ISEC HEALTHCARE LTD.
(Company Registration No. 201400185H)
(Incorporated in Singapore on 2 January 2014)

MANDATORY CONDITIONAL CASH OFFER FOR ISEC HEALTHCARE LTD.

DESPATCH OF OFFEREE CIRCULAR

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1. INTRODUCTION

The Board of Directors (the "**Board**") of ISEC Healthcare Ltd. (the "**Company**") refers to:

(a) the announcement dated 25 October 2019 (the "**Formal Offer Announcement**") made by CEL Impetus Corporate Finance Pte. Ltd. ("**CICF**"), for and on behalf of Aier Eye International (Singapore) Pte. Ltd. (the "**Offeror**"), relating to the mandatory conditional cash offer (the "**Offer**") in accordance with Rule 14 of The Singapore Code on Take-overs and Mergers for all the issued and paid-up ordinary shares in the capital of the Company other than those already owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with the Offeror; and

(b) the announcement dated 8 November 2019 made by CICF, for and on behalf of the Offeror, relating to the despatch of the offer document dated 8 November 2019 containing, *inter alia*, the terms and conditions of the Offer (the "**Offer Document**"), together with the accompanying relevant forms of acceptance for the Offer.

*Capitalised terms used but not defined herein shall have the same meanings ascribed to them in the circular dated 22 November 2019 issued by the Company to Shareholders in relation to the Offer (the "**Offeree Circular**").*

2. DESPATCH OF OFFEREE CIRCULAR

The Board wishes to inform Shareholders that the Offeree Circular containing, amongst others, the advice of the IFA to the Independent Directors and the recommendation of the Independent Directors to Shareholders in respect of the Offer, has been despatched to Shareholders today.

The Offeree Circular requires the immediate attention of Shareholders. Shareholders should read and carefully consider the contents of the Offeree Circular, including the advice of the IFA to the Independent Directors as well as the recommendation of the Independent Directors in respect of the Offer before deciding whether to accept or reject the Offer. If you are in any doubt in relation to the Offer or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

3. CLOSING DATE

Shareholders should note that as stated in the Offer Document, the Offer will close at **5.30 p.m. (Singapore time) on 6 December 2019** or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

4. REQUEST FOR OFFEREE CIRCULAR

Shareholders who do not receive the Offeree Circular within two (2) business days from the date hereof should contact Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, being the share registrar of the Company (the "**Share Registrar**"), to obtain a copy of the Offeree Circular during normal business hours and up to 5.30 p.m. (Singapore time) on the Closing Date.

An electronic copy of the Offeree Circular is also available at the website of the SGX-ST at www.sgx.com.

5. OVERSEAS SHAREHOLDERS

Due to potential restrictions on sending the Offeree Circular to overseas jurisdictions, the Offeree Circular has not been and will not be sent to any Overseas Shareholder who has not provided, and will not provide, the Company with an address within Singapore at which notices or documents may be served upon him. Any affected Overseas Shareholder may nonetheless (subject to compliance with applicable laws) attend in person and obtain copies of the Offeree Circular during normal business hours and up to 5.30 p.m. (Singapore time) on the Closing Date, from the office of the Share Registrar as set out above, or (subject to compliance with applicable laws) write to the Share Registrar at the above-stated address to request for the Offeree Circular to be sent to an address in Singapore by ordinary post at his own risk, up to five (5) Market Days prior to the Closing Date.

6. RESPONSIBILITY STATEMENT

The Directors (including any who may have delegated detailed supervision of this announcement) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this announcement are fair and accurate and that no material facts have been omitted from this announcement, the omission of which would make any statement in this announcement misleading, and they jointly and severally accept responsibility accordingly.

Where any information has been extracted or reproduced from published or otherwise publicly available sources (including without limitation, the Formal Offer Announcement and/or the Offer Document), the sole responsibility of the Directors has been to ensure through reasonable enquiries that such information has been accurately and correctly extracted from such sources or, as the case may be, reflected or reproduced in this announcement in its proper form and context.

By Order of the Board

Sitoh Yih Pin
Non-Executive Chairman and Independent Director
22 November 2019

*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 Catalist.*

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.

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 Email: sponsorship@ppcf.com.sg).

CIRCULAR DATED 22 NOVEMBER 2019

THIS CIRCULAR IS ISSUED BY ISEC HEALTHCARE LTD. (THE "COMPANY"). THIS CIRCULAR IS IMPORTANT AS IT CONTAINS THE RECOMMENDATION OF THE INDEPENDENT DIRECTORS (AS DEFINED HEREIN) AND THE ADVICE OF CIMB BANK BERHAD, SINGAPORE BRANCH (AS THE INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT DIRECTORS) TO THE INDEPENDENT DIRECTORS. THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt in relation to this Circular or as to the action you should take, you should consult your stockbroker, bank manager, accountant, solicitor, tax adviser or other professional adviser immediately.

If you have sold or transferred all your Shares (as defined herein) held through CDP (as defined herein), you need not forward this Circular to the purchaser or the transferee, as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your Shares which are not deposited with CDP, you should immediately forward this Circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

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

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

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 Email: sponsorship@ppcf.com.sg).

isec™ HEALTHCARE

ISEC HEALTHCARE LTD.

(Company Registration Number: 201400185H)
(Incorporated in the Republic of Singapore)

CIRCULAR TO SHAREHOLDERS

in relation to the

MANDATORY CONDITIONAL CASH OFFER

by

CEL IMPETUS CORPORATE FINANCE PTE. LTD.

(Company Registration Number: 201631484Z)
(Incorporated in the Republic of Singapore)

for and on behalf of

AIER EYE INTERNATIONAL (SINGAPORE) PTE. LTD.

(Company Registration Number: 201840134C)
(Incorporated in the Republic of Singapore)

to acquire all the issued and paid-up ordinary shares in the capital of the Company other than those already owned, controlled or agreed to be acquired by Aier Eye International (Singapore) Pte. Ltd. and parties acting in concert with it

Independent Financial Adviser to the Independent Directors of the Company

CIMB

CIMB BANK BERHAD (13491-P)

SINGAPORE BRANCH

(Incorporated in Malaysia)

SHAREHOLDERS SHOULD NOTE THAT THE OFFER DOCUMENT (AS DEFINED HEREIN) STATES THAT ACCEPTANCES MUST BE RECEIVED BY THE CLOSE OF THE OFFER AT 5.30 P.M. (SINGAPORE TIME) ON 6 DECEMBER 2019 OR SUCH LATER DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE OFFEROR (AS DEFINED HEREIN).

