
RESPONSES TO SGX QUERIES

1. INTRODUCTION

The Board of Directors (the “**Board**”) of OUE Lippo Healthcare Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refer to the annual report of the Company for the financial year ended 31 December 2019 (the “**Annual Report**”) and the questions addressed to the Company from the Securities Investors Association (Singapore) (“**SIAS**”) in relation to the Annual Report on 5 May 2020.

Following SIAS’ questions on 5 May 2020, SGX has required the Company to respond to the following queries. The Company’s responses to the queries are set out in this announcement.

2. THE QUERIES

2.1 SGX’s Query 1

In the financial year, the group made significant progress on its three-pronged growth strategy of establishing strategic partnerships, building up the asset-light business and growing its Pan-Asian presence.

The group started the development of an international hospital in Prince Bay, Shekou, Shenzhen, ventured into Myanmar via a joint venture and completed the acquisition of 70% equity interest in Wuxi Bohai Hospital Company Limited, which operates Wuxi Bohai Hospital (now known as Wuxi Lippo Xi Nan Hospital).

The board consists of 7 directors, including four independent directors. The profiles of the directors can be found on pages 16 to 20 of the annual report.

However, since the departure of Dr. Wong Weng Hong as on 28 February 2019, there appears to be **no medical professional on the board**. In fact, the company announced the cessation of Dr. Tan Tiong Ching as chief operating officer effective 4 February 2020. Dr. Tan used to oversee and manage the overall operations of the group. Both doctors were in their roles for approximately 1.5-2 years.

- (i) With the group assuming full operation control of Wuxi Lippo Xi Nan hospital and driving the development of an international hospital in Shenzhen, how effective is the board at providing guidance on operational and medical-related matters when it appears that no board member has had any significant experience managing or working in a medical facility?
- (ii) Would the board be re-evaluating the board composition, board diversity and the competency gaps in the board?

OUE Lippo Healthcare Limited

Company Registration No. 201304341E

(In receivership over charged shares in certain subsidiaries)

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Company's Response:

The Company is a healthcare group that invests, operates and manages a portfolio of healthcare related businesses in high growth markets across Asia. The management of individual healthcare facilities only forms a part of the Group's overall healthcare operations.

To support its three-pronged strategy of developing strategic partnerships, growing into a Pan-Asian healthcare group and executing an asset-light business model, the corporate office of the Company, headquartered in Singapore, focuses on its core functions of developing and executing the business strategies, business development, business management and corporate finance management.

The Company has also constituted a Healthcare Operations Council comprising of healthcare management professionals to provide guidance to the Company and Board on matters relating to medical operations and clinical management.

In order to develop and execute the three-pronged strategy as well as to discharge its fiduciary duties of governance, compliance, risk management, etc., the Board currently comprises members with a diversity of nationalities, backgrounds and core competencies, including in the areas of strategic planning, business management, corporate management, cross-border experiences, investment/accounting/finance professional expertise, overseas working experiences, international business networking, etc.

The Board is of the view that expertise in medical operation and clinical management should best reside with healthcare professionals on the ground with in-depth local experience and knowledge. Accordingly, separate local management teams have been assembled with appropriate skills, expertise and experiences for its businesses in various locations. To illustrate, the Group's China operations are currently being managed by Mdm Cui Meisong, who is a healthcare management professional with 40 years of relevant experience, including more than 20 years in the private healthcare sector in China. The Chief Executive Officer of the Group's healthcare business in Myanmar is Dr. Paul Gershu, who is not only a doctor by profession but is also a healthcare management professional with more than 30 years of international healthcare experience.

The Board of Directors will, from time to time and at least on a yearly basis, examine 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 strategic planning and effective decision making, taking into account the scope and nature of the operations of the Company and will continuously evaluate as the Group's competency requirements evolve over time.

2.2 SGX's Query 2

The "Valuation of other receivables" is a key audit matter (KAM) highlighted by the Independent Auditors in their Report on the Audit of the Financial Statements (pages 72 to 76). Key audit matters are those matters that, in the professional judgement of the Independent Auditors, were of most significance in the audit of the financial statements of the current period.

As noted in the KAM:

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.

This relates to the litigation cases with The Enterprise Fund III Ltd, Value Monetization III Ltd and VMF3 Ltd (collectively, the "Funds").

(i) Does management have an update on the financial positions of the three funds?

Company's Response:

The Company has provided material information and updates relating to the litigation cases with the Funds on a monthly basis. As the dispute remains the subject of ongoing litigation, the Company is not able to share additional information as it may have an impact on the litigation. The Company will continue to provide updates on the litigation, where appropriate.

By Order of the Board
OUE Lippo Healthcare Limited

Mr. Yet Kum Meng
Chief Executive Officer and Executive Director
19 May 2020

*This announcement 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 Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalyst.*

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

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