movements in exchange rates		(11)	(31)	(42)
At 31 December 2019		361	1,108	1,469
Carrying amounts				
At 1 January 2018		–	467	467
At 31 December 2018		3,081	229	3,310
At 31 December 2019		4,851	–	4,851

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6 INTANGIBLE ASSETS AND GOODWILL (CONT'D)

Amortisation

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

Impairment test for goodwill

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

	Note	Group 2019 $'000	Group 2018 $'000
Brainy World Holdings Limited ("BWH")		**3,043**	3,081
Wuxi Lippo Xi Nan Hospital Company Limited ("WLXN")	30	**1,808**	–
		4,851	3,081

BWH

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

In 2018, the recoverable amount was determined based on value-in-use calculation using a projection of net management income covering a five-year period. During 2019, the Group had decided not to renew the management agreements which expired with effect from 31 December 2019.

	2019 %	2018 %
Key assumptions used for value-in-use calculations:		
Revenue growth rate[1]	**1st to 2nd year: 0**	1st year: 0
	3rd to 5th year: 39.5	2nd year: 5.0
	6th to 7th year: 35.3	3rd to 5th year: 0
Discount rate[2]	**15.0**	11.9

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

6 INTANGIBLE ASSETS AND GOODWILL (CONT'D)

BWH (cont'd)

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

	Change required for carrying amount to equal the recoverable amount 2019 %	2018 %
Group		
Revenue growth rate	**(0.8)**	(10.8)
Discount rate	**0.4**	4.0

WLXN

The recoverable amount is determined based on value-in-use calculations using a projection discounted cash flow covering a five-year period. The estimated recoverable amount of the CGU exceeded its carrying amount by approximately $804,000. The key assumptions used in the estimation of the recoverable amount are set out below. The value assigned to the key assumptions represent management's assessment of future trends and have been based on historical data derived from both external and internal sources.

	2019 %
Key assumptions used for value-in-use calculations:	
Revenue compound annual growth rate	**8.0**
Discount rate[1]	**13.0**
Terminal value growth rate	**3.0**

1 Pre-tax discount rate applied to the pre-tax cash flow projections

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

	Change required for carrying amount to equal the recoverable amount 2019 %
Group	
Revenue compound annual growth rate	**(0.4)**
Discount rate	**1.8**
Terminal value growth rate	**(2.7)**

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7 INVESTMENT PROPERTIES

	Note	Group 2019 $'000	Group 2018 $'000
At 1 January		**290,231**	287,784
Additions		**1,644**	–
Fair value gains recognised in profit or loss	23	**706**	49
Effect of movements in exchange rates		**7,189**	2,398
At 31 December		**299,770**	290,231

As at 31 December 2019, the details of investment properties held by the Group are set out below:

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

Investment properties are leased to non-related parties under operating leases (see note 27), and have lease tenures ending in 2043 (2018: ending in 2043).

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

As at 31 December 2019, investment properties of the Group with carrying amounts of $299,770,000 (2018: $290,231,000) are mortgaged to banks to secure the related borrowings (see note 17(d)).

Measurement of fair value

Fair value hierarchy

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

The fair value measurement of all of the investment properties of $299,770,000 (2018: $290,231,000) has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used (see note 3.4).

7 INVESTMENT PROPERTIES (CONT'D)

Valuation techniques and inputs used in Level 3 fair value measurements

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

Valuation techniques	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Income capitalisation method: The income capitalisation method capitalises an income stream into a present value using single-year capitalisation rates.	Capitalisation rates ranging from 4.4% to 4.8% (2018: 4.4% to 4.8%)	The higher the capitalisation rate, the lower the fair value.
Discounted cash flow method: The discounted cash flow method involves the estimation and projection of an income stream over a period and discounting the income stream with an internal rate of return to arrive at the market value.	Discount rates ranging from 4.2% to 4.6% (2018: 4.2% to 4.6%)	The higher the discount rate, the lower the fair value.
	Terminal capitalisation rates ranging from 4.6% to 5.1% (2018: 4.7% to 5.1%)	The higher the terminal capitalisation rate, the lower the fair value.

8 INVESTMENT PROPERTIES UNDER DEVELOPMENT

	Note	Group 2019 $'000	Group 2018 $'000
At 1 January		**93,663**	123,712
Additions		**–**	725
Reclassification to property, plant and equipment	5	**–**	(28,899)
Fair value (losses)/gains recognised in profit or loss	23	**(1,185)**	7
Effect of movements in exchange rates		**(1,241)**	(1,882)
At 31 December		**91,237**	93,663

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

Description	Unexpired term of leasehold land
Land - Wuxi land	36 years
Land - Kuala Lumpur, Malaysia	88 years

An investment property under development with carrying amount of $58,932,000 (2018: $59,184,000) is mortgaged to secure bank borrowings (see note 17(e)).

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

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8 INVESTMENT PROPERTIES UNDER DEVELOPMENT (CONT'D)

Classification of investment properties under development

The classification of the land as owner-occupied property or investment property is a matter of judgement, involving consideration of the purpose and usage of the land, and future development plans. Portion of land to be redeveloped for future rental or capital appreciations are held as investment properties under development while portion of land to be redeveloped for own use are held as property, plant and equipment. The relevant portion of the land continue to be classified as investment properties under development based on management's assessment of the above factors which is in line with the Group's existing plans. The classification is primarily based on all prevailing information available to date which imminently may vary depending on the controlling shareholder of the Group, OUE's continual undertakings and on-going future intentions and developments.

Transfer to property, plant and equipment

As at 31 December 2018, Chengdu land was transferred to property, plant and equipment as the Group has commenced development of the land for own use. The fair value of the Chengdu land at the date of transfer was deemed to be the cost for its subsequent accounting.

Fair value hierarchy

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

The fair value measurement of all of the investment properties under development of $91,237,000 (2018: $93,663,000) has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (see note 3.4).

Valuation techniques and inputs used in Level 3 fair value measurements

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

Valuation techniques	Key inputs		Inter-relationship between key inputs and fair value measurement
	Malaysia	PRC	
Direct comparison method: The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sales price to those reflective of the investment properties under development.	Price per square metre ("psm"): $12,475 (2018: $12,528)	Not applicable	The estimated fair value would increase (decrease) if price psm was higher (lower).
Income capitalisation method: The income capitalisation method capitalises an income stream into a present value using single-year capitalisation rates.	Not applicable	Capitalisation rates ranging from: Wuxi: 4.25% (2018: 4.25%) Chengdu*: Not applicable (2018:6.0% to 13.0%)	The higher the capitalisation rate, the lower the fair value.
Discounted cash flow method: The discounted cash flow method involves the estimation and projection of an income stream over a period and discounting the income stream with an internal rate of return to arrive at the market value.	Not applicable	Discount rate: Wuxi: 15.0% (2018: 15.0%) Chengdu*: Not applicable (2018: 7.0%) Terminal capitalisation rate: Wuxi: 13.0% (2018: 13.0%) Chengdu*: Not applicable (2018: 4.0%)	The higher the discount rate, the lower the fair value. The higher the terminal capitalisation rate, the lower the fair value.

8 INVESTMENT PROPERTIES UNDER DEVELOPMENT (CONT'D)

Valuation techniques and inputs used in Level 3 fair value measurements (cont'd)

Valuation techniques	Key inputs – Malaysia	Key inputs – PRC	Inter-relationship between key inputs and fair value measurement
Residual value method: The value of the investment properties under development is arrived at by deducting the estimated cost to complete as of valuation date and other relevant costs from the gross development value of the proposed development assuming satisfactory completion and accounting for developer profit.	Not applicable	Plot ratio: Wuxi: 4.5 (2018: 4.5) Chengdu*: Not applicable (2018: 2.99) Entrepreneur profit and risk: Wuxi: 20.0% (2018: 20.0%) Chengdu*: Not applicable (2018: 10.0%) Construction costs psm: Wuxi: $1,341 (2018: $1,381) Chengdu*: Not applicable (2018: $1,358)	The estimated fair value would increase (decrease) if: • Gross development value was higher (lower); • Entrepreneurship profit and risk was lower (higher); or • Estimated total construction cost was lower (higher).

* Chengdu land was reclassified from investment properties under development to property, plant and equipment as at 31 December 2018.

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

(1) Plot ratio and class 3A hospital licence

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

The valuation of the Wuxi land as at 31 December 2019 was based on management's assessment that:

- written approval is expected to be granted to increase the plot ratio from 2.0 to 4.5 (2018: from 2.0 to 4.5); and
- a class 3A hospital licence is expected to be granted.

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

(2) Gross development value and construction cost

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

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

	2019		2018	
	RMB'000	$'000	RMB'000	$'000
Wuxi land				
Gross development value	**983,000**	**190,112**	995,000	198,304
Chengdu Land				
Gross development value	**–**	**–**	800,000	159,440

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8 INVESTMENT PROPERTIES UNDER DEVELOPMENT (CONT'D)

(2) Gross development value and construction cost (cont'd)

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

	2019		2018	
	RMB'000	$'000	RMB'000	$'000
Wuxi land				
Estimated construction cost per square metre	**6.9**	**1.3**	6.9	1.4
Chengdu land				
Estimated construction cost per square metre	**–**	**–**	6.8	1.4

In arriving at the average construction cost for Wuxi land for 2019 and 2018, management has relied on construction cost furnished by Rider Levett Bucknall, an independent global property consultant.

Any change in the proposed development plan will result in a change in the gross development value and construction costs, and consequently, a change in the valuation of Wuxi land and Chengdu land.

(3) Entrepreneur profit and risk

Entrepreneur profit and risk represents return required by a buyer of the partially completed investment property under development in the market place. This reflects the risks associated with the completion of the construction programme taken into consideration the anticipated income or capital value. It is presented as a percentage of total gross development value.

The value of Wuxi land and Chengdu land is derived by taking the total gross development value subtracting the entrepreneur profit and other costs, including construction costs, to be incurred to complete the Wuxi and Chengdu projects.

The valuation of Wuxi land as at 31 December 2019 was based on the assumption of an entrepreneur profit and risk of 20.0% (2018: 20.0%) of the gross development value. The valuation of Chengdu land as at 31 December 2018 was based on the assumption of an entrepreneur profit and risk of 10.0% of the gross development value. Any change in the entrepreneur profit and risk will result in a change in the valuation of Wuxi land and Chengdu land.

9 LEASE PREPAYMENTS

	Note	Group 2019 $'000	Group 2018 $'000
Cost			
At 1 January		**5,904**	7,824
Recognition of right-of-use assets on initial application SFRS(I) 16	5	**(5,904)**	–
Adjusted balance at 1 January		**–**	7,824
Deconsolidation of a subsidiary	29	**–**	(1,771)
Effect of movements in exchange rates		**–**	(149)
At 31 December		**–**	5,904
Accumulated amortisation			
At 1 January		**1,309**	2,284
Recognition of right-of-use assets on initial application SFRS(I) 16	5	**(1,309)**	–
Adjusted balance at 1 January		**–**	2,284
Amortisation		**–**	66
Deconsolidation of a subsidiary	29	**–**	(1,006)
Effect of movements in exchange rates		**–**	(35)
At 31 December		**–**	1,309
Carrying amount		**–**	4,595

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

The Group has initially applied SFRS(I) 16 using the modified retrospective method and adjusted the opening balances at 1 January 2019 to recognise the right-of-use assets relating to leases which were previously classified as lease prepayments (see note 3.5).

10 SUBSIDIARIES

	Company 2019 $'000	Company 2018 $'000
Equity investments at cost	**116,937**	116,937
Less: Allowance for impairment loss	**(19,078)**	(16,732)
	97,859	100,205
Loan to a subsidiary	**14,883**	14,883
Corporate guarantees issued for subsidiaries' borrowings	**4,320**	4,320
Less: Allowance for doubtful receivables	**(370)**	(370)
	18,833	18,833
Total subsidiaries	**116,692**	119,038

Loan to a subsidiary is unsecured, interest-free and have no fixed term of repayment. The settlement of the loan is neither planned nor likely to occur in the foreseeable future and hence the loan is classified as non-current.

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10 SUBSIDIARIES (CONT'D)

Allowance for impairment loss on investments in subsidiaries

The Company assessed the carrying amount of its investments in subsidiaries for indicators of impairment. Based on this assessment, the Company recognised an impairment loss of $2,346,000 (2018: $1,292,000) on its investments in subsidiaries. The recoverable amounts of the subsidiaries were estimated taking into consideration the fair value of the underlying assets of the companies and the liabilities to be settled. The fair value measurement was categorised as a Level 3 fair value based on the inputs in the valuation technique used.