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DEFINITIONS

Except where the context otherwise requires, the following definitions apply throughout this Circular:

GENERAL

"1QFY2019"	:	The three-month period ended 31 March 2019
"1QFY2019 Results"	:	The unaudited consolidated financial results of the Group for 1QFY2019 which were released by the Company on SGXNET on 9 May 2019
"2QFY2019 Results"	:	The unaudited consolidated financial results of the Group in respect of the three-month and six-month period ended 30 June 2019 which were released by the Company on SGXNET on 7 August 2019
"3QFY2019 Results"	:	The unaudited consolidated financial results of the Group in respect of the three-month and nine-month period ended 30 September 2019 which were released by the Company on SGXNET on 12 November 2019
"Acquisition"	:	Shall have the meaning ascribed to it in Section 1.3 of this Circular
"Additional Shares"	:	Shall have the meaning ascribed to it in paragraph 5.9(a) of Appendix II to this Circular
"Auditor 2QFY2019 Results Report"	:	The report issued by the Auditor in respect of the unaudited consolidated interim condensed financial statements of the Group in respect of the three-month and six-month period ended 30 June 2019, as set out in Appendix IV to this Circular
"Auditor 3QFY2019 Results Report"	:	The report issued by the Auditor in respect of the unaudited consolidated interim condensed financial statements of the Group in respect of the three-month and nine-month period ended 30 September 2019, as set out in Appendix V to this Circular
"Board"	:	Board of Directors of the Company
"Business Day"	:	A day (other than Saturday, a Sunday or a gazetted public holiday) on which commercial banks are open for business in Singapore
"Catalist"	:	The sponsor-supervised listing platform of the SGX-ST
"Catalist Rules"	:	The Listing Manual Section B: Rules of Catalist of the SGX-ST, as may be amended or modified from time to time

DEFINITIONS

"Circular"	:	This circular to Shareholders dated 22 November 2019 in relation to the Offer enclosing, *inter alia*, the IFA Letter
"Closing Date"	:	5.30 p.m. (Singapore time) on 6 December 2019 or such later date(s) as may be announced from time to time by or on behalf of the Offeror, such date being the last day for the lodgement of acceptances of the Offer
"Code"	:	The Singapore Code on Take-overs and Mergers
"Companies Act"	:	The Companies Act, Chapter 50 of Singapore
"Company Securities"	:	(a) Shares; (b) other securities which carry voting rights in the Company; and (c) convertible securities, warrants, options or derivatives in respect of any Shares or securities which carry voting rights in the Company
"Completion"	:	Shall have the meaning ascribed to it in Section 1.3 of this Circular
"Conditions Precedent"	:	Conditions precedent in the Sale and Purchase Agreement
"Constitution"	:	The constitution of the Company
"Directors"	:	The directors of the Company as at the Latest Practicable Date, and "*Director*" means any one of them
"Dr Lee"	:	Dr Lee Hung Ming
"Dr Wong"	:	Dr Wong Jun Shyan
"FAA"	:	Form of Acceptance and Authorisation for Offer Shares, which forms part of the Offer Document and which is issued to Shareholders whose Offer Shares are deposited with CDP
"FAT"	:	Form of Acceptance and Transfer for Offer Shares, which forms part of the Offer Document and which is issued to Shareholders whose Offer Shares are registered in their own names in the Register and are not deposited with CDP
"Formal Offer Announcement"	:	The announcement issued by CICF on the Formal Offer Announcement Date, for and on behalf of the Offeror, in relation to the Offer
"Formal Offer Announcement Date"	:	25 October 2019, being the date of the Formal Offer Announcement

"FY"	:	Financial year ended or ending on (as the case may be) 31 December of a particular year as stated
"Holding Announcement"	:	Shall have the meaning ascribed to it in Section 1.1 of this Circular
"Holding Announcement Date"	:	2 July 2019, being the date of the Holding Announcement
"IFA 2QFY2019 Results Report"	:	The report issued by the IFA in respect of the 2QFY2019 Results, as set out in Appendix IV to this Circular
"IFA 3QFY2019 Results Report"	:	The report issued by the IFA in respect of the 3QFY2019 Results, as set out in Appendix V to this Circular
"IFA Letter"	:	The letter dated 22 November 2019 from the IFA to the Independent Directors in respect of the Offer, as set out in Appendix I to this Circular
"Independent Directors"	:	The Directors who are considered to be independent for the purposes of the Offer, namely, Mr Sitoh Yih Pin, Professor Low Teck Seng and Mr Lim Wee Hann
"Interested Person"	:	As defined in the Note on Rule 24.6 of the Code and read with the Note on Rule 23.12 of the Code, an interested person, in relation to a company, is: (a) a director, chief executive officer, or Substantial Shareholder of the company; (b) the immediate family of a director, the chief executive officer, or a Substantial Shareholder (being an individual) of the company; (c) the trustees, acting in their capacity as such trustees, of any trust of which a director, the chief executive officer or a Substantial Shareholder (being an individual) and his immediate family is a beneficiary; (d) any company in which a director, the chief executive officer or a Substantial Shareholder (being an individual) together and his immediate family together (directly or indirectly) have an interest of 30% or more; (e) any company that is the subsidiary, holding company or fellow subsidiary of the Substantial Shareholder (being a company); or

		(f) any company in which a Substantial Shareholder (being a company) and any of the companies listed in (e) above together (directly or indirectly) have an interest of 30% or more
"ISEC Penang Acquisition"	:	Shall have the meaning ascribed to it in paragraph 4.3 of Appendix II to this Circular
"Latest Practicable Date"	:	13 November 2019, being the latest practicable date prior to the printing of this Circular
"Market Day"	:	A day on which the SGX-ST is open for trading of securities
"Notifying Shareholders"	:	Shall have the meaning ascribed to it in Section 1.1 of this Circular
"Offer"	:	The mandatory conditional cash offer by CICF, for and on behalf of the Offeror, to acquire all the Offer Shares on the terms and subject to the conditions set out in the Offer Document, the FAA and/or the FAT, as such offer may be amended, extended and revised from time to time by or on behalf of the Offeror
"Offer Document"	:	The offer document dated 8 November 2019, including the FAA and the FAT, issued by CICF, for and on behalf of the Offeror, in respect of the Offer, and any other document(s) which may be issued for and on behalf of the Offeror to amend, revise, supplement or update the document(s) from time to time
"Offer Price"	:	S$0.36 in cash for each Offer Share
"Offer Shares"	:	All the Shares other than those already owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with it and treasury shares held by the Company
"Offeror Securities"	:	Ordinary shares in the capital of the Offeror, equity share capital of the Offeror and other securities which carry substantially the same rights in the Offeror, and convertible securities, warrants, options or derivatives in respect of such shares or securities
"Overseas Shareholders"	:	Shareholders whose addresses are outside Singapore, as shown on the Register or, as the case may be, in the Depository Register
"Parties"	:	The Sellers and the Offeror

"Potential Transaction"	:	Shall have the meaning ascribed to it in Section 1.1 of this Circular
"Pre-Conditional Offer Announcement"	:	The announcement issued by CICF, for and on behalf of the Offeror, on the Pre-Conditional Offer Announcement Date in relation to the pre-conditional mandatory cash offer for all the Offer Shares
"Pre-Conditional Offer Announcement Date"	:	26 August 2019, being the date of the Pre-Conditional Offer Announcement
"Register"	:	The register of holders of Shares, as maintained by the Share Registrar
"Sale and Purchase Agreement"	:	The conditional sale and purchase agreement entered into between the Parties on 26 August 2019
"Sale Shares"	:	Shall have the meaning ascribed to it in Section 1.3 of this Circular
"Securities Account"	:	The securities account maintained by a Depositor with CDP but does not include a securities sub-account
"Sellers"	:	Dr Lee, Dr Wong, Dr Choong Yee Fong, Dr Michael Law Sie Haur, Dr Fang Seng Kheong, Dr Lim Kian Seng and Dr Yeo Kim Chuan
"SFA"	:	The Securities and Futures Act, Chapter 289 of Singapore
"SGXNET"	:	A system network used by listed companies to send information and announcements to the SGX-ST or any other system networks prescribed by the SGX-ST
"Shareholders"	:	Holders of Shares as indicated on the Register and Depositors who have Shares entered against their names in the Depository Register
"Shares"	:	Issued and paid-up ordinary shares in the capital of the Company
"SRS"	:	Supplementary Retirement Scheme
"SRS Agent Banks"	:	Agent banks included under the SRS
"SRS Investors"	:	Investors who have purchased Shares using their SRS contributions pursuant to the SRS
"Substantial Shareholder"	:	A person who has an interest in not less than five per cent. (5%) of the total number of issued voting Shares

"Undertakings"	:	Shall have the meaning ascribed to it in Section 4 of this Circular
"Update Announcement"	:	Shall have the meaning ascribed to it in Section 1.2 of this Circular
"Update Announcement Date"	:	2 August 2019, being the date of the Update Announcement

Units and currencies

"MYR"	:	Malaysia ringgit, being the lawful currency of Malaysia
"S$" and *"cents"*	:	Singapore dollars and cents, respectively, being the lawful currency of Singapore
"%" or *"per cent."*	:	Percentage or per centum

COMPANIES/ORGANISATIONS

"Aier"	:	Aier Eye Hospital Group Co., Ltd.
"Auditor"	:	Ernst & Young LLP
"CDP"	:	The Central Depository (Pte) Limited
"CGS-CIMB Securities"	:	CGS-CIMB Securities (Singapore) Pte. Ltd.
"CICF"	:	CEL Impetus Corporate Finance Pte. Ltd.
"Company"	:	ISEC Healthcare Ltd.
"Group"	:	The Company and its subsidiaries
"IFA" or *"CIMB"*	:	CIMB Bank Berhad, Singapore Branch, the independent financial adviser to the Independent Directors in respect of the Offer
"ISEC Eye"	:	ISEC Eye Pte. Ltd., a wholly-owned subsidiary of the Company
"ISEC KL"	:	ISEC Sdn. Bhd., a wholly-owned subsidiary of the Company
"Offeror"	:	Aier Eye International (Singapore) Pte. Ltd.
"SGX-ST"	:	Singapore Exchange Securities Trading Limited

"Share Registrar"	:	Boardroom Corporate & Advisory Services Pte. Ltd. located at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623
"SIC"	:	Securities Industry Council of Singapore

Acting in Concert. Unless otherwise defined, the term "**acting in concert**" shall have the same meaning as ascribed to it in the Code.

Announcements and Notices. References to the making of an announcement or the giving of notice by the Company shall include the release of an announcement by the Company or its agents, for and on behalf of the Company, to the press or the delivery of or transmission by telephone, facsimile, SGXNET or otherwise of an announcement to the SGX-ST. An announcement made otherwise than to the SGX-ST shall be notified to the SGX-ST simultaneously.

Capitalised Terms in Extracts. Statements which are reproduced in their entirety from the Offer Document, the IFA Letter and the Constitution are set out in this Circular within quotes and italics, and capitalised terms used within these reproduced statements shall bear the same meanings as attributed to them in the Offer Document, the IFA Letter and the Constitution respectively.

Depository Related Terms. The terms "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

Subsidiary and Related Corporation. References to "**subsidiary**" and "**related corporation**" shall have the meanings ascribed to them respectively in Sections 5 and 6 of the Companies Act respectively.

Shareholders. References to "**you**", "**your**" and "**yours**" in this Circular are, as the context so determines, to the Shareholders.

Headings. The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Expressions. Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing one gender shall, where applicable, include any or all other genders. References to persons shall, where applicable, include corporations.

Statutes. Any reference in this Circular to any enactment or statutory provision is a reference to that enactment as for the time being amended or re-enacted, unless the context otherwise requires. Any word defined under the Companies Act, the SFA, the Catalist Rules or the Code or any modification thereof and used in this Circular shall, where applicable, have the meaning assigned to it under the Companies Act, the SFA, the Catalist Rules or the Code or any modification thereof, as the case may be, unless the context otherwise requires.

Time and Date. Any reference to a time of day and date in this Circular is made by reference to Singapore time and date, unless otherwise stated.

Rounding. Any discrepancies in figures included in this Circular between the amounts shown and the total thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

Total number of Shares and Percentage as at the Latest Practicable Date. In this Circular, the total number of Shares is a reference to a total of 532,348,544 Shares in issue as at the Latest Practicable Date (excluding treasury shares) based on a search conducted at ACRA, unless the context otherwise requires. Unless otherwise specified, all references to the percentage shareholding in the capital of the Company in this Circular are based on 532,348,544 Shares in issue as at the Latest Practicable Date (excluding treasury shares) based on a search conducted at ACRA. As at the Latest Practicable Date, the Company has 386,400 treasury shares held in the share capital of the Company.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as "aim", "seek", "expect", "anticipate", "estimate", "believe", "intend", "project", "plan", "potential", "strategy", "forecast", "possible", "probable" and similar expressions or future or conditional verbs such as "if", "will", "would", "should", "could", "may" or "might". These statements reflect the Company's current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information as at the Latest Practicable Date. Such forward-looking statements are not guarantees of future results, performance, events or achievements and involve known and unknown risks and uncertainties. Accordingly, actual results or outcomes may differ materially from those described in such forward-looking statements. Given the risks and uncertainties involved, Shareholders and investors should not place undue reliance on such forward-looking statements, and neither the Company nor the IFA guarantees any future performance or event, or undertakes any obligation to update publicly or revise any forward-looking statements, subject to compliance with all applicable laws and regulations and/or rules of the SGX-ST and/or any other regulatory or supervisory body or agency.

INDICATIVE TIMETABLE

Date of Despatch of the Offer Document	:	8 November 2019
Date of Despatch of this Circular	:	22 November 2019
Closing Date	:	5.30 p.m. (Singapore time) on 6 December 2019 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.
Settlement of consideration for valid acceptances of the Offer	:	Subject to the Offer becoming or being declared unconditional in all respects and to the receipt by the Offeror from the accepting Shareholders of valid acceptances and all relevant documents required by the Offeror which are complete in all respects and in accordance with the instructions given in the Offer Document and in the FAA and/or the FAT, as the case may be, and in the case of Depositors, the receipt by the Offeror of confirmations satisfactory to it that the relevant number of Offer Shares tendered by the accepting Shareholders in acceptance of the Offer are standing to the credit of the "Free Balance" of their respective Securities Account at the relevant time(s), remittances in the form of S$ cheques drawn on a bank in Singapore for the appropriate amounts will be despatched as soon as practicable but in any event: (a) In respect of valid acceptances of the Offer which are complete in all respects and are received **on or before** the date on which the Offer becomes or is declared to be unconditional in all respects in accordance with its terms, within seven (7) Business Days of such date; or (b) In respect of valid acceptances of the Offer which are complete in all respects and are received **after** the Offer becomes or is declared to be unconditional in all respects in accordance with its terms, but before the Closing Date, within seven (7) Business Days of such date. Please refer to Section 2 of Appendix 1 to the Offer Document for further information.