Movement in allowance for impairment losses were as follows:

	Company	
	2019	**2018**
	$'000	**$'000**
At 1 January	**16,732**	15,440
Impairment loss	**2,346**	1,292
At 31 December	**19,078**	16,732

The Group's significant subsidiaries are as follows:

Name of subsidiaries	**Principal activities**	**Country of incorporation**	**Effective equity held by the Group**	
			2019	**2018**
			%	**%**
Held by the Company				
OUELH Japan Medical Facilities Pte. Ltd. [(a)] *	Investment holding	Singapore	**100**	100
OUELH Medical Assets Pte. Ltd.[(a)]	Investment holding	Singapore	**100**	100
Held by subsidiaries				
OLH Healthcare Investment Pte. Ltd. [(a)]	Investment holding	Singapore	**100**	100
OUELH Seasons Residences Sdn. Bhd. [(b)]	Property investment	Malaysia	**100**	100
OUELH Japan First TMK [(d)]	Property investment	Japan	**51.0***	51.0*
Healthkind Medical Holding Co., Ltd. [(c)]	Property investment	PRC	**100**	100

(a) audited by KPMG LLP, Singapore
(b) audited by Roger Yue, Tan & Associates, Malaysia
(c) not required to be audited under the laws of the country of incorporation
(d) audited by KPMG AZSA LLC, Tokyo

10 SUBSIDIARIES (CONT'D)

KPMG LLP are the auditors of all significant Singapore-incorporated subsidiaries. For this purpose, a subsidiary is considered significant as defined under the Singapore Exchange Limited Listing Manual if its net tangible assets represent 20% or more of the Group's consolidated net tangible assets, or if its pre-tax profits account for 20% or more of the Group's consolidated pre-tax profits.

* OUELH Japan Medical Facilities Pte. Ltd. owns directly and indirectly 100% of the preferred shares in OUELH Japan First TMK. OUELH Japan Medical Facilities Pte. Ltd. and OUELH Japan One ISH as common shareholders of OUELH Japan First TMK have waived their rights to receive the economic benefits of OUELH Japan First TMK. Under Japanese laws, as the common shareholders have waived their rights to receive economic benefits of OUELH Japan First TMK, OUELH Japan Medical Facilities Pte. Ltd. is entitled to the full economic benefits of OUELH Japan First TMK via its direct and indirect ownership of 100% of the preferred shares in OUELH Japan First TMK, notwithstanding that OUELH Japan Medical Facilities Pte. Ltd. does not have full beneficial ownership of OUELH Japan First TMK.

Management is of the opinion that the NCI for each subsidiary are immaterial to the Group individually and in aggregate and accordingly, no summarised financial information for subsidiaries with NCI is disclosed.

11 ASSOCIATE AND JOINT VENTURES

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Interest in an associate	**103,198**	105,598	**–**	–
Interests in joint ventures	**70,349**	39,749	**40,553**	40,553
	173,547	145,347	**40,553**	40,553

RSM Chio Lim LLP is the auditor of the significant Singapore-incorporated associate and joint venture. An associated company is considered significant as defined under the Singapore Exchange Limited Listing Manual if the Group's share of its net tangible assets represents 20% or more of the Group's consolidated net tangible assets, or if the Group's share of its pre-tax profits accounts for 20% or more of the Group's consolidated pre-tax profits. An associate and a joint venture met the definition of significant.

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11 ASSOCIATE AND JOINT VENTURES (CONT'D)

Associate

The Group has one (2018: one) associate that is material to the Group and is equity accounted. The following is the material associate:

	First Real Estate Investment Trust ("First REIT")
Nature of relationship with the Group	Healthcare real estate investment trust which invests in a diversified portfolio of income-producing real estate and/or real estate-related assets in Asia
Principal place of business/Country of incorporation	Asia
Ownership interest	13.8% (2018: 13.5%)
Fair value of ownership interest	$83,176,000 (2018: $82,758,000) *

* Based on the quoted market price at 31 December (Level 1 in the fair value hierarchy).

On 26 October 2018, the Group acquired 10.6% equity interest in First REIT for a total consideration of $102,653,000. As at 31 December 2019, the Group has a direct equity interest of 10.5% (2018: 10.6%) in First REIT, and indirect equity interest of 3.3% (2018: 2.9%) in First REIT.

The Group has engaged an external expert to perform a purchase price allocation ("PPA") exercise for its acquisition of its associate, First REIT Group on 26 October 2018. The Group's share of net assets of First REIT Group was based on the fair values of the identifiable assets and liabilities of First REIT Group as at 26 October 2018.

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

	Group 2018 $'000
Total consideration transferred	102,653
Less: Proportionate share of fair value of net assets	84,881
Goodwill arising from acquisition	17,772

The PPA exercise was finalised in 2019 and goodwill amounting to $17,772,000 arose from the acquisition of First REIT. This was attributable the synergies expected to be achieved from integrating First REIT into the Group's existing healthcare business.

11 ASSOCIATE AND JOINT VENTURES (CONT'D)

The following summarises the financial information of First REIT Group based on its (consolidated) financial statements prepared in accordance with SFRS(I), modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

	First REIT 2019 $'000	First REIT Period from date of acquisition to 31/12/2018 $'000
Profit from continuing operations	**48,916**	25,052
OCI	**(133)**	180
Total comprehensive income	**48,783**	25,232
Attributable to Unitholders of Trust	**45,375**	24,616
Attributable to Perpetual securities holders	**3,408**	616
Non-current assets	**1,342,302**	1,373,766
Current assets	**84,834**	65,009
Non-current liabilities	**(527,366)**	(418,861)
Current liabilities	**(44,056)**	(150,761)
Net assets	**855,714**	869,153
Attributable to Unitholders of Trust	**794,836**	808,276
Attributable to Perpetual securities holders	**60,878**	60,877
Group's interest in net assets of investee at beginning of the year	**105,598**	–
Group's share of:		
– profit from continuing operations	**4,803**	2,591
– OCI	**(14)**	19
– total comprehensive income	**4,789**	2,610
Dividends received during the year	**(7,189)**	(1,797)
Group's contribution during the year	**–**	102,653
Transaction cost	**–**	2,132
Carrying amount of interest in investee at end of the year	**103,198**	105,598

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11 ASSOCIATE AND JOINT VENTURES (CONT'D)

Joint venture

The Group has three (2018: one) joint ventures that are material and nil (2018: one) joint venture that is immaterial to the Group. All are equity accounted.

The following are the material joint ventures:

Name of joint ventures	Country of incorporation	Ownership interest 2019 %	2018 %
Bowsprit Capital Corporation Limited ("Bowsprit")	Singapore	**40**	40
Yoma Siloam Hospital Pun Hlaing Limited ("YSHPH") #	Myanmar	**40**	–
Pun Hlaing International Hospital Limited ("PHIH") #	Myanmar	**35**	–
China Merchants Lippo Hospital Management (Shenzhen) Limited ("CMLHM")	PRC	**50**	50

\# The Group owns 40% economic interests in YSHPH and PHIH (collectively known as the "Myanmar Group"), in which 5% economic interests in PHIH is held via Deed of Assignment.

Bowsprit

On 26 October 2018, the Group completed the acquisition of 40% equity interests in Bowsprit Capital Corporation Limited ("Bowsprit") for a total cash consideration of $39,553,000.

The Group has engaged an external expert to perform a purchase price allocation ("PPA") exercise for its acquisition of its joint venture, Bowsprit on 26 October 2018. The Group's share of net assets of Bowsprit was based on the fair values of the identifiable assets and liabilities of Bowsprit as at 26 October 2018.

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

	Group 2018 $'000
Total consideration transferred	39,553
Less: Proportionate share of fair value of net assets	42,134
Negative goodwill	(2,581)

The PPA exercise was finalised in 2019 and negative goodwill amounting to $2,581,000 arose from the acquisition of Bowsprit. The amount had been included in the Group's share of results of equity-accounted investees, net of tax in the statement of comprehensive income in 2018.

The following table summarises the financial information of the Group's material joint venture, based on its financial statements prepared in accordance with SFRS(I), modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

11 ASSOCIATE AND JOINT VENTURES (CONT'D)

Bowsprit (cont'd)

	2019 $'000	Bowsprit Period from date of acquisition to 31/12/2018 $'000
Revenue	**16,714**	3,276
Profit from continuing operations	**11,535**	2,421
OCI	**246**	(13,928)
Total comprehensive income	**11,781**	(11,507)
Non-current assets	**65,898**	56,072
Current assets	**12,773**	10,306
Current liabilities	**(2,766)**	(2,245)
Net assets	**75,905**	64,133
Group's interest in net assets of investee at beginning of the year	**38,531**	–
Group's share of:		
– profit from continuing operations	**4,622**	968
– OCI	**98**	(5,571)
– total comprehensive income	**4,720**	(4,603)
Group's contribution during the year	**–**	39,553
Transaction cost	**–**	1,000
Provisional negative goodwill	**–**	2,581
Carrying amount of interest in investee at end of the year	**43,251**	38,531

Myanmar Group

On 24 April 2019, the Group completed the acquisition of 40% economic interests in YSHPH and PHIH (collectively known as the "Myanmar Group"), in which 5% economic interests in PHIH is held via Deed of Assignment, for a total cash consideration of $26,585,000.

The Group has engaged an external expert to appraise the identifiable assets acquired and liabilities assumed at the date of acquisition, 24 April 2019. The Group's share of net assets of Myanmar Group was based on the fair values of the identifiable assets and liabilities of Myanmar Group as at 24 April 2019.

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

	Group 2019 $'000
Total consideration transferred	**26,585**
Less: Proportionate share of fair value of net assets	**10,374**
Provisional goodwill	**16,211**

Included in the carrying amount of associate and joint ventures in the statement of financial position as at 31 December 2019 is provisional goodwill arising from acquisition of equity interest in Myanmar Group of $16,211,000.

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11 ASSOCIATE AND JOINT VENTURES (CONT'D)

The provisional goodwill is attributable mainly to the synergies expected to be achieved from integrating the Myanmar Group into the Group's existing healthcare business.

The following table summarises the financial information of the Group's material joint venture, based on its financial statements prepared in accordance with SFRS(I), modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

	Myanmar Group Period from date of acquisition to 31/12/2019 $'000
Revenue	**22,149**
Loss from continuing operations	**(2,709)**
OCI	**–**
Total comprehensive income	**(2,709)**
Attributable to NCI	**(261)**
Attributable to investees' shareholders	**(2,448)**
Non-current assets	**41,957**
Current assets	**6,768**
Non-current liabilities	**(16,987)**
Current liabilities	**(19,218)**
Net assets	**12,520**
Attributable to NCI	**1,100**
Attributable to investees' shareholders	**11,420**
Group's interest in net assets of investee at beginning of the year	**–**
Group's share of:	
– loss from continuing operations	**(989)**
– OCI	**–**
– total comprehensive income	**(989)**
Group's contribution during the year	**26,585**
Transaction cost	**1,370**
Carrying amount of interest in investee at end of the year	**26,966**

Provisional accounting for the acquisition of Myanmar Group

The fair value of property, plant and equipment, right-of-use assets, deferred investment, trade and other receivables, trade and other payables, deferred tax liabilities and goodwill as at the date of acquisition have been determined on a provisional basis as the final results of the purchase price allocation ("PPA") have not been received on the date of the financial statements were authorised for issue. Goodwill arising from acquisition, carrying amounts of the assets and liabilities will be adjusted accordingly on a retrospective basis when the PPA is finalised.

11 ASSOCIATE AND JOINT VENTURES (CONT'D)

CMLHM

The Group owns 50% equity interests in China Merchants Lippo Hospital Management (Shenzhen) Limited ("CMLHM") via its wholly-owned subsidiary, Lippo Health Care Limited ("LHC").

The following table summarises the financial information of the Group's material joint venture, based on its financial statements prepared in accordance with SFRS(I), modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

	CMLHM	
	2019 $'000	Period from date of acquisition to 31/12/2018 $'000
Loss from continuing operations	**(2,270)**	(1,216)
OCI	**–**	–
Total comprehensive income	**(2,270)**	(1,216)
Non-current assets	**559**	141
Current assets	**161**	2,463
Current liabilities	**(756)**	(350)
Net (liabilities)/assets	**(36)**	2,254
Group's interest in net assets of investee at beginning of the year	**1,218**	–
Group's share of:		
- loss from continuing operations	**(1,135)**	(594)
- OCI	**–**	–
- total comprehensive income	**(1,135)**	(594)
Group's contribution during the year	**–**	1,773
Translation adjustments	**49**	39
Carrying amount of interest in investee at end of the year	**132**	1,218

12 INVENTORIES

	Group	
	2019 $'000	2018 $'000
Pharmacy supplies	**315**	260
Medical and surgical supplies	**10**	1
	325	261

The cost of inventories recognised as an expense and included in "cost of sales" amounted to $2,563,000 (2018: $2,863,000).