ISEC HEALTHCARE LTD.

(Company Registration Number: 201400185H)
(Incorporated in the Republic of Singapore)

Board of Directors:	Registered Office:
Mr Sitoh Yih Pin (Non-Executive Chairman and Independent Director)	101 Thomson Road
Dr Lee Hung Ming (Executive Vice Chairman)	#09-04 United Square
Dr Wong Jun Shyan (Executive Director and Chief Executive Officer)	Singapore 307591
Professor Low Teck Seng (Independent Director)	
Mr Lim Wee Hann (Independent Director)	

22 November 2019

To: The Shareholders of ISEC Healthcare Ltd.

Dear Sir/Madam

MANDATORY CONDITIONAL CASH OFFER BY CICF, FOR AND ON BEHALF OF THE OFFEROR, FOR THE OFFER SHARES

1. INTRODUCTION

1.1 **Holding Announcement**

On the Holding Announcement Date, the Company announced that the Board had received a notification from Dr Wong (Executive Director and Chief Executive Officer of the Company) for himself and on behalf of certain Shareholders who are also employees of the Company and/or its subsidiaries, including Dr Lee (Executive Vice Chairman of the Company) (together, the "**Notifying Shareholders**"), that the Notifying Shareholders are at an advanced stage of negotiations with a third party purchaser independent of the Notifying Shareholders for the sale of part of their Shares (the "**Potential Transaction**") and that based on the proposed terms, the Potential Transaction, if completed, is likely to lead to an offer for the shares of the Company in due course (the "**Holding Announcement**").

A copy of the Holding Announcement is available on the website of the SGX-ST at www.sgx.com.

1.2 **Update Announcement**

On the Update Announcement Date, the Company announced that the Board understood from Dr Wong, one of the Notifying Shareholders, that the Notifying Shareholders remain at an advanced stage of negotiations with a third party purchaser independent of the Notifying Shareholders in respect of the Potential Transaction and that based on the proposed terms, the Potential Transaction, if completed, is likely to lead to an offer for the shares of the Company in due course (the "**Update Announcement**").

A copy of the Update Announcement is available on the website of the SGX-ST at www.sgx.com.

1.3 **Pre-Conditional Offer Announcement**

On the Pre-Conditional Offer Announcement Date, CICF announced, for and on behalf of the Offeror, that the Offeror had on 26 August 2019 entered into the Sale and Purchase Agreement with the Sellers to acquire an aggregate of 186,321,991 Shares (the "**Sale Shares**") representing 35% of the total issued Shares, held by the Sellers (the "**Acquisition**") at the price of S$0.36 per Sale Share, for a total consideration of S$67,075,916.76 to be satisfied in cash.

As stated in the Pre-Conditional Offer Announcement, completion of the Sale and Purchase Agreement ("**Completion**") is subject to the fulfilment of the Conditions Precedent, which shall be fulfilled by 13 November 2019 or such other date as the Parties may agree in writing. Subject to the Completion, CICF will, for and on behalf of the Offeror, announce the firm intention on the part of the Offeror to make an Offer for the Offer Shares in accordance with Rule 14 of the Code.

A copy of the Pre-Conditional Offer Announcement is available on the website of the SGX-ST at www.sgx.com.

1.4 **Formal Offer Announcement**

On the Formal Offer Announcement Date, CICF announced, for and on behalf of the Offeror, the fulfilment of all the Conditions Precedent to the Sale and Purchase Agreement, and in accordance therewith, the Offeror has completed the Acquisition on 25 October 2019. As a result of the Completion, CICF announced, for and on behalf of the Offeror, that the Offeror intends to make an Offer in accordance with Rule 14 of the Code for all the Offer Shares.

A copy of the Formal Offer Announcement is available on the website of the SGX-ST at www.sgx.com.

1.5 **Offer Document**

Shareholders should have by now received a copy of the Offer Document, as announced by CICF, for and on behalf of the Offeror, which was despatched on 8 November 2019, setting out, *inter alia*, the terms and conditions of the Offer. The principal terms and conditions of the Offer are set out on pages 10, 11 and 13 of the Offer Document. **Shareholders are advised to read the terms and conditions of the Offer set out in the Offer Document carefully.**

A copy of the Offer Document is available on the website of the SGX-ST at www.sgx.com.

1.6 **Independent Financial Adviser**

The Company has appointed CIMB as the independent financial adviser to advise the Independent Directors in respect of the Offer.

1.7 **Purpose of Circular**

The purpose of this Circular is to provide Shareholders with relevant information pertaining to the Company, the Offer, the advice of the IFA to the Independent Directors and the recommendation of the Independent Directors with regard to the Offer.

Shareholders should read the Offer Document, this Circular and the IFA Letter set out in Appendix I to this Circular carefully and consider the recommendation of the Independent Directors and the advice of the IFA to the Independent Directors in respect of the Offer before deciding whether or not to accept the Offer.

If you are in any doubt in relation to this Circular or as to the action you should take, you should consult your stockbroker, bank manager, accountant, solicitor, tax adviser or other professional adviser immediately.

2. THE OFFER

2.1 **Terms of the Offer**

The Offer is made by CICF, for and on behalf of the Offeror, on the principal terms set out in Sections 2, 3 and 7 of the Letter to Shareholders in the Offer Document, extracts of which are set out below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document, unless otherwise defined.

"***2. TERMS OF THE OFFER***

2.1 ***Terms of the Offer***

The Offer will be made for all the Offer Shares, subject to the terms and conditions set out in this Offer Document and the accompanying FAA and/or FAT, as the case may be.

2.2 ***Offer Price***

The Offer Price for each Offer Share will be as follows:

For each Offer Share: S$0.36, payable in cash

The Offer Shares will be acquired:

(a) fully paid;

(b) free from all Encumbrances; and

(c) together with all rights, benefits and entitlements attached thereto as at the Pre-Conditional Offer Announcement Date and thereafter attaching thereto, including the right to receive and retain all Distributions declared, paid or made by the Company on or after the Pre-Conditional Offer Announcement Date.

Accordingly, if any Distribution is or has been announced, declared, paid or made by the Company on or after the Pre-Conditional Offer [sic] Announcement Date, the Offeror reserves the right to reduce the Offer Price correspondingly by the amount of such dividend, right, distribution, return of capital and/or other entitlements.

2.3 ***Adjustment for Distributions***

Without prejudice to the foregoing, the Offer Price has been determined on the basis that the Offer Shares will be acquired with the right to receive any Distribution that may be declared, paid or made by the Company on or after the Pre-Conditional Offer Announcement Date.