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13 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables	**1,434**	1,292	**–**	–
Other receivables:				
– due from a non-controlling shareholder of certain subsidiaries	**7,804**	7,868	**5,363**	5,438
– due from Deconsolidated subsidiaries	**53,856**	53,970	**50,041**	50,155
– others	**14,847**	13,891	**7,268**	6,489
Amount due from subsidiaries	**–**	–	**363,204**	303,381
Advance to a joint venture partner	**4,110**	–	**–**	–
Loan to a joint venture	**2,712**	–	**–**	–
	84,763	77,021	**425,876**	365,463
Less: Impairment losses	**(38,740)**	(38,792)	**(70,276)**	(71,660)
	46,023	38,229	**355,600**	293,803
Deposits	**3,973**	1,787	**3,593**	75
	49,996	40,016	**359,193**	293,878
Prepayments	**819**	1,415	**270**	1,030
Total trade and other receivables	**50,815**	41,431	**359,463**	294,908
Non-current	**–**	–	**10,118**	9,874
Current	**50,815**	41,431	**349,345**	285,034
	50,815	41,431	**359,463**	294,908

Amounts due from a non-controlling shareholder of certain subsidiaries, Deconsolidated subsidiaries, subsidiaries and loan to a joint venture are unsecured, interest-free and repayable on demand.

Others mainly relate to amount due from Healthway Medical Development (Private) Limited ("HMD") and its subsidiaries amounting to $12,259,000 (2018: $12,259,000).

Advance to a joint venture partner is secured, interest bearing at 6% per annum and repayable in 2020.

The non-current portion of the amount due from subsidiaries are unsecured and interest-bearing at 1% (2018:1%) per annum.

Movement in allowance for impairment losses in respect of other receivables during the year were as follows:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Balance at 1 January	**38,792**	39,370	**71,660**	58,228
Utilisation of impairment losses	**–**	(238)	**–**	–
Reversal of impairment losses	**–**	–	**(1,307)**	–
Impairment losses recognised	**–**	–	**–**	13,715
Effect of movements in exchange rates	**(52)**	(340)	**(77)**	(283)
Balance at 31 December	**38,740**	38,792	**70,276**	71,660

14 CASH AND CASH EQUIVALENTS

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Cash on hand at banks	**52,709**	60,442	**30**	40,413

Bank balances of $15,237,000 (2018: $15,714,000) are included as part of the floating charge to third parties for borrowings of the Group (see notes 17 (d) and (e)). This amount is included as part of cash and cash equivalents as the utilisation of these bank balances is not restricted.

Significant restrictions

Cash and bank balances of $6,673,000 (2018: $1,968,000) in the Group are held in the PRC and are subject to local exchange control regulations. The conversion of these RMB-denominated balances into foreign currencies is subject to the foreign exchange rules and regulations promulgated by the PRC government.

15 SHARE CAPITAL

	2019		2018	
	No. of ordinary shares '000	**Share capital $'000**	**No. of ordinary shares '000**	**Share capital $'000**
Company				
At 1 January	**4,443,129**	**418,913**	1,659,065	192,707
Issued for cash	**–**	**–**	2,784,064	228,706
Issuance cost	**–**	**–**	–	(2,500)
At 31 December	**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.

Issue of ordinary shares

On 15 February 2018, the Company completed the allotment and issuance of 562,500,000 placement shares to Browny Healthcare Pte. Ltd. with the aggregate placement consideration of $78,750,000. Browny Healthcare Pte. Ltd. is an indirect wholly-owned subsidiary of ITOCHU Corporation, a company listed on the Tokyo Stock Exchange.

On 24 April 2018, the shareholders approved the rights issue of 2,221,564,603 ordinary shares at an exercise price of $0.0675 per share.

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YEAR ENDED 31 DECEMBER 2019

16 RESERVES

Merger reserve

Merger reserve represents the difference between the consideration paid and net assets of entities acquired for acquisition of subsidiaries under common control. Merger reserves are non-distributable.

Asset revaluation reserve

Asset revaluation reserve represents the revaluation surplus recognised in property, plant and equipment.

Foreign currency translation reserve

The foreign currency translation reserve comprises:

(a) exchange differences arising from the translation of financial statements of foreign operations;

(b) share of currency translation reserve of foreign equity-accounted investees; and

(c) exchange differences on monetary items which form part of the Group's net investment in foreign operations, provided certain conditions are met.

Fair value reserve

The fair value reserve represents the share of fair value reserve of an equity-accounted investee arising from the cumulative net change in the fair value of the quoted equity investments until the investments are derecognised or impaired.

17 LOANS AND BORROWINGS

		Group		Company	
	Note	**2019**	**2018**	**2019**	**2018**
		$'000	**$'000**	**$'000**	**$'000**
Current					
Loans from third parties	(a)	**189**	189	**189**	189
Loan from a fellow subsidiary	(b)	**44,485**	40,335	**40,335**	40,335
Loan from a shareholder	(c)	**125,077**	125,077	**125,077**	125,077
Tokutei Mokutei Kaisha ("TMK") Bond	(d)	**120,691**	1,207	**–**	–
Bank borrowings	(e)	**34,413**	3,157	**30,000**	–
		324,855	169,965	**195,601**	165,601
Non-current					
TMK Bonds	(d)	**–**	117,364	**–**	–
Bank borrowings	(e)	**16,596**	20,678	**–**	–
		16,596	138,042	**–**	–
Total loans and borrowings		**341,451**	308,007	**195,601**	165,601

Total borrowings include secured liabilities of $296,777,000 (2018: $267,483,000) and $155,077,000 (2018: $125,077,000) of the Group and the Company respectively.

17 LOANS AND BORROWINGS (CONT'D)

(a) Loans from third parties

The loan from a third party is unsecured.

(b) Loan from a fellow subsidiary

The loan from a fellow subsidiary is unsecured.

(c) Loan from a shareholder

The loan from a shareholder is secured against a debenture over the Company's real property, tangible moveable property, the accounts, intellectual property, goodwill and rights in relation to the uncalled capital of the Company, investments, the shares, all dividends, interest and other monies payable in respect of the shares, all monetary claims other than any claims which are otherwise subject to a fixed charge or assignment pursuant to this debenture and all chattels hired, leased or rented from the Company by any other person.

(d) TMK Bond

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

The TMK Bonds are secured against:

(i) the total assets of a subsidiary of the Group which mainly comprise investment properties in Japan (see note 7) and cash and cash equivalents (see note 14); and
(ii) a corporate guarantee from the Company (see note 18).

(e) Bank borrowings

The bank borrowings are secured against:

(i) a charge created over an investment property under development of the Group (see note 8);
(ii) a debenture over the assets and rights of the subsidiary pertaining to a development project of the Group (see note 8 and note 14);
(iii) joint and several guarantees by certain shareholders; and
(iv) a corporate guarantee from the Company (see note 18).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

17 LOANS AND BORROWINGS (CONT'D)

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Currency	Nominal interest rate	Year of maturity	Face value $'000	Carrying amount $'000
Group					
2019					
Unsecured loans from third parties	SGD	0%	On demand	189	189
Unsecured loan from a fellow subsidiary	SGD	4%	On demand	44,485	44,485
Secured loan from a shareholder	SGD	4%	On demand	125,077	125,077
Secured TMK Bonds	JPY	Offer rate + 1%	2020	120,900	120,691
Secured bank loan	MYR	Cost of funds + 2%	2020-2021	20,525	20,525
Secured bank loan	RMB	5.22%	2020	484	484
Secured bank loan	SGD	Sibor + 0.8%	On demand	30,000	30,000
				341,660	341,451
2018					
Unsecured loans from third parties	SGD	0%	On demand	189	189
Unsecured loan from a fellow subsidiary	SGD	4%	On demand	40,335	40,335
Secured loan from a shareholder	SGD	4%	On demand	125,077	125,077
Secured TMK Bonds	JPY	Offer rate + 1%	2020	119,185	118,571
Secured bank loan	MYR	Cost of funds + 2%	2019-2021	23,835	23,835
				308,621	308,007
Company					
2019					
Unsecured loans from third parties	SGD	0%	On demand	189	189
Unsecured loan from a fellow subsidiary	SGD	4%	On demand	40,335	40,335
Secured loan from a shareholder	SGD	4%	On demand	125,077	125,077
Secured bank loan	SGD	Sibor + 0.8%	On demand	30,000	30,000
				195,601	195,601
2018					
Unsecured loans from third parties	SGD	0%	On demand	189	189
Unsecured loan from a fellow subsidiary	SGD	4%	On demand	40,335	40,335
Secured loan from a shareholder	SGD	4%	On demand	125,077	125,077
				165,601	165,601

17 LOANS AND BORROWINGS (CONT'D)

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

	Liabilities			
	Loans and borrowings $'000	**Finance lease liability $'000**	**Interest payable $'000**	**Total $'000**
Balance at 1 January 2018	333,874	104	5,762	339,740
Changes from financing cash flows				
Proceeds from borrowings	6,653	–	–	6,653
Repayment of borrowings	(33,443)	–	–	(33,443)
Payment of finance lease liability	–	(104)	–	(104)
Interest paid	–	–	(5,463)	(5,463)
Total changes from financing cash flows	(26,790)	(104)	(5,463)	(32,357)
Changes arising from losing control of a subsidiary	(1,217)	–	–	(1,217)
The effect of changes in foreign exchange rates	1,168	–	(82)	1,086
Other changes				
Liability-related				
Amortisation expense	972	–	–	972
Interest expense	–	–	10,133	10,133
Total liability-related other changes	972	–	10,133	11,105
Balance at 31 December 2018	308,007	–	10,350	318,357

	Loans and borrowings $'000	**Lease liabilities $'000**	**Interest payable $'000**	**Total $'000**
Balance at 1 January 2019	308,007	–	10,350	318,357
Recognition of lease liabilities on initial application SFRS(I) 16	–	560	–	560
Adjusted balance at 1 January 2019	308,007	560	10,350	318,917
Changes from financing cash flows				
Proceeds from borrowings	34,654	–	–	34,654
Repayment of borrowings	(4,449)	–	–	(4,449)
Payment of lease liability	–	(351)	–	(351)
Interest paid	–	–	(2,601)	(2,601)
Total changes from financing cash flows	30,205	(351)	(2,601)	27,253
The effect of changes in foreign exchange rates	2,816	–	(12)	2,804
Other changes				
Liability-related				
Amortisation expense	423	–	–	423
Interest expense	–	11	9,315	9,326
Total liability-related other changes	423	11	9,315	9,749
Balance at 31 December 2019	341,451	220	17,052	358,723

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18 TRADE AND OTHER PAYABLES

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Current				
Trade payables	**2,230**	2,463	**–**	–
Other payables	**10,271**	9,657	**3,551**	1,972
Amount due to Deconsolidated subsidiaries	**504**	531	**442**	467
Amounts due to subsidiaries	**–**	–	**40,691**	40,431
Amount due to a former shareholder	**644**	644	**644**	644
Interest payable	**17,052**	10,350	**16,552**	9,893
Accrued expenses	**4,432**	5,036	**2,285**	2,799
Corporate guarantee	**–**	–	**281**	281
Deferred revenue	**1,453**	1,408	**–**	–
	36,586	30,089	**64,446**	56,487
Non-current				
Corporate guarantee	**–**	–	**489**	558
Rental deposit received	**7,666**	7,481	**–**	–
	7,666	7,481	**489**	558
Total trade and other payables	**44,252**	37,570	**64,935**	57,045

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

As at 31 December 2019, included in the Group's other payables and accrued expenses are outstanding consideration for the purchase of property, plant and equipment and accrued capital expenditure on investment properties amounting to $611,000 and $273,000 respectively.

The Group's and the Company's exposure to currency risk and liquidity risk related to trade and other payables is disclosed in note 31.

19 PROVISIONS

		Group		Company	
	Note	2019 $'000	2018 $'000	2019 $'000	2018 $'000
At 1 January		**42,079**	46,000	**42,079**	5,000
Provisions made during the year		**–**	–	**–**	41,000
Reversal of provision	23	**(9,750)**	–	**(9,750)**	–
Utilisation during the year		**(2,668)**	(3,921)	**(2,668)**	(3,921)
At 31 December		**29,661**	42,079	**29,661**	42,079

Provisions are related to legal and related expenses (see note 26). Reversal of provision was made due to new favourable developments of the litigation cases during the year. The amounts are recognised as gains in profit or loss and included within "other income, net" in the consolidated statement of comprehensive income.

20 DEFERRED TAX LIABILITIES

Deferred tax liabilities are attributable to the following:

	Group	
	2019	**2018**
	$'000	**$'000**
Investment properties under development	**10,807**	11,175
Unremitted income from OUELH Japan First TMK	**29,985**	26,782
	40,792	37,957

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

	Investment properties under development $'000	**Unremitted income from OUELH Japan First TMK $'000**	**Total $'000**
Group			
Deferred tax liabilities			
At 1 January 2018	10,901	25,814	36,715
Recognised in profit or loss	511	759	1,270
Effect of movements in exchange rates	(237)	209	(28)
At 31 December 2018	11,175	26,782	37,957
Recognised in profit or loss	(82)	2,560	2,478
Effect of movements in exchange rates	(286)	643	357
At 31 December 2019	10,807	29,985	40,792

Unrecognised deferred tax assets

As at 31 December 2019, deferred tax assets have not been recognised in respect of tax losses of $22,331,000 (2018: $19,133,000). Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom. Tax losses and other deductible temporary differences do not expire under current tax legislation.

Unrecognised deferred tax liabilities

Deferred tax liabilities have not been recognised for withholding taxes that would be payable on the unremitted earnings of $34,607,000 (2018: $36,568,000) of the subsidiaries for the year ended 31 December 2019 as the timing of the reversal of the temporary differences arising from such amounts can be controlled and it is probable that such temporary differences will not be reversed in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

21 REVENUE

	Continuing operations		Discontinued operation (see note 29)		Group	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Medical services	**–**	–	**–**	9,261	**–**	9,261
Rental income	**16,983**	16,575	**–**	–	**16,983**	16,575
Sale of medicine and medical equipment	**2,666**	2,988	**–**	–	**2,666**	2,988
	19,649	19,563	**–**	9,261	**19,649**	28,824

The following table provides information about the nature and timing of the satisfaction of performance obligation in contracts with customers, including significant payment terms and the related revenue recognition policies:

Healthcare operations segment

Nature of goods or services	The Group principally generates revenue from selling medicine and medical equipment. The contracts with its customers are received on an ad-hoc basis. Goods may be sold separately or in bundled packages. For the bundled contracts, the Group accounts for individual goods separately if they are distinct i.e, if a good is separately identifiable from other items in the bundled package and if a customer can benefit from it.
When revenue is recognised	Revenue is recognised at point in time when customer obtains control, based on the relative stand-alone selling prices of each of the goods.
Significant payment terms	Payment is due when the goods are delivered to the customers.

Healthcare services segment (discontinued in 2018)

Nature of goods or services	The Group principally generates revenue from providing medical services.
When revenue is recognised	Revenue is recognised at point in time when customer receives the services, and when the amount of revenue and related cost can be reliably measured and the collection is reasonably assured. The collectability of related receivables is determined based on amount claimable from the related government agency under medical insurance, adjusted for external factors such as changes in government policies and directives, and economic conditions.
Significant payment terms	Payment is due when the service is provided to the customers.

21 REVENUE (CONT'D)

In the following table, revenue is disaggregated by primary geographical markets, major product and services lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with Group's reportable segments (see note 33).

	Healthcare operations		Healthcare services (Discontinued)		Total	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Primary geographical markets						
China	**2,666**	2,988	**–**	9,261	**2,666**	12,249
Major products and services lines						
Medical services	**–**	–	**–**	9,261	**–**	9,261
Sale of medicine and medical equipment	**2,666**	2,988	**–**	–	**2,666**	2,988
	2,666	2,988	**–**	9,261	**2,666**	12,249
Timing of revenue recognition						
Products transferred at a point in time	**2,666**	2,988	**–**	9,261	**2,666**	12,249

22 NET FINANCE COSTS

	Group	
	2019 $'000	2018 $'000
Interest income	**232**	429
Finance income	**232**	429
Amortisation expense	**(423)**	(972)
Interest expense	**(9,326)**	(10,133)
Foreign exchange gains/(losses), net	**315**	(114)
Finance costs	**(9,434)**	(11,219)
Net finance costs	**(9,202)**	(10,790)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

23 PROFIT/(LOSS) BEFORE TAX

The following items have been included in arriving at profit/(loss) before tax:

	Note	Group 2019 $'000	Group 2018 $'000
Audit fees paid/payable to:			
– auditors of the Company		**(351)**	(401)
– member firms of the auditors of the Company		**(94)**	(94)
– other auditors		**(8)**	(32)
Non-audit fees paid/payable to:			
– auditors of the Company		**(95)**	(135)
– other auditors		**(3)**	(17)
Amortisation of intangible assets	6	**(226)**	(234)
Depreciation of property, plant and equipment	5	**(1,277)**	(1,618)
Employee benefits expense (see below)		**(8,066)**	(7,384)
Loss from discontinued operation	29	**–**	(497)
Property, plant and equipment written off	5	**–**	(1)
Operating expenses arising from rental of investment properties		**(1,506)**	(1,474)
Employee benefits expense			
Salaries, wages and related cost		**(6,967)**	(6,287)
Employer's contribution to defined contribution plan		**(640)**	(707)
Others		**(459)**	(390)
		(8,066)	(7,384)
Other income, net			
Fair value gains on investment properties	7	**706**	49
Fair value (losses)/gains on investment properties under development	8	**(1,185)**	7
Reversal of provisions for legal and related expenses	19	**9,750**	–
Other income from sale of IT software and equipment		**1,589**	–
Others		**61**	–
		10,921	56

24 TAX EXPENSE

	Group 2019 $'000	2018 $'000
Current tax expense		
Current year	**38**	2
Changes in estimates related to prior year	**–**	(26)
	38	(24)
Deferred tax expense		
Origination and reversal of temporary differences	**2,478**	3,259
Changes in estimates related to prior year	**–**	(1,989)
	2,478	1,270
Total tax expense on continuing operations	**2,516**	1,246
Reconciliation of effective tax rate		
Profit/(Loss) before tax from continuing operations	**5,754**	(7,540)
Tax using Singapore tax rate of 17% (2018: 17%)	**978**	(1,282)
Effect of tax rates in foreign jurisdictions	**(10)**	(54)
Effect of changes in tax rates	**99**	630
Effects of results of equity-accounted investees presented net of tax	**(1,241)**	(943)
Tax-exempt income	**(1,792)**	(308)
Non-deductible expenses	**2,130**	2,546
Current tax losses for which no deferred tax assets are recognised	**544**	993
Tax losses not allowed to be carried forward	**1,808**	1,679
Changes in estimates related to prior years	**–**	(2,015)
	2,516	1,246

Tax losses not allowed to be carried forward

During 2019, the Group has incurred tax losses of $10,638,000 (2018: $9,879,000). The untilised losses arise from investment holding companies cannot be carried forward to offset the income of future years of assessment.

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25 EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share has been based on the profit/(loss) attributable to owners of the Company of $3,357,000 (2018: ($9,318,000)) and the weighted average number of ordinary shares outstanding during the financial year, calculated as follows:

	Group					
	2019			2018		
	Continuing operations $'000	**Discontinued operation $'000**	**Total $'000**	**Continuing operations $'000**	**Discontinued operation $'000**	**Total $'000**
Net profit/(loss) attributable to owners of the Company	**3,357**	**–**	**3,357**	(8,786)	(532)	(9,318)

	Group	
	2019	**2018**
Weighted average number of ordinary shares during the year ('000)	**4,443,129**	2,614,788

26 LITIGATION CASES

The Group is exposed to several litigation cases as at 31 December 2019.

(a) Litigation cases with The Enterprise Fund III Ltd, Value Monetization III Ltd and VMF3 Ltd (collectively, the "Funds")

On 15 April 2016, the Funds appointed receivers ("Receivers") over the entire issued share capital of IHC Medical RE Pte. Ltd. ("IHC Medical"), IHC Management Pte. Ltd. ("IHC Management") and IHC Management (Australia) Pty Ltd ("IHC Australia"), which are wholly-owned subsidiaries of the Group, in connection with the notices of default issued by the Funds alleging that the Company, together with IHC Medical, owe the Funds a certain sum of money (including outstanding interest).

The Company commenced proceedings against, amongst other parties, the Funds to challenge the sum claimed under the notices of default.

Separately, the Funds counter-sued in related proceedings for damages, on the basis that the Group had deprived the Funds of the alleged security over the shares of IHC Medical, IHC Management and IHC Australia and had caused losses to the Funds as a result of the diminution in the value of the shares. The Funds have since withdrawn this action in July 2019, and paid costs to the Group.

In 2017, the Company commenced further proceedings for a declaration that it had validly avoided the Standby Facility extended to the Company for contravention of Section 76 of the Companies Act. The Company has also commenced proceedings against the Receivers and the Funds to set aside the purported sale of the entire issued share capital of IHC Medical by the Receivers to the Funds.

In July 2018, the High Court declared that the Company had validly avoided the Standby Facility and its related contracts and transactions. Following the High Court's decision, the Company commenced further proceedings against the Funds in September 2018 for the return of sums paid to the Funds under the avoided Standby Facility. The Company also took out court applications for the release of part of the net proceeds of the sale of the underlying assets of IHC Medical ("Release Applications") which are held by the Funds pursuant to an Order of Court. The Funds' appeal against the High Court's decision on the avoidance of the Standby Facility was dismissed in September 2019. The Funds have also commenced proceedings against the Company for statutory relief under the Companies Act arising from the avoidance of the Standby Facility.

26 LITIGATION CASES (CONT'D)

(a) Litigation cases with The Enterprise Fund III Ltd, Value Monetization III Ltd and VMF3 Ltd (collectively, the "Funds") (cont'd)

As at 31 December 2019, the proceedings with the Funds and Release Applications are still on-going. The outcome of the proceedings remains uncertain.

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

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

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

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

In 2019, the Company commenced further recognition and enforcement proceedings in Hong Kong, Taiwan and Shanghai against David Lin to enforce the said award. As at 31 December 2019, the Company has obtained permission to enforce the award in Hong Kong and Taiwan. The enforcement proceeding in Shanghai are currently on-going.

In 2018, Wuxi Yilin Health Management Co Ltd ("Wuxi Yilin Health") commenced proceedings against David Lin for damages in relation to the breaches of his duties to Wuxi Yilin Health.

In 2019, the Wuxi Intermediate Court dismissed Wuxi Yilin Health's claim against David Lin. Wuxi Yilin Health has appealed against the Wuxi Intermediate Court's decision. As at 31 December 2019, the appeal proceedings are still on-going.

In 2018, Health Kind Shanghai commenced proceedings against David Lin for breaches of his duties to Health Kind Shanghai and for a return of 100% of the shares in Wuxi Co.

In 2019, the Shanghai No. 1 Intermediate Court dismissed the application filed by Health Kind Shanghai. Health Kind Shanghai has appealed against the decision. As at 31 December 2019, the appeal proceedings are still on-going.

In 2018, Weixin, a company controlled by David Lin, commenced proceedings against Wuxi Yilin Real Estate Development Co Ltd ("Wuxi Yilin Real Estate") for a return of 20 Chang Jiang North Road (i.e. the land on which the Wuxi New District Phoenix Hospital is situated) (the "Land Litigation").

In 2019, the Wuxi Xinwu District Court dismissed Weixin's application. Weixin has appealed to the Wuxi Intermediate District Court. As at 31 December 2019, a hearing has not been fixed for the appeal.

In 2018, Wuxi Yilin Real Estate commenced legal proceedings against Wuxi Co for outstanding rental under a Tenancy Agreement dated 7 February 2015 in relation to the property at 20 Chang Jiang North Road and an Equipment Rental Agreement dated 15 January 2015.

As at 31 December 2019, the proceedings are stayed pending the outcome of the Land Litigation.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

26 LITIGATION CASES (CONT'D)

(c) Litigation cases with Lim Beng Choo, a former director of the Company

On 13 December 2017, Lim Beng Choo commenced proceedings against the Company, claiming for the sum of $60,000, being the alleged amount due and owing to her for unpaid salaries. As at 31 December 2019, the proceedings are still on-going.

On 15 August 2018, Lim Beng Choo commenced proceedings against the Company, claiming for (i) 3 months' salary in lieu of notice on grounds that she was constructively dismissed and/or that the Company was in repudiatory breach of her service agreement, (ii) further and/or alternatively, damages because of said alleged constructive dismissal and (iii) encashment of her unconsumed leave. Both proceedings have since been consolidated into a single suit. As at 31 December 2019, the proceedings are still on-going.