*Accordingly, in the event any Distribution is or has been declared, paid or made by the Company in respect of the Offer Shares on or after the Pre-Conditional Offer Announcement Date to a Shareholder who validly accepts the Offer (the "**Accepting Shareholder**"), the Offer Price payable to such Accepting Shareholder may be reduced by an amount which is equal to the amount of such Distribution, depending on when the settlement date in respect of the Offer Shares tendered in acceptance of the Offer by the Accepting Shareholder falls, as follows:*

(a) if such settlement date falls on or before the Books Closure Date, the Offer Price for each Offer Share shall remain unadjusted and the Offeror shall pay the Accepting Shareholder the unadjusted Offer Price for each Offer Share, as the Offeror will receive the Distribution in respect of such Offer Share from the Company; or

*(b) if such settlement date falls after the Books Closure Date, the Offer Price for each Offer Share shall be reduced by an amount which is equal to the amount of the Distribution in respect of each Offer Share (the Offer Price after such reduction, the "**Adjusted Offer Price**") and the Offeror shall pay the Accepting Shareholder the Adjusted Offer Price for each Offer Share, as the Offeror will not receive the Distribution in respect of such Offer Share from the Company.*

3. MINIMUM ACCEPTANCE CONDITION

*The Offer is conditional upon the Offeror having received, by the close of the Offer Period, valid acceptances in respect of such number of Offer Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror Concert Group, will result in the Offeror Concert Group holding such number of Shares carrying more than 50% of the voting rights attributable to the issued Shares (excluding any treasury shares) as at the close of the Offer ("**Minimum Acceptance Condition**").*

...

7. WARRANTY

A Shareholder who tenders his Offer Shares in acceptance of the Offer will be deemed to have unconditionally and irrevocably warranted that he sells such Offer Shares, as or on behalf of, the beneficial owner(s) thereof, (a) fully paid, (b) free from all Encumbrances whatsoever and (c) transferred together with all rights, benefits and entitlements attached to them as at the Pre-Conditional Offer Announcement Date and thereafter attaching thereto, including but not limited to the right to receive and retain all Distributions (if any) declared, paid or made by the Company on or after the Pre-Conditional Offer Announcement Date."

2.2 **Duration of the Offer**

The duration of the Offer is set out in Section 8 of the Letter to Shareholders in the Offer Document, extracts of which are set out below.

"***8. DURATION OF THE OFFER***

The Offer is open for acceptance by Shareholders for at least 28 days after the Despatch Date, unless the Offer is withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder.

Accordingly, the Offer will close at 5.30 p.m. (Singapore time) on 6 December 2019 *or such other later date(s) as may be announced from time to time by or on behalf of the Offeror.*"

2.3 **Details of the Offer**

The details of the Offer are set out in Section 9 of the Letter to Shareholders in the Offer Document and Appendix 1 to the Offer Document, extracts of which are set out below.

"***9. DETAILS OF THE OFFER***

Appendix 1 *sets out further details on:*

(a) settlement of the consideration for the Offer;

(b) requirements relating to the announcements of level of acceptances of the Offer; and

(c) right of withdrawal of acceptances of the Offer.

...

APPENDIX 1 – DETAILS OF THE OFFER

1. DURATION OF THE OFFER

1.1 ***First Closing Date***

The Offer is open for acceptance by Shareholders for at least 28 days after the Despatch Date, unless the Offer is withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder.

Accordingly, the Offer will close at 5.30 p.m. (Singapore time) on 6 December 2019 *or such other later date(s) as may be announced from time to time by or on behalf of the Offeror.*

1.2 ***Subsequent Closing Date(s)***

If the Offer is extended and:

(a) the Offer is not unconditional as to acceptances as at the date of such extension, the announcement of the extension must state the next Closing Date; or

(b) the Offer is unconditional as to acceptances as at the date of such extension, the announcement of the extension need not state the next Closing Date but may state that the Offer will remain open until further notice. In such a case, the Offeror must give Shareholders at least 14 days' prior notice in writing before it may close the Offer.

1.3 ***No Obligation to Extend the Offer***

The Offeror is not obliged to extend the Offer if the Minimum Acceptance Condition is not fulfilled by the Closing Date.

1.4 ***Offer to Remain Open for 14 Days after being Declared Unconditional as to Acceptances***

*Pursuant to Rule 22.6 of the Code, if the Offer becomes or is declared unconditional as to acceptances, the Offer will remain open for a period (the "**Rule 22.6 Period**") for not less than 14 days after the date on which the Offer would otherwise have closed, in order to give Shareholders who have not accepted the Offer the opportunity to do so.*

*This requirement does not apply if, before the Offer has become or is declared unconditional as to acceptances, the Offeror has given Shareholders notice in writing of at least 14 days (the "**Shut-Off Notice**") that the Offer will not be open for acceptance beyond a specified Closing Date, provided that:*

(a) the Offeror may not give a Shut-Off Notice in a competitive situation; and

(b) the Offeror may not enforce a Shut-Off Notice, if already given, in a competitive situation.

For these purposes, the SIC would normally regard a "competitive situation" to have arisen if a competing offer for the Company has been announced. If a declaration that the Offer is unconditional is confirmed in accordance with Rule 28.1 of the Code, the Rule 22.6 Period will run from the date of such confirmation or the date on which the Offer would otherwise have closed, whichever is later.

1.5 ***Final Day Rule***

The Offer (whether revised or not) will not be capable of:

(a) becoming or being declared unconditional as to acceptances after 5.30 p.m. (Singapore time) on the 60th day after the Despatch Date; or

(b) being kept open after the expiry of such 60-day period unless the Offer has previously become or been declared to be unconditional as to acceptances,

*provided that the Offeror may extend the Offer beyond such 60-day period with the SIC's prior consent (the "**Final Day Rule**"). The SIC will normally grant such permission if a competing offer has been announced.*

2. SETTLEMENT

Subject to the Offer becoming or being declared unconditional in all respects and to the receipt by the Offeror from the accepting Shareholders of valid acceptances and all relevant documents required by the Offeror which are complete in all respects and in accordance with the instructions given in this Offer Document and in the FAA and/or the FAT, as the case may be, and in the case of a Depositor, the receipt by the Offeror of a confirmation satisfactory to it that the relevant number of Offer Shares tendered by the accepting Shareholders in acceptance of the Offer are standing to the credit of the "Free Balance" of their respective Securities Account at the relevant time(s), remittances in the form of S$ cheques drawn on a bank in Singapore for the appropriate amounts will be despatched, to the accepting Shareholders (or in the case of an accepting Shareholder holding share certificate(s) which is not deposited with CDP, his designated agent (if any)) by ordinary post and at the risk of the accepting Shareholders or by such other manner as the accepting Shareholders may have agreed with CDP for payment of any cash distributions as soon as practicable but in any event:

*(a) in respect of valid acceptances of the Offer which are complete in all respects and are received **on or before** the date on which the Offer becomes or is declared to be unconditional in all respects in accordance with its terms, within seven (7) Business Days of such date; or*

*(b) in respect of valid acceptances of the Offer which are complete in all respects and are received **after** the Offer becomes or is declared to be unconditional in all respects in accordance with its terms, but before the Closing Date, within seven (7) Business Days of such date.*

3. ANNOUNCEMENTS

*3.1 **Timing and Contents***

Pursuant to Rule 28.1 of the Code, by 8.00 a.m. on the Relevant Day, the Offeror will announce and simultaneously inform the SGX-ST of the total number of Offer Shares (as nearly as practicable):

(a) for which valid acceptances of the Offer have been received;

(b) held by the Offeror Concert Group before the Offer Period; and

(c) acquired or agreed to be acquired by the Offeror Concert Group during the Offer Period,

and will specify the percentages of the total number of issued Shares represented by such numbers.