In accordance to paragraph 92 of FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*, details of the provisions made for each litigation case were not disclosed in order not to prejudice the Group's legal position in the proceedings.

27 LEASES

Leases as lessee (SFRS(I) 16)

The Group and the Company lease five office spaces under non-cancellable operating lease agreements. The leases typically run for a period of between one and three years with escalation clauses and renewal rights.

The office leases were entered into years ago and were classified as operating leases under SFRS(I) 1-17.

Information about leases for which the Group and the Company as lessees are presented below.

Right-of-use assets

	Note	Group 2019 $'000	Company 2019 $'000
Balance at 1 January		5,127	349
Depreciation charge for the year	5	(368)	(220)
Effect of movement in exchange rates		(118)	–
Balance at 31 December		4,641	129

Lease liabilities

The potential exposure to these future lease payments for the Group and the Company as at reporting date is $220,000 and $141,000 respectively.

Amounts recognised in profit or loss

2019 – Leases under SFRS(I) 16	**2019 $'000**
Interest on lease liabilities	11
2018 – Operating leases under SFRS(I) 1-17	
Operating lease expense	464

27 LEASES (CONT'D)

Amounts recognised in statement of cash flows

	2019 $'000
Total cash outflow for leases	(351)

Leases as lessor

The Group leases out healthcare-related facilities to non-related parties. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Note 7 sets out the information about the operating leases of investment properties.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date:

2019 – Operating leases under SFRS(I) 16

	$'000
Within one year	16,983
One to two years	16,416
Two to three years	8,817
Three to four years	1,710
	43,926

2018 – Operating leases under SFRS(I) 1-17

	$'000
Within one year	16,575
Between one and five years	42,872
	59,447

28 COMMITMENTS

Capital commitments

	Group	
	2019 $'000	2018 $'000
Property, plant and equipment	**1,575**	2,399

29 DISCONTINUED OPERATION

In August 2018, the Group lost control of its operating company, Wuxi New District Phoenix Hospital Co., Ltd. ("Wuxi Hospital"). As a result, the healthcare services segment, which comprised of the operations of the Wuxi Hospital was discontinued. The comparative statement of profit or loss has been presented to show the discontinued operation separately from continuing operations.

NOTES TO THE FINANCIAL STATEMENTS

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29 DISCONTINUED OPERATION (CONT'D)

	Note	Group 2018 $'000
Results of discontinued operation		
Revenue	21	9,261
Expenses		(16,925)
Elimination of expenses related to inter-segment sales		7,629
External expenses		(9,296)
Results from operating activities		(35)
Tax		–
Results from operating activities, net of tax		(35)
Loss from discontinued operation		(497)
Loss from discontinued operation, net of tax		(532)
Basic and diluted earnings per share (cents)	25	(0.02)

The loss from discontinued operation of $$532,000 and loss from continuing operations of $8,786,000 in 2018 were attributable entirely to the owners of the Company.

	Group 2018 $'000
Cash flows used in discontinued operation	
Net cash used in operating activities	(1,303)
Net cash used in investing activities	(323)
Net cash used in financing activities	(111)
Net cash flows for the year	(1,737)

Effect of disposal on the financial position of the Group

	Note	Group 2018 $'000
Property, plant and equipment	5	2,223
Lease prepayments	9	765
Inventories		330
Trade and other receivables		3,335
Cash and cash equivalents		294
Loans and borrowings		(1,217)
Trade and other payables		(3,732)
Current tax liabilities		(998)
Net assets and liabilities		1,000
Consideration received, satisfied in cash		–
Cash and cash equivalents disposed of		(294)
Net cash outflow		(294)

30 ACQUISITION OF SUBSIDIARIES

Acquisition of Wuxi Lippo Xi Nan Hospital Company Limited ("WLXN")

On 31 October 2019, the Group acquired 70% equity interests in Wuxi Lippo Xi Nan Hospital Company Limited ("WLXN") (formerly known as Wuxi Bohai Hospital Company Limited), a limited company incorporated in People's Republic of China ("PRC") for a consideration of RMB7,923,000 (equivalent to $1,528,000).

The acquisition is expected to provide the Group with the opportunity to grow its business in the PRC where the demand for specialised and quality healthcare services is expected to increase.

From the two months ended 31 December 2019, WLXN contributed loss of $302,000 to the Group's result. There is no material impact on the consolidated loss for the year if the acquisition had occurred on 1 January 2019.

Acquisition-related costs

The Group incurred acquisition-related costs of $116,200 on legal fees and due diligence costs. These costs have been included in 'administrative expenses'.

Identifiable assets acquired and liabilities assumed

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

	2019 $'000
Property, plant and equipment	**80**
Cash and cash equivalents	**37**
Trade and other payables	**(517)**
Total identifiable net liabilities	**(400)**

Cash flows relating to the acquisition

	2019 $'000
Purchase consideration	**(1,528)**
Add: Outstanding consideration unpaid as at year end	**156**
Add: Cash acquired	**37**
Net cash outflow	**(1,335)**

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	Note	**2019 $'000**
Total consideration transferred		**1,528**
NCI, based on their proportionate interest in the recognised in the amounts of the assets and liabilities		**(120)**
Fair value of identifiable net liabilities		**400**
Goodwill	6	**1,808**

The goodwill is attributable mainly to the synergies expected to be achieved from integrating the company into the Group's existing healthcare business. None of the goodwill recognised is expected to be deductible for tax purposes.

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30 ACQUISITION OF SUBSIDIARIES (CONT'D)

Acquisition of Brainy World Holdings Limited ("BWH")

On 2 January 2018, the Group acquired 100% equity interests in BWH, a limited company incorporated in the British Virgin Islands for a consideration of HKD$14,578,000 (equivalent to $2,544,000) for the purchase of the entire issued share capital of BWH and the assignment of the outstanding loan due from Lippo Investments Limited. Lippo Investments Limited is an affiliated corporation of the Group.

BWH is an investment holding company which owns 50% equity interest in a joint venture company that is authorised to provide healthcare-related services. The acquisition provides the Group with the opportunity to grow its business in the PRC where the demand for specialised and quality healthcare services is expected to increase.

From the acquisition date, 2 January 2018 to 31 December 2018, BWH and its subsidiaries contributed loss of $534,000 to the Group's result. There was no material impact on the consolidated loss for the year if the acquisition had occurred on 1 January 2018.

Acquisition-related costs

The Group incurred acquisition-related costs of $30,000 on legal fees and due diligence costs. These costs have been included in 'administrative expenses'.

Identifiable assets acquired and liabilities assumed

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

	2018 $'000
Joint venture	1,780
Cash and cash equivalents	424
Trade and other payables	(5,261)
Total identifiable net liabilities	(3,057)

Cash flows relating to the acquisition

	2018 $'000
Purchase consideration	*
Add: Cash acquired	424
Less: Repayment of loan	(2,544)
Net cash outflow	(2,120)

30 ACQUISITION OF SUBSIDIARIES (CONT'D)

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	Note	2018 $'000
Total consideration transferred		*
Fair value of identifiable net liabilities		(3,057)
Goodwill	6	3,057

* Less than $1,000

The goodwill is attributable mainly to the synergies expected to be achieved from integrating the company into the Group's existing healthcare business. None of the goodwill recognised is expected to be deductible for tax purposes.

31 FINANCIAL INSTRUMENTS

Financial risk management

Overview

The Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

Risk management is integral to the whole business of the Group. The Board of Directors continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade and other receivables, and cash and cash equivalents.

The carrying amounts of financial assets in the statements of financial position represent the Group's and the Company's maximum exposures to credit risk, before taking into account any collateral held. The Group and the Company do not hold any collateral in respect of their financial assets.

NOTES TO THE FINANCIAL STATEMENTS

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31 FINANCIAL INSTRUMENTS (CONT'D)

Trade and other receivables

The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of these financial assets.

The Group limits its exposure to credit risk from trade receivables by collecting deposits as collateral, where possible.

In monitoring customer credit risk, the Group considers the trade history of the customers with the Group, aging profile, maturity and existence of previous financial difficulties.

Exposure to credit risk

The exposure to credit risk for trade receivables at the reporting date by geographic region was as follows:

	Group	
	2019	**2018**
	$'000	**$'000**
China	**1,434**	1,292

The exposure to credit risk for trade receivables at the reporting date by type of counterparty was as follows:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Drug distribution companies	**1,219**	1,151	**–**	–
Medical service providers	**215**	141	**–**	–
	1,434	1,292	**–**	–

Expected credit loss assessment for trade receivables

The Group uses an allowance matrix to measure the lifetime ECL of trade receivables.

Loss rates are calculated using a 'roll-rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off and are based on actual credit loss experience over the past three years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Trade receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group considers a financial asset to be in default if the counterparty fails to make contractual payments within six-months when they fall due, and writes off the financial asset only when the Group is satisfied that no recovery of the amount owing is possible. When receivables are written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, those are recognised in profit or loss.

31 FINANCIAL INSTRUMENTS (CONT'D)

Exposure to credit risk (cont'd)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 31 December 2019:

	Group	
	Gross carrying amount	**Impairment loss allowance**
	$'000	**$'000**
2019		
Not past due	637	–
Past due less than 30 days	8	–
Past due 31 to 60 days	36	–
Past due 61 to 90 days	1	–
Past due over 90 days	752	–
	1,434	–
2018		
Not past due	316	–
Past due less than 30 days	116	–
Past due 31 to 60 days	53	–
Past due 61 to 90 days	8	–
Past due over 90 days	799	–
	1,292	–

Non-trade amounts due from subsidiaries and loan to a subsidiary

The Company holds non-trade receivables from its subsidiaries of $363,204,000 (2018: $303,381,000) and loan to a subsidiary of $14,883,000 (2018: $14,883,000). These balances are amounts lent to subsidiaries to satisfy their funding requirements. Impairment on these balances has been measured on the 12-month and lifetime expected credit loss basis. The amount of the allowance on non-trade receivables from its subsidiaries is $42,666,000 (2018: $43,973,000) and the allowance on loan to a subsidiary is $370,000 (2018: $370,000).

Other receivables

The other receivables are mainly due from the Deconsolidated subsidiaries which are currently under receivership. The recoverability of these amounts is dependent on the outcome of five on-going legal suits that the Company and the Deconsolidated subsidiaries have with certain lenders, and the possible course of actions the Directors and management might take in the future. The Directors and management are required to apply judgement in determining the potential outcome of these legal suits and the possible course of actions, based on the advice by external legal counsel. If the outcome differs, the level of allowance of other receivables may increase or decrease.

Advance to a joint venture partner and loan to a joint venture

The Group holds non-trade receivables from its joint venture partner of $4,110,000 and loan to a joint venture of $2,712,000. These balances are amounts lent to joint venture to satisfy their funding requirements. Impairment on these balances have been measured on the 12-month and lifetime expected credit loss basis. The amount of the allowance on advance to the joint venture partner and the allowance on loan to a joint venture was negligible.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

31 FINANCIAL INSTRUMENTS (CONT'D)

Cash and cash equivalents

The Group and the Company held cash and cash equivalents of $52,709,000 and $30,000 respectively at 31 December 2019 (2018: $60,442,000 and $40,413,000 respectively). The cash and cash equivalents are held with bank and financial institution counterparties that have a sound credit rating.

Impairment on cash and cash equivalents have been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents was negligible.

Guarantees

The Group provides financial guarantees to subsidiaries, where appropriate.

Intra-group financial guarantees comprise guarantees given by the Company to financial institutions in respect of credit facilities granted to subsidiaries. The maximum exposure of the Company is $143,996,000 (2018: $148,122,000). At the reporting date, the Company has not recognised an ECL provision as the ECL amount was lower than the amortised liability for intra-group financial guarantee contracts. The Company does not consider it probable that a claim will be made against the Company under the guarantees.

The periods in which the financial guarantees expire are as follows:

	Company	
	2019	**2018**
	$'000	**$'000**
Within 1 year	**281**	281
After 1 year but within 5 years	**489**	558
	770	839

Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of loans and borrowings. In addition, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance its operations and mitigate the effect of fluctuations in cash flows.

31 FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk (cont'd)

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

			Cash outflows		
	Carrying amount $'000	Contractual cash outflows $'000	Within 1 year $'000	After 1 year but within 5 years $'000	After 5 years $'000
Group					
2019					
Non-derivative financial liabilities					
Loans and borrowings	341,451	(351,809)	(334,403)	(17,406)	–
Trade and other payables*	42,799	(42,799)	(35,133)	–	(7,666)
Lease liabilities	220	(222)	(222)	–	–
	384,470	(394,830)	(369,758)	(17,406)	(7,666)
2018					
Non-derivative financial liabilities					
Loans and borrowings	308,007	(320,339)	(179,136)	(141,203)	–
Trade and other payables*	36,162	(36,162)	(28,681)	–	(7,481)
	344,169	(356,501)	(207,817)	(141,203)	(7,481)
Company					
2019					
Non-derivative financial liabilities					
Loans and borrowings	195,601	(202,988)	(202,988)	–	–
Trade and other payables	64,165	(64,165)	(64,165)	–	–
Lease liabilities	141	(143)	(143)	–	–
Recognised financial liabilities	259,907	(267,296)	(267,296)	–	–
Financial guarantees	770	(143,996)	(126,590)	(17,406)	–
	260,677	(411,292)	(393,886)	(17,406)	–
2018					
Non-derivative financial liabilities					
Loans and borrowings	165,601	(172,217)	(172,217)	–	–
Trade and other payables	56,206	(56,206)	(56,206)	–	–
Recognised financial liabilities	221,807	(228,423)	(228,423)	–	–
Financial guarantees	839	(148,122)	(6,919)	(141,203)	–
	222,646	(376,545)	(235,342)	(141,203)	–

* *Excluding deferred revenue*

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

31 FINANCIAL INSTRUMENTS (CONT'D)

Currency risk

The Group operates predominantly in the Asia-Pacific region with operations in countries such as Singapore, Malaysia, PRC and Japan. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies"). Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as the Malaysian Ringgit ("MYR"), Japanese Yen ("JPY"), Hong Kong Dollar ("HKD"), US Dollar ("USD"), Chinese Yuan Renminbi ("RMB") and New Taiwan Dollar ("NTD").

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

	SGD $'000	MYR $'000	JPY $'000	HKD $'000	USD $'000	RMB $'000	NTD $'000
2019							
Financial assets							
Cash and cash equivalents	84	–	–	–	4,940	–	–
Trade and other receivables	1,225	8	22,896	–	2,712	10,192	2,274
	1,309	8	22,896	–	7,652	10,192	2,274
Financial liabilities							
Trade and other payables*	(61,768)	(471)	(1,196)	–	(8,406)	(20,006)	–
	(61,768)	(471)	(1,196)	–	(8,406)	(20,006)	–
Net exposure	(60,459)	(463)	21,700	–	(754)	(9,814)	2,274
2018							
Financial assets							
Cash and cash equivalents	484	–	–	–	1,519	–	–
Trade and other receivables	6,365	3	32,473	2	–	10,389	–
	6,849	3	32,473	2	1,519	10,389	–
Financial liabilities							
Trade and other payables*	(52,093)	(473)	(6,980)	(2,233)	(8,524)	(20,829)	–
	(52,093)	(473)	(6,980)	(2,233)	(8,524)	(20,829)	–
Net exposure	(45,244)	(470)	25,493	(2,231)	(7,005)	(10,440)	–

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

31 FINANCIAL INSTRUMENTS (CONT'D)

Currency risk (cont'd)

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

	JPY $'000	HKD $'000	USD $'000	NTD $'000
2019				
Financial assets				
Trade and other receivables	10,370	–	958	2,274
2018				
Financial assets				
Trade and other receivables	10,024	–	–	–
Financial liabilities				
Trade and other payables	–	(2,233)	–	–
Net exposure	10,024	(2,233)	–	–

Sensitivity analysis

A 5% strengthening of the SGD against the following currencies at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rate, remain constant.

	Profit or loss	
	2019 $'000	2018 $'000
Group		
SGD	**(3,023)**	(2,262)
MYR	**23**	24
JPY	**(1,085)**	(1,275)
HKD	**–**	112
USD	**38**	350
RMB	**491**	522
NTD	**(114)**	–
Company		
JPY	**(519)**	(501)
HKD	**–**	112
USD	**(48)**	–
NTD	**(114)**	–

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31 FINANCIAL INSTRUMENTS (CONT'D)

Interest rate risk

The Group's exposure to interest rate risk arises primarily from its variable-rate borrowings. The Group's policy is to obtain the most favourable interest rates available without increasing its foreign currency exposure.

At the reporting date, the interest rate profile of the interest-bearing financial instruments was as follows:

	Group Nominal amount		Company Nominal amount	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Fixed rate instruments				
Financial assets	**4,110**	–	**10,118**	9,874
Financial liabilities	**170,046**	165,412	**165,412**	165,412
	174,156	165,412	**175,530**	175,286
Variable rate instruments				
Financial liabilities	**171,425**	143,020	**30,000**	–

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss	
	100 bp increase	**100 bp decrease**
	$'000	**$'000**
Group		
31 December 2019		
Variable rate instruments	(1,714)	1,714
31 December 2018		
Variable rate instruments	(1,430)	1,430
Company		
31 December 2019		
Variable rate instruments	(300)	300

31 FINANCIAL INSTRUMENTS (CONT'D)

Capital management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern. The Group defines "capital" as including all components of equity, including non-controlling interests.

The Company is a subsidiary of OUE Limited through its wholly-owned subsidiary, Treasure International Holdings Pte. Ltd.. As the Group is part of a larger group, the Group's sources of additional capital may also be affected by OUE Limited's capital management objectives. The Group receives financial support from its intermediate holding company for its working capital purposes, when required.

The Group's capital structure is reviewed and managed with due regard to the capital management practices of the group to which it belongs. Adjustments may be made to the capital structure in light of changes in economic conditions affecting the Company or the Group to the extent that these do not conflict with directors' fiduciary duties towards the Company or the requirements of the Singapore Companies Act.

Apart from that disclosed above, neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

31 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount			Fair value			
	Financial assets at amortised cost $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group							
2019							
Financial assets not measured at fair value							
Trade and other receivables*	49,996	–	49,996				
Cash and cash equivalents	52,709	–	52,709				
	102,705	–	102,705				
Financial liabilities not measured at fair value							
Loans and borrowings	–	(341,451)	(341,451)				
Trade and other payables#	–	(35,133)	(35,133)				
Rental deposits received	–	(7,666)	(7,666)	–	–	(5,987)	(5,987)
	–	(384,250)	(384,250)				
2018							
Financial assets not measured at fair value							
Trade and other receivables*	40,016	–	40,016				
Cash and cash equivalents	60,442	–	60,442				
	100,458	–	100,458				
Financial liabilities not measured at fair value							
Loans and borrowings	–	(308,007)	(308,007)				
Trade and other payables#	–	(28,681)	(28,681)				
Rental deposits received	–	(7,481)	(7,481)	–	–	(5,823)	(5,823)
	–	(344,169)	(344,169)				

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

31 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

	Carrying amount		
	Financial assets at amortised cost $'000	Other financial liabilities $'000	Total $'000
Company			
2019			
Financial assets not measured at fair value			
Loan to a subsidiary	14,513	–	14,513
Trade and other receivables*	359,193	–	359,193
Cash and cash equivalents	30	–	30
	373,736	–	373,736
Financial liabilities not measured at fair value			
Loans and borrowings	–	(195,601)	(195,601)
Trade and other payables	–	(64,935)	(64,935)
	–	(260,536)	(260,536)
2018			
Financial assets not measured at fair value			
Loan to a subsidiary	14,513	–	14,513
Trade and other receivables*	293,878	–	293,878
Cash and cash equivalents	40,413	–	40,413
	348,804	–	348,804
Financial liabilities not measured at fair value			
Loans and borrowings	–	(165,601)	(165,601)
Trade and other payables	–	(57,045)	(57,045)
	–	(222,646)	(222,646)

* *Excluding prepayments*

Financial instruments not measured at fair value

Type	Valuation technique
Group	
Rental deposits received	Discounted cash flows

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32 RELATED PARTY TRANSACTIONS

Other than disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties during the financial year:

	Group	
	2019	**2018**
	$'000	**$'000**
Rental and related expense paid to an affiliated corporation	**–**	(248)
Rental and related expense paid to a fellow subsidiary	**(60)**	(35)
Interest expense paid/payable to a fellow subsidiary	**(1,677)**	(1,613)
Interest expense paid/payable to a shareholder	**(5,003)**	(5,003)
Hospitality related expense paid to a fellow subsidiary	**(5)**	(16)
Salary paid to a fellow subsidiary	**(59)**	–

An affiliated corporation is defined as one:

(a) in which a director of the Company has a substantial financial interests or who is in a position to exercise significant influence; and/or

(b) which directly or indirectly, through one or more intermediaries, are under the control of a common shareholder.

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

Key management personnel compensation comprised:

	Group	
	2019	**2018**
	$'000	**$'000**
Salaries and other short-term employee benefits	**664**	390
Directors' fees of the Company	**570**	545
Post-employment benefits (including contributions to defined contribution plan)	**34**	17
	1,268	952

Included in the above is total compensation to directors of the Company amounting to $570,000 (2018: $545,000).

33 OPERATING SEGMENTS

The Group's has the following four (2018: four) strategic divisions, which are its reportable segments. These divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. The Group's CEO reviews internal management reports of each division at least quarterly.

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

(i) Healthcare operations – Operation of hospitals and trading of pharmaceutical supplies and drugs. The Group currently has operations in PRC and Myanmar.

(ii) Healthcare assets – Rental of investment properties and assets owned by the Group. The Group currently has assets in Japan and PRC.

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

(iv) Investments – Investments in real estate investment trust ("REIT") and REIT manager.

(v) Healthcare services (Discontinued operation) – Operation of Wuxi New District Phoenix Hospital. This segment was discontinued in FY2018.

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

None of these segments meets any of the quantitative thresholds for determining reportable segments in 2019 and 2018.

The revenue from external parties reported to the Board of Directors is measured in a manner consistent with that in the statement of comprehensive income.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

33 OPERATING SEGMENTS (CONT'D)

Information about reportable segments

	Continuing Operations						Discontinued Operation	Consolidated
	Healthcare operations $'000	Healthcare assets $'000	Properties under development $'000	Investments $'000	Others $'000	Total $'000	Healthcare services $'000	Total $'000
Group								
31 December 2019								
Revenue								
External revenue	2,666	16,983	–	–	–	19,649	–	19,649
Inter-segment revenue	–	–	–	–	1,495	1,495	–	1,495
Segment revenue (including inter-segment revenue)	2,666	16,983	–	–	1,495	21,144	–	21,144
Segment (loss)/profit before tax	(2,941)	9,673	(2,224)	9,423	(8,177)	5,754	–	5,754
Depreciation	(51)	(773)	(4)	–	(449)	(1,277)	–	(1,277)
Amortisation	(226)	–	–	–	–	(226)	–	(226)
Finance expenses	(22)	(1,713)	(1,308)	–	(6,706)	(9,749)	–	(9,749)
Interest income	1	–	2	–	229	232	–	232
Share of results of equity-accounted investees, net of tax	(2,125)	–	–	9,424	–	7,299	–	7,299
Other material non-cash items								
Fair value gains on investment properties	–	706	–	–	–	706	–	706
Fair value losses on investment properties under development	–	–	(1,185)	–	–	(1,185)	–	(1,185)
Reportable segment assets	4,084	339,505	107,551	146,449	111,927	709,516	–	709,516
Additions to:								
– Property, plant and equipment	122	–	1,623	–	75	1,820	–	1,820
– Investment properties	–	1,644	–	–	–	1,644	–	1,644
– Investment in equity-accounted investees	27,985	–	–	–	–	27,985	–	27,985
Reportable segment liabilities	2,030	131,187	22,940	–	259,427	415,584	–	415,584
Current tax liabilities								38
Deferred tax liabilities								40,792
								456,414