3.2 ***Suspension***

If the Offeror is unable, within the time limit, to comply with any of the requirements of Section 3.1 of this ***Appendix 1,*** *SIC will consider requesting the SGX-ST to suspend dealings in the Shares until the relevant information is given.*

3.3 ***Valid Acceptances of Shares***

Subject to Section 20.1 of this Offer Document, in computing the number of Offer Shares represented by acceptances, the Offeror will, at the time of making an announcement, take into account acceptances which are valid in all respects. Acceptances of the Offer will only be treated as valid for the purposes of the acceptance condition if the relevant requirements of Note 2 on Rule 28.1 of the Code are met.

4. RIGHTS OF WITHDRAWAL

4.1 ***Acceptances Irrevocable***

Except as expressly provided in this Offer Document and the Code, acceptances of the Offer shall be irrevocable.

4.2 ***Right of Withdrawal of Shareholders***

A Shareholder who has accepted the Offer may:

(a) *withdraw his acceptance immediately if the Offer has become or been declared to be unconditional but the Offeror fails to comply with any of the requirements described in Section 3.1 of this* ***Appendix 1*** *above, by 3.30 p.m. (Singapore time) on the Relevant Day. Subject to the Final Day Rule referred to in Section 1.5 of this* ***Appendix 1*** *above, the Offeror may terminate this right of withdrawal not less than eight (8) days after the Relevant Day by confirming (if that be the case) that the Offer is still unconditional as to acceptances and by complying with the requirements described in Section 3.1 of this* ***Appendix 1*** *above;*

(b) *withdraw his acceptance after 14 days from the first Closing Date if the Offer has not by then become or been declared unconditional as to acceptances. This right of withdrawal may be exercised until such time as the Offer becomes or is declared unconditional as to acceptances; or*

(c) *withdraw his acceptance immediately if a competing offer becomes or is declared to be unconditional as to acceptances. This right of withdrawal also applies in the converse situation: if the Offer becomes or is declared unconditional, a Shareholder who has accepted a competing offer may likewise withdraw his acceptance for such competing offer immediately.*

4.3 ***Method of Withdrawal***

To withdraw his acceptance under the Offer:

(a) a Shareholder holding Offer Shares which are deposited with CDP must give written notice to Aier Eye International (Singapore) Pte. Ltd., c/o The Central Depository (Pte) Limited, 9 North Buona Vista Drive, #01-19/20, The Metropolis, Singapore 138588; and

(b) a Shareholder holding Offer Shares which are not deposited with CDP must give written notice to Aier Eye International (Singapore) Pte. Ltd, c/o Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623.

Such notice of withdrawal shall be effective only if signed by the accepting Shareholder or his agent duly appointed in writing and evidence of whose appointment is produced in a form satisfactory to the Offeror within the said notice and when actually received by the Offeror."

2.4 **Procedures for Acceptance**

The procedures for acceptance of the Offer are set out in Appendix 2 to the Offer Document and the accompanying FAA and/or FAT (as the case may be).

3. INFORMATION ON THE OFFEROR AND AIER

3.1 **Information on the Offeror and Aier**

The information on the Offeror and Aier set out below has been extracted from Appendix 3 to the Offer Document.

"***1. DIRECTORS***

The names, addresses and descriptions of the directors of the Offeror as at the Latest Practicable Date are as set out below:

Name	***Address***	***Description***
Chen Bang	*c/o 2 Shenton Way #18-01 SGX Centre 1 Singapore 068804*	*Director*
Wong Ying Cheeng	*c/o 2 Shenton Way #18-01 SGX Centre 1 Singapore 068804*	*Director*
Zhang Yongmei	*c/o 2 Shenton Way #18-01 SGX Centre 1 Singapore 068804*	*Director*

*2. **PRINCIPAL ACTIVITIES AND SHARE CAPITAL***

*2.1 **The Offeror***

The Offeror is a private limited company incorporated and domiciled in Singapore. The Offeror is a direct wholly-owned subsidiary of Aier, a company which is incorporated in the PRC and listed on the Shenzhen Stock Exchange. The Offeror is an investment holding company and is a special purpose vehicle incorporated for the purpose of the Acquisition and making the Offer.

As at the Latest Practicable Date, the Offeror has an issued share capital of S$1 comprising one (1) issued ordinary share, and its directors are Chen Bang, Wong Ying Cheeng and Zhang Yongmei.

*2.2 **Aier***

Aier is a company incorporated in the PRC and listed on the Shenzhen Stock Exchange. Aier operates a global chain of eye care medical service institutions, whose main business is the provision of ophthalmic medical services (including refractive surgery, cataract surgery, anterior segment surgery, posterior segment surgery and other operations) as well as optometry services. Aier's business portfolio is divided into the following three (3) main areas:

(a) Medical services: rendering of medical services of ophthalmology, primary eye care, clinical laboratory and optometry.

(b) Research and development: research in technology related to ophthalmological medicine and research and development, production and sales of software related to telemedicine.

(c) Investment: investment, management and operation of hospitals and ophthalmological clinics.

As at the Latest Practicable Date, Aier has an issued share capital of RMB3,097,811,227, comprising 3,097,811,227 shares, and its directors are Chen Bang, Li Li, Han Zhong, Zheng Yuanmin, Wang Jianping, Zhang Zhihong and Wu Shijun. The market capitalisation of Aier as at the Latest Practicable Date is approximately RMB130 billion."

3.2 **Further information on the Offeror and Aier**

Shareholders should refer to Appendix 3 to the Offer Document for further information on the Offeror and Aier.

4. UNDERTAKINGS FROM THE SELLERS

The full text of the undertakings (the "**Undertakings**") provided by each of the Sellers pursuant to the terms of the Sale and Purchase Agreement has been extracted from Section 4 of the Letter to Shareholders in the Offer Document and is set out below.