33 OPERATING SEGMENTS (CONT'D)

	Continuing Operations						Discontinued Operation	Consolidated
	Healthcare operations $'000	Healthcare assets $'000	Properties under development $'000	Investments $'000	Others $'000	Total $'000	Healthcare services $'000	Total $'000
Group								
31 December 2018								
Revenue								
External revenue	2,988	16,575	–	–	–	19,563	9,261	28,824
Inter-segment revenue	–	–	–	–	1,945	1,945	–	1,945
Segment revenue (including inter-segment revenue)	2,988	16,575	–	–	1,945	21,508	9,261	30,769
Segment (loss)/profit before tax	(963)	9,193	(2,116)	6,139	(19,793)	(7,540)	(35)	(7,575)
Depreciation	(52)	(1,291)	(1)	–	(115)	(1,459)	(159)	(1,618)
Amortisation	(234)	(66)	–	–	–	(300)	–	(300)
Finance expenses	(40)	(1,681)	(1,425)	–	(7,959)	(11,105)	–	(11,105)
Interest income	1	–	2	–	426	429	2	431
Share of results of equity-accounted investees, net of tax	(593)	–	–	6,139	–	5,546	–	5,546
Other material non-cash items								
Fair value gains on investment properties	–	49	–	–	–	49	–	49
Fair value (losses)/gains on investment properties under development	–	(69)	76	–	–	7	–	7
Loss from discontinued operation	–	–	–	–	–	–	(497)	(497)
Reportable segment assets	2,923	312,097	124,952	144,129	86,862	670,963	–	670,963
Additions to:								
– Property, plant and equipment	3	11	28,912	–	88	29,014	–	29,014
– Investment properties under development	–	–	725	–	–	725	–	725
Equity-accounted investees	1,218	–	–	144,129	–	145,347	–	145,347
Reportable segment liabilities	1,261	128,955	26,341	–	231,099	387,656	–	387,656
Current tax liabilities								1
Deferred tax liabilities								37,957
								425,614

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

33 OPERATING SEGMENTS (CONT'D)

Reconciliations of reportable segment revenue and loss before tax

	2019 $'000	2018 $'000
Revenue		
Total revenue for reportable segments	**19,649**	28,824
Revenue for other segment	**1,495**	1,945
Elimination of inter-segment revenue	**(1,495)**	(1,945)
Elimination of discontinued operation	**–**	(9,261)
Consolidated total revenue	**19,649**	19,563
Profit or loss		
Total profit/(loss) before tax for:		
– Reportable segments	**13,931**	12,218
– Other segment	**(8,177)**	(19,793)
Elimination of discontinued operation	**–**	35
Consolidated profit/(loss) before tax from continuing operations	**5,754**	(7,540)

Reconciliations of reportable segment assets and liabilities

	2019 $'000	2018 $'000
Assets		
Total assets for reportable segments	**597,589**	584,101
Assets for other segments	**111,927**	86,862
Consolidated total assets	**709,516**	670,963
Liabilities		
Total liabilities for reportable segments	**156,157**	156,557
Liabilities for other segments	**259,427**	231,099
Other unallocated amounts		
– Current tax liabilities	**38**	1
– Deferred tax liabilities	**40,792**	37,957
Consolidated total liabilities	**456,414**	425,614

Geographical information

	Revenue	
	2019 $'000	2018 $'000
Japan	**16,983**	16,575
PRC (of which $ Nil (2018: $9,261,000) relates to discontinued healthcare services operation)	**2,666**	12,249
Healthcare services operation (discontinued)	**–**	(9,261)
	19,649	19,563

33 OPERATING SEGMENTS (CONT'D)

	Non-current assets *	
	2019	**2018**
	$'000	**$'000**
Japan	**299,892**	290,263
Malaysia	**58,932**	59,184
PRC	**73,041**	71,830
Singapore	**146,836**	147,552
Myanmar	**26,966**	–
	605,667	568,829

* Non-current assets relate to the carrying amounts of property, plant and equipment, intangible assets and goodwill, investment properties, investment properties under development, and associate and joint ventures.

Major customer

Revenues from one customer of the Group's healthcare assets segment represents approximately $12,128,000 (2018: $11,834,000) of the Group's total revenues.

34 SUBSEQUENT EVENTS

Completion of share subscription agreement and entry into shareholders' exercise

On 17 January 2020, the Group has completed the share subscription exercise with Golden Pinnacle Enterprises Limited ("Golden Pinnacle") to subscribe an aggregate of 10,000 new ordinary shares in the capital of Riviera Quad International Limited, a wholly-owned subsidiary of Golden Pinnacle, for an aggregate consideration of RMB126,338,880.38.

Upon subscription, both the Group and Golden Pinnacle hold 50% of the total issued shares of Riviera Quad International Limited ("JV Co"). The Group had subsequently entered into a shareholders' agreement with Golden Pinnacle to regulate the management and control of JV Co.

Impact of COVID-19 outbreak

The unexpected advent of novel coronavirus ("COVID-19") in early 2020 halts social and economic development throughout PRC, which also almost causes the stagnation of economic activities. Since then, the epidemic has gradually spread globally. The escalation of the COVID-19 outbreak has created widespread global uncertainties and consequential lifestyle changes, which may include a reducing rate of patients visiting hospitals to avoid the viral situation. With the growing severity of the outbreak and its uncertain eventualities, the Group remains prudent about its healthcare operations in Asia and is actively monitoring the rapidly evolving situation.

STATISTICS OF SHAREHOLDINGS

AS AT 16 MARCH 2020

Issued and fully paid	:	S$ 427,124,784.70
Number of shares issued and fully paid	:	4,443,129,206 ordinary shares (excluding treasury shares)
Number of treasury shares	:	Nil
Number of subsidiary holdings	:	Nil
Voting rights	:	One vote per ordinary share (excluding treasury shares)

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	565	12.60	24,981	0.00
100 - 1,000	1,017	22.69	499,225	0.01
1,001 - 10,000	1,710	38.14	7,513,392	0.17
10,001 - 1,000,000	1,140	25.43	106,729,598	2.40
1,000,001 AND ABOVE	51	1.14	4,328,362,010	97.42
TOTAL	**4,483**	**100.00**	**4,443,129,206**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	OCBC SECURITIES PRIVATE LIMITED	2,446,843,623	55.07
2	BROWNY HEALTHCARE PTE. LTD.	1,125,000,000	25.32
3	CITIBANK NOMINEES SINGAPORE PTE LTD	422,551,103	9.51
4	THE ENTERPRISE FUND III LTD	57,692,100	1.30
5	GOI SENG HUI	40,713,200	0.92
6	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	37,139,668	0.84
7	LIM CHAP HUAT	35,450,856	0.80
8	TOH LEONG SAN	17,000,000	0.38
9	DBS NOMINEES (PRIVATE) LIMITED	15,588,382	0.35
10	MAYBANK KIM ENG SECURITIES PTE.LTD	13,580,976	0.31
11	RHB SECURITIES SINGAPORE PTE. LTD.	7,811,741	0.18
12	YEO KAY BENG	7,700,000	0.17
13	MORPH INVESTMENTS LTD	7,574,700	0.17
14	TAN KHEEN SENG @JOHN	7,450,549	0.17
15	RAFFLES NOMINEES (PTE.) LIMITED	6,434,115	0.14
16	ZENG LIREN	6,150,000	0.14
17	WONG QUEE QUEE JEFFREY (HUANG GUIGUI JEFFREY)	5,650,985	0.13
18	JIMMY LEE PENG SIEW	5,123,000	0.12
19	GUTHRIE VENTURE PTE LTD	4,549,400	0.10
20	PHILLIP SECURITIES PTE LTD	4,495,461	0.10
	TOTAL	**4,274,499,859**	**96.22**

SUBSTANTIAL SHAREHOLDERS

AS SHOWN IN THE COMPANY'S REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 16 MARCH 2020

	Direct Interest		Deemed Interest	
	Number of Shares	**%[1]**	**Number of Shares**	**%[1]**
Treasure International Holdings Pte. Ltd. ("**TIHPL**")	2,859,029,000	64.35	-	-
OUE Limited ("**OUE**")[2]	-	-	2,859,029,000	64.35
OUE Realty Pte. Ltd. ("**OUER**")[3]	-	-	2,859,029,000	64.35
Golden Concord Asia Limited ("**GCAL**")[4]	-	-	2,859,029,000	64.35
Fortune Crane Limited ("**FCL**", formerly known as Fortune Code Limited)[5]	-	-	2,859,029,000	64.35
Lippo ASM Asia Property Limited ("**LAAPL**")[6]	-	-	2,859,029,000	64.35
HKC Property Investment Holdings Limited ("**HKC Property**")[7]	-	-	2,859,029,000	64.35
Hongkong Chinese Limited ("**HCL**")[8]	-	-	2,859,029,000	64.35
Hennessy Holdings Limited ("**Hennessy**")[9]	-	-	2,859,029,000	64.35
Prime Success Limited ("**PSL**")[10]	-	-	2,859,029,000	64.35
Lippo Limited ("**LL**")[11]	-	-	2,859,112,500	64.35
Lippo Capital Limited ("**LCL**")[12]	-	-	2,859,112,500	64.35
Lippo Capital Holdings Company Limited ("**LCH**")[13]	-	-	2,859,112,500	64.35
Lippo Capital Group Limited ("**LCG**")[14]	-	-	2,859,112,500	64.35
PT Trijaya Utama Mandiri ("**PT Trijaya**")[15]	-	-	2,859,112,500	64.35
Admiralty Station Management Limited ("**Admiralty**")[16]	-	-	2,859,029,000	64.35
Argyle Street Management Limited ("**ASML**")[17]	-	-	2,859,029,000	64.35
Argyle Street Management Holdings Limited ("**ASMHL**")[18]	-	-	2,859,029,000	64.35
Mr. James Tjahaja Riady[19]	-	-	2,859,112,500	64.35
Dr. Stephen Riady[20]	-	-	2,859,112,500	64.35
Mr. Kin Chan[21]	-	-	2,859,029,000	64.35
Mr. V-Nee Yeh[22]	-	-	2,859,029,000	64.35
Browny Healthcare Pte. Ltd. ("**BHPL**")	1,125,000,000	25.32	-	-
ITOCHU Singapore Pte Ltd ("**ITOCHU SG**")[23]	-	-	1,125,000,000	25.32
ITOCHU Corporation ("**ITOCHU Corp**")[24]	-	-	1,125,000,000	25.32

SUBSTANTIAL SHAREHOLDERS

AS SHOWN IN THE COMPANY'S REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 16 MARCH 2020

Notes:

(1) The shareholding percentage is calculated based on the total number of issued ordinary shares of the Company of 4,443,129,206 ("**Shares**") as at 16 March 2020.

(2) OUE is deemed to have an interest in the Shares held by TIHPL. TIHPL is a wholly-owned subsidiary of OUE.

(3) OUER is deemed to have an interest in the Shares in which its subsidiary, OUE, has a deemed interest.

(4) GCAL is deemed to have an interest in the Shares in which its subsidiary, OUER, has a deemed interest.

(5) FCL is deemed to have an interest in the Shares in which its subsidiary, GCAL, has a deemed interest.

(6) LAAPL is deemed to have an interest in the Shares in which its subsidiary, FCL, has a deemed interest.

(7) LAAPL is jointly held by HKC Property and Admiralty. Accordingly, HKC Property is deemed to have an interest in the Shares in which LAAPL has a deemed interest.

(8) HCL is the immediate holding company of HKC Property. Accordingly, HCL is deemed to have an interest in the Shares in which HKC Property has a deemed interest.

(9) Hennessy is an intermediate holding company of HKC Property. Accordingly, Hennessy is deemed to have an interest in the Shares in which HKC Property has a deemed interest.

(10) PSL is an intermediate holding company of HKC Property. Accordingly, PSL is deemed to have an interest in the Shares in which HKC Property has a deemed interest.

(11) LL is an intermediate holding company of HKC Property. Accordingly, LL is deemed to have an interest in the Shares in which HKC Property has a deemed interest, as well as a deemed interest in the 83,500 Shares held by Hongkong China Treasury Limited, a subsidiary of LL (the "**HKCTL Shares**").

(12) LCL is an intermediate holding company of HKC Property and the immediate holding company of LL. Accordingly, LCL is deemed to have an interest in the Shares in which HKC Property has a deemed interest, as well as a deemed interest in the HKCTL Shares in which LL has a deemed interest.

(13) LCH is an intermediate holding company of HKC Property and LL. Accordingly, LCH is deemed to have an interest in the Shares in which HKC Property has a deemed interest, as well as a deemed interest in the HKCTL Shares in which LL has a deemed interest.

(14) LCG is the holding company of LCH, which in turn is an intermediate holding company of HKC Property and LL. Accordingly, LCG is deemed to have an interest in the Shares in which HKC Property has a deemed interest, as well as a deemed interest in the HKCTL Shares in which LL has a deemed interest.

(15) PT Trijaya holds more than 20% of the shares in LCL, which is an intermediate holding company of HKC Property and LL. Accordingly, PT Trijaya is deemed to have an interest in the Shares in which HKC Property has a deemed interest, as well as a deemed interest in the HKCTL Shares in which LL has a deemed interest.

(16) LAAPL is jointly held by Admiralty and HKC Property. Accordingly, Admiralty is deemed to have an interest in the Shares in which LAAPL has a deemed interest.

(17) ASML owns 100% of the voting shares in the capital of Admiralty. Accordingly, ASML is deemed to have an interest in the Shares in which Admiralty has a deemed interest.

(18) ASMHL is the immediate holding company of ASML. Accordingly, ASMHL is deemed to have an interest in the Shares in which ASML has a deemed interest.

(19) Mr. James Tjahaja Riady effectively holds all the shares in PT Trijaya, which holds more than 20% of the shares in LCL. LCL in turn is an intermediate holding company of HKC Property and LL. Accordingly, Mr. James Tjahaja Riady is deemed to have an interest in the Shares in which HKC Property has a deemed interest, as well as a deemed interest in the HKCTL Shares in which LL has a deemed interest.

(20) Dr Stephen Riady holds the entire issued share capital of LCG, which is the holding company of LCH. LCH in turn is an intermediate holding company of HKC Property and LL. Accordingly, Dr. Stephen Riady is deemed to have an interest in the Shares in which HKC Property has a deemed interest, as well as a deemed interest in the HKCTL Shares in which LL has a deemed interest.

(21) Mr. Kin Chan is the beneficial holder of more than 20% of the issued share capital of ASMHL. Accordingly, Mr. Kin Chan is deemed to have an interest in the Shares in which ASMHL has a deemed interest.

(22) Mr. V-Nee Yeh is the beneficial holder of more than 20% of the issued share capital of ASMHL. Accordingly, Mr. V-Nee Yeh is deemed to have an interest in the Shares in which ASMHL has a deemed interest.

(23) ITOCHU SG is deemed to have an interest in the Shares held by BHPL. ITOCHU SG holds 60% of the issued share capital of BHPL.

(24) ITOCHU Corp is deemed to have an interest in the Shares in which its subsidiary, ITOCHU SG, has a deemed interest. ITOCHU Corp also holds 40% of the issued share capital of BHPL.

PUBLIC FLOAT

Rule 723 of Section B: Rules of Catalist of the Listing Manual of the Singapore Exchange Securities Trading Limited requires that at least 10.0% of the total number of issued shares (excluding preference shares, convertible equity securities and treasury shares) in a class that is listed ("**Shares**") is at all times held by the public.

The Company has complied with this requirement. As at 16 March 2020, approximately 10.33% of its Shares were held in the hands of the public.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

Please see below for information of Mr. Lee Yi Shyan, Mr. Tadahiro Kiyosu, Mr. Eric Sho Kian Hin and Mr. Johji Sato, all of whom are seeking re-appointment as Directors at the 2020 Annual General Meeting as set out in the Appendix 7F of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**"). Additional information can also be found under their profiles within the section entitled "Board of Directors" of the Annual Report.

Name of the person	**Mr. Lee Yi Shyan**	**Mr. Tadahiro Kiyosu**	**Mr. Eric Sho Kian Hin**	**Mr. Johji Sato**
Age	58	54	50	66
Country of Principal Residence	Singapore	Singapore	Malaysia	Malaysia
The Board's comments on the re-appointment, job title and whether the re-appointment is executive (if so, the area of responsibility)	The re-appointment of Mr. Lee Yi Shyan as the Non-Independent and Non-Executive Director of the Company was recommended by the Nominating and Remuneration Committee ("**NRC**") and the Board of Directors ('**Board**") has accepted the recommendation, after taking into consideration all factors such as his independence, qualifications, expertise, past experiences, multiple directorships/ principal commitments and overall contribution since he was appointed as a Director of the Company. Mr. Lee Yi Shyan will, upon re-appointment, continue to also serve as the Chairman of the Board and a member of the NRC of the Company.	The re-appointment of Mr. Tadahiro Kiyosu as the Non-Independent and Non-Executive Director of the Company was recommended by the NRC and the Board has accepted the recommendation, after taking into consideration all factors such as his independence, qualifications, expertise, past experiences, multiple directorships/ principal commitments and overall contribution since he was appointed as a Director of the Company. Mr. Tadahiro Kiyosu will, upon re-appointment, continue to also serve as a member of the NRC of the Company.	The re-appointment of Mr. Eric Sho Kian Hin as the Independent and Non-Executive Director of the Company was recommended by the NRC and the Board has accepted the recommendation, after taking into consideration all factors such as his independence, qualifications, expertise, past experiences, multiple directorships/ principal commitments and overall contribution since he was appointed as a Director of the Company. Mr. Eric Sho Kian Hin will, upon re-appointment, continue to also serve as the Chairman of the Audit and Risk Committee ('**ARC**") and a member of the NRC of the Company. Mr. Eric Sho Kian Hin is considered independent for the purpose of Rule 704(7) of the Catalist Rules.	The re-appointment of Mr. Johji Sato as the Independent and Non-Executive Director of the Company was recommended by the NRC and the Board has accepted the recommendation, after taking into consideration all factors such as his independence, qualifications, expertise, past experiences, multiple directorships/ principal commitments and overall contribution since he was appointed as a Director of the Company. Mr. Johji Sato will, upon re-appointment, continue to also serve as a member of ARC of the Company. Mr. Johji Sato is considered independent for the purpose of Rule 704(7) of the Catalist Rules.
Details on date of appointment and last re-appointment (if applicable), professional qualification, working experience and occupation(s) during the past 10 years.	Please refer to page 17 of the Annual Report.	Please refer to page 18 of the Annual Report.	Please refer to page 19 of the Annual Report.	Please refer to page 20 of the Annual Report.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

Name of the person	Mr. Lee Yi Shyan	Mr. Tadahiro Kiyosu	Mr. Eric Sho Kian Hin	Mr. Johji Sato
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the Company and/ or substantial shareholder of the Company or of any of its principal subsidiaries	Mr Lee currently holds the position of Executive Adviser, Chairman's office, OUE Limited. OUE Limited is a substantial shareholder of the Company.	None, other than his directorship in and employment with ITOCHU Singapore Pte Ltd.	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil	Nil	Nil
Undertaking submitted to the Company in the form of Appendix 7H (Catalist Rule 704(6))	Yes	Yes	Yes	Yes
Shareholding interest in the Company and its subsidiaries?	Nil	Nil	Nil	Nil
Present Directorship(s)/ Principal Commitment	Director of: 1. OUE Lippo Healthcare Limited 2. Business China 3. Ice Clear Singapore Pte. Ltd. 4. Ice Futures Singapore Pte. Ltd. 5. Ice Singapore Holdings Pte. Ltd. 6. Keppel Group Eco-City Investments Pte. Ltd. 7. OUE Commercial REIT Management Pte. Ltd. (manager of OUE Commercial Real Estate Investment Trust) 8. OUE Hospitality Trust Management Pte. Ltd. 9. OUE USA Services Corp. 10. Singapore Tianjin Eco-city Investments Holdings Pte. Ltd. 11. Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd. 12. Substantial Enterprises Limited 13. Vysion Star Pte. Ltd. Advisor of: 1. Keppel Corporation Limited 2. Jing Hope Holdings Pte. Ltd. 3. Luye Life Sciences Group Ltd	Director of: 1. OUE Lippo Healthcare Limited 2. ITOCHU Singapore Pte Ltd 3. ITOCHU Malaysia Sdn. Bhd. 4. PT ITOCHU Indonesia	Director of: 1. OUE Lippo Healthcare Limited 2. Choo Chiang Holdings Ltd. 3. QT Vascular Ltd. 4. China Farm Equipment Pte. Ltd. 5. Hartanah Kencana Sdn. Bhd.	Director of: 1. OUE Lippo Healthcare Limited 2. SUMIDA Corporation

Name of the person	Mr. Lee Yi Shyan	Mr. Tadahiro Kiyosu	Mr. Eric Sho Kian Hin	Mr. Johji Sato
	Executive Adviser, Chairman's Office: 1. OUE Limited Member of Parliament of Singapore: Electoral Division of East Coast GRC			
Past Directorship(s)/ Principal Commitment held over the preceding five years	OUE Hospitality REIT Management Pte. Ltd.	1. South Wood Export Limited 2. Albany Bulk Holding Pty Ltd 3. Southland Plantation Forest Company of New Zealand 4. Acacia Afforestation Asia Co., Ltd. 5. Itochu Ceratech Co. 6. LLC ITR 7. European Tyre Enterprise Ltd. 8. P.T. Aneka Bumi Pratama 9. Rubbernet (Asia) Pte Ltd. 10. Raffles Cement Pte Ltd. 11. IG Windows Co 12. Yokohama Scandinavia AB 13. Itochu Kenzai Corporation 14. Pacific Woodtech Corporation 15. Master-Halco, Inc. 16. Daiken Corporation 17. Tokyo Lumber Terminal Co., Ltd 18. Albany Plantation Export Company Pty. Limited	Nil.	Nil.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

Name of the person	Mr. Lee Yi Shyan	Mr. Tadahiro Kiyosu	Mr. Eric Sho Kian Hin	Mr. Johji Sato
Information required pursuant to Catalist Rules 704(6) and/or 704(7)				
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No	No

Name of the person	Mr. Lee Yi Shyan	Mr. Tadahiro Kiyosu	Mr. Eric Sho Kian Hin	Mr. Johji Sato
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:— (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

Name of the person	Mr. Lee Yi Shyan	Mr. Tadahiro Kiyosu	Mr. Eric Sho Kian Hin	Mr. Johji Sato
Any prior experience as a director of an issuer listed on the SGX-ST? If yes, please provide details of prior experience. If no, please state if the director as attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the SGX-ST. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the SGX-ST (if applicable)	Mr Lee was previously the Chairman and Non-Independent Non-Executive Director of OUE Hospitality REIT Management Pte. Ltd. (as REIT manager of OUE Hospitality Real Estate Investment Trust ("**OUE H-REIT**")). He is currently the Chairman and Non-Independent Non-Executive Director of OUE Hospitality Trust Management Pte. Ltd. (as trustee-manager of OUE Hospitality Business Trust ("**OUE H-BT**")). OUE Hospitality Trust, which comprised OUE H-REIT and OUE H-BT, was delisted from SGX-ST in 2019. Mr Lee is currently the Chairman and Non-Independent Non-Executive Director of OUE Commercial REIT Management Pte. Ltd. (the Manager for OUE Commercial Real Estate Investment Trust that is currently listed on SGX-ST.)	Mr Kiyosu has been briefed on his role and responsibilities as a director of a listed company in Singapore and undergone training courses prescribed by the Exchange in connection with his duties as a Director and a member of the NRC within a year from his appointment.	Mr Sho is currently an Independent Director and the Chairman of the Audit Committee of QT Vascular Limited and Choo Chiang Holdings Ltd., both companies listed on the Catalist Board of the SGX-ST. He is also the member of the Nominating Committee and Remuneration Committee of Choo Chiang Holdings Ltd..	Mr Sato has been appointed as the Company's director on 15 February 2018 and thus the requirement of attending training prescribed by the SGX-ST which take effect from 1 January 2019 was not applicable to him. Nonetheless, he had attended numerous internal briefings and trainings in relation to his roles and responsibilities as a director of a listed issuer, arranged by the Company upon and after his appointment. In addition, he is also the Outside Director of Sumida Corporation, a company listed on the Tokyo Stock Exchange since 2013 and thus familiar with listed company environment.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Lee Yi Shyan
(Non-Independent and Non-Executive Chairman)

Yet Kum Meng
(Chief Executive Officer and Executive Director)

Tadahiro Kiyosu
(Non-Independent and Non-Executive Director)

Roger Tan Chade Phang
(Lead Independent and Non-Executive Director)

Eric Sho Kian Hin
(Independent and Non-Executive Director)

Jackson Tay Eng Kiat
(Independent and Non-Executive Director)

Johji Sato
(Independent and Non-Executive Director)

AUDIT AND RISK COMMITTEE

Eric Sho Kian Hin
(Chairman)

Roger Tan Chade Phang
Jackson Tay Eng Kiat
Johji Sato

NOMINATING AND REMUNERATION COMMITTEE

Roger Tan Chade Phang
(Chairman)

Lee Yi Shyan
Tadahiro Kiyosu
Eric Sho Kian Hin
Jackson Tay Eng Kiat

COMPANY SECRETARY

Fazilah Abdul Rahman

REGISTERED OFFICE

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www.ouelh.com
Co Reg No. 201304341E

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50 Raffles Place
#32-01 Singapore Land Tower
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PrimePartners Corporate Finance Pte. Ltd.
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#10-00 Income at Raffles
Singapore 049318

AUDITOR

KPMG LLP
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581
Partner-in-charge: Teo Han Jo
With effect from financial year ended
31 December 2017

OUE LIPPO HEALTHCARE LIMITED
(Company Reg. No. 201304341E)
(In receivership over charged shares in certain subsidiaries)