"***4. UNDERTAKINGS FROM THE SELLERS***

*4.1 Pursuant to the terms of the Sale and Purchase Agreement, each of the Sellers has provided certain undertakings ("**Undertakings**") that following completion of the Acquisition:*

*(a) During the Offer, if (i) the level of acceptances obtained by the remaining Shareholders of the Company (being the Shareholders of the Company apart from the Sellers) is at least 13% of the issued share capital of the Company, and (ii) the acceptances by such remaining Shareholders of the Company immediately prior to the close of the Offer when aggregated with the Sale Shares sold to the Offeror pursuant to the Sale and Purchase Agreement, is less than 50% of the issued share capital of the Company, Dr. Lee Hung Ming and Dr. Wong Jun Shyan jointly and severally undertake to tender to the Offeror an additional 1% plus 1 Share (being 5,323,486 Shares) and 1% (being 5,323,485 Shares) respectively ("**Additional Shares**") by accepting the Offer prior to the close of the Offer; and*

(b) Each of the Sellers shall not, apart from the Sale Shares sold pursuant to the Sale and Purchase Agreement and the Additional Shares (where applicable), accept the Offer in respect of any remaining Shares held by him.

Based on the latest disclosure of shareholdings announced by the Company on SGXNET, each of Dr. Lee Hung Ming's and Dr. Wong Jun Shyan's shareholdings in the Company as at the Latest Practicable Date is as follows:

	Undertaking Shareholder	***Shares in the Company***		***No. of Shares committed in the Undertakings***
		Direct	***Deemed***	
1.	*Dr. Lee Hung Ming*	*0*	*42,827,279*	*5,323,486*
2.	*Dr. Wong Jun Shyan*	*17,377,634*	*15,000,000*	*5,323,485*

"

5. RATIONALE FOR THE OFFER

The full text of the rationale for the Offer has been extracted from Section 13 of the Letter to Shareholders in the Offer Document and is set out below.

"***13. RATIONALE***

13.1 ***Compliance with the Code.*** *As a result of the Acquisition as described in Section 1.1 above, the Offeror is required to make the Offer in compliance with the requirements of the Code.*

13.2 ***Opportunity for Shareholders who may find it difficult to exit their investment in the Company due to low trading liquidity.***

The historical trading liquidity of the Shares on the SGX-ST has been low. The average daily trading volume of the Shares over the last one-month, three-month, six-month and 12-month periods up to and including the Last Trading Day are detailed in the table below:

	Average Daily Trading Volume ("ADTV")(1)	***ADTV as a percentage of total Shares***(2)(3)
One-month period up to and including the Last Trading Day	*187,238 Shares*	*0.04%*
Three-month period up to and including the Last Trading Day	*374,258 Shares*	*0.07%*
Six-month period up to and including the Last Trading Day	*317,493 Shares*	*0.06%*
12-month period up to and including the Last Trading Day	*217,971 Shares*	*0.04%*

Notes:

(1) The figures set out in the table above are based on data extracted from Bloomberg L.P. The average daily trading volume is computed based on the total trading volume of the Shares divided by the number of Market Days with respect to the relevant period immediately prior to and including the Last Trading Day.

(2) Calculated using the ADTV of Shares traded divided by the total number of issued Shares (excluding 386,400 treasury shares).

(3) Rounded to the nearest two (2) decimal places.

13.3 ***Offer Price at a premium to traded prices at different time periods over the last 12 months prior to the trading day immediately preceding the Holding Announcement Date.***

When compared to the benchmark prices of the Shares prior to the trading day immediately preceding the Holding Announcement Date, the Offer Price represents a premium of approximately 11.80%, 13.92%, 17.65% and 19.60% over the VWAP per Share for the one-month, three-month, six-month and 12-month periods, respectively.

The Offer presents Shareholders with a clean cash exit opportunity to realise up to their entire investment in the Shares at a premium over historical trading prices of the Shares without incurring brokerage and other trading costs."

6. OFFEROR'S INTENTIONS FOR THE COMPANY

The full text of the Offeror's intentions for the Company has been extracted from Section 14 of the Letter to Shareholders in the Offer Document and is set out below. **Shareholders are advised to read the extract below carefully and note the Offeror's future plans for the Company.**

"***14. OFFEROR'S INTENTIONS FOR THE COMPANY***

The rationale for the Acquisition and the Offer by Aier via the Offeror, its wholly owned subsidiary, is to expand its eye care medical business into the South East Asia market through the Group, as part of its globalisation strategy by leveraging on the medical expertise and experience of the Group's medical team. Through the Acquisition and the Offer, Aier will be able to enhance its leading position in the global eye care medical market by creating complementary business operations with the Group through sharing of best practices and eye care medical know-how.

The Offeror intends for the Company to continue with its existing activities and has no current intention of (a) making material changes to the Group's existing business, (b) re-deploying the Group's fixed assets, or (c) discontinuing the employment of the employees of the Group, other than in the ordinary course of business. The Offeror however retains the flexibility at any time to consider options or opportunities which may present themselves."

7. FINANCIAL EVALUATION OF THE OFFER

The full text of the financial evaluation of the Offer as set out in Section 15 of the Letter to Shareholders in the Offer Document has been extracted from the Offer Document and reproduced below.

"***15. FINANCIAL EVALUATION OF THE OFFER***

The Offer Price represents the following premium over the benchmark prices of the Shares as set out below:

Description	***Benchmark Price(1)(2) (S$)***	***Premium over Benchmark Price(3) (%)***
Last transacted price per Share as quoted on the SGX-ST on 28 June 2019, being the last trading day prior to the trading halt of the Shares, preceding the Holding Announcement Date	*0.340*	*5.88*
Last transacted price per Share as quoted on the SGX-ST on the Last Trading Day	*0.325*	*10.77*

Description	***Benchmark Price[(1)(2)] (S$)***	***Premium over Benchmark Price[(3)] (%)***
VWAP of the Shares for the one-month period up to the last trading day preceding the Holding Announcement Date	*0.322*	*11.80*
VWAP of the Shares for the one-month period up to and including the Last Trading Day	*0.341*	*5.57*
VWAP of the Shares for the three-month period up to the last trading day preceding the Holding Announcement Date	*0.316*	*13.92*
VWAP of the Shares for the three-month period up to and including the Last Trading Day	*0.340*	*5.88*
VWAP of the Shares for the six-month period up to the last trading day preceding the Holding Announcement Date	*0.306*	*17.65*
VWAP of the Shares for the six-month period up to and including the Last Trading Day	*0.325*	*10.77*
VWAP of the Shares for the 12-month period up to the last trading day preceding the Holding Announcement Date	*0.301*	*19.60*
VWAP of the Shares for the 12-month period up to and including the Last Trading Day	*0.316*	*13.92*

Notes:

(1) The figures set out in the table above are based on data extracted from Bloomberg L.P. and are calculated by using total value of Shares over the total volume of Shares traded for the relevant period.

(2) The figures are rounded to the nearest three (3) decimal places.

(3) The figures are rounded to the nearest two (2) decimal places."

8. LISTING STATUS AND COMPULSORY ACQUISITION

The full text of the intentions of the Offeror relating to the listing status and compulsory acquisition of the Company has been extracted from Section 16 of the Letter to Shareholders in the Offer Document and is set out below. **Shareholders are advised to read the extract below carefully.**

"***16.*** **LISTING STATUS AND COMPULSORY ACQUISITION**

16.1 ***Listing Status***

*Pursuant to Rule 723 of the Catalist Rules, the Company must ensure that at least 10% of the total number of Shares (excluding preference shares, convertible equity securities and treasury shares) in a class that is listed is at all times held by the public (the "**Free Float Requirement**").*

Pursuant to Rule 1104 of the Catalist Rules, in the event that the Offeror Concert Group should, as a result of the Offer or otherwise, own or control more than 90% of the total number of Shares (excluding treasury shares), the SGX-ST may suspend the trading of the Shares on the SGX-ST until such time when the SGX-ST is satisfied that at least 10% of the total number of Shares (excluding treasury shares) are held by at least 200 Shareholders who are members of the public.

In addition, under Rule 724(1) of the Catalist Rules, if the Free Float Requirement is not complied with, the Company must, as soon as possible, notify its sponsor of that fact and announce that fact and the SGX-ST may suspend trading of all the Shares on the SGX-ST. Rule 724(2) of the Catalist Rules states that the SGX-ST may allow the Company a period of three (3) months, or such longer period as the SGX-ST may agree, for the percentage of the Shares held by members of the public to be raised to at least 10%, failing which the Company may be delisted from the SGX-ST.

It is the intention of the Offeror to maintain the listing status of the Company on the SGX-ST following completion of the Offer. *In the event that the trading of the Shares on the SGX-ST is suspended pursuant to Rule 724 or Rule 1104 of the Catalist Rules, the Offeror intends to undertake and/or support any action as may be necessary for any such trading suspension by the SGX-ST to be lifted.*

16.2 ***Compulsory Acquisition***

*Pursuant to Section 215(1) of the Companies Act, in the event that the Offeror receives valid acceptances pursuant to the Offer (or otherwise acquires Shares during the period when the Offer is open for acceptance) in respect of not less than 90% of the total number of issued Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the date of the Offer and excluding any Shares held by the Company as treasury shares), the Offeror would be entitled to exercise the right to compulsorily acquire all the Shares of the Shareholders who have not accepted the Offer ("**Dissenting Shareholders**") at a price equal to the Offer Price.*

In addition, Dissenting Shareholders have the right under and subject to Section 215(3) of the Companies Act, to require the Offeror to acquire their Shares at a price equal to the Offer Price in the event that the Offeror, its related corporations or their respective nominees acquire, pursuant to the Offer, such number of Shares which, together with the treasury shares and the Shares held by the Offeror, its related corporations or their respective nominees, comprise 90% or more of the total number of issued Shares. Dissenting Shareholders who wish to exercise such rights are advised to seek their own independent legal advice. Unlike Section 215(1) of the Companies Act, the 90% threshold under Section 215(3) of the Companies Act does *not exclude treasury shares or Shares held by the Offeror, its related corporations or their respective nominees as at the date of the Offer.*

As the Sellers will not accept the Offer in respect of their Shares (except in limited circumstances set out in Section 4 above), it is envisaged that the Offeror would not become entitled to exercise the right of compulsory acquisition under Section 215(1) of the Companies Act pursuant to acceptances of the Offer."

9. DISCLOSURES OF HOLDINGS AND DEALINGS

The full text of information relating to the disclosure of holdings and dealings in relevant securities by the Offeror and persons acting in concert with the Offeror as set out in Section 17 of the Letter to Shareholders in the Offer Document and Appendix 5 to the Offer Document has been extracted from the Offer Document and reproduced below.

"***17.*** **DISCLOSURES OF HOLDINGS AND DEALINGS IN COMPANY SECURITIES**

17.1 ***Shareholdings***

As at the Latest Practicable Date, pursuant to the completion of the Acquisition, the Offeror Concert Group hold in aggregate 186,321,991 Shares, representing 35% of the total issued Shares.

17.2 ***No Dealings***

Save as described in **Appendix 5,** *none of the Offeror Concert Group has dealt for value in any Company Securities during the Reference Period.*

17.3 ***Irrevocable Undertakings***

As at the Latest Practicable Date, save for the Undertakings, none of the Offeror Concert Group has received any irrevocable undertaking from any party to accept or reject the Offer.

...

APPENDIX 5 – DISCLOSURES OF HOLDINGS AND DEALINGS IN SHARES

1. HOLDINGS OF COMPANY SECURITIES BY THE OFFEROR CONCERT GROUP

Save as disclosed below, as at the Latest Practicable Date, based on the latest information available to the Offeror, none of the Offeror Concert Group owns, controls or has agreed to acquire any Company Securities.

Name	***Number of shares***			
	Direct Interest	***%***	***Deemed Interest***[(2)(3)]	***%***
Offeror	*–*	*–*	*186,321,991*[(1)]	*35*

Note:

(1) Being the Sale Shares which the Offeror acquired pursuant to the Acquisition.

(2) The Offeror is deemed to be interested in the 186,321,991 Shares held through its depository agent, DBS Nominees Pte Ltd.

(3) Aier is deemed to have an interest in the 186,321,991 Shares in which the Offeror has an interest, by virtue of the Offeror being a wholly-owned subsidiary of Aier.

2. DEALINGS IN COMPANY SECURITIES

Save as disclosed below and in this Offer Document, as at the Latest Practicable Date, none of the Offeror Concert Group has dealt for value in any Company Securities during the Reference Period.

Name	***Date***	***No. of Shares acquired***	***No. of Shares disposed***	***Transaction price per Share (S$)***
Offeror	*25 October 2019*	*186,321,991*[(1)]	*–*	*0.36*

Note:

(1) Being the Sale Shares which the Offeror acquired pursuant to the Acquisition.

3. IRREVOCABLE UNDERTAKINGS

As at the Latest Practicable Date, the Offeror has received the Undertakings from the Sellers. Details of the Undertakings are set out in Section 4 of the Letter to Shareholders in this Offer Document.

4. SECURITY INTERESTS, BORROWING OR LENDING OF COMPANY SECURITIES

The Sale Shares acquired by the Offeror pursuant to the Acquisition were charged, and the Shares which will be acquired by the Offeror pursuant to the Offer or otherwise during the Offer Period will be charged, to DBS Bank Ltd., being the security agent, as part of the security arrangements for the financing for the Acquisition and the Offer.”

10. CONFIRMATION OF FINANCIAL RESOURCES

The full text of the confirmation of financial resources by CICF as set out in Section 18 of the Letter to Shareholders in the Offer Document has been extracted from the Offer Document and reproduced below.

"***18. CONFIRMATION OF FINANCIAL RESOURCES***

CICF, as the financial adviser to the Offeror in connection with the Offer, confirms that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer, taking into account the Undertakings, on the basis of the Offer Price."

11. ADVICE AND RECOMMENDATION

11.1 General

Shareholders should read and carefully consider the recommendation of the Independent Directors as set out in Section 11.4 below and the advice of the IFA to the Independent Directors dated 22 November 2019, which is set out in Appendix I to this Circular, before deciding whether to accept or reject the Offer.

11.2 Independence of Directors

The SIC has ruled that each of Dr Lee and Dr Wong is exempted from the requirement to make a recommendation to Shareholders on the Offer, as each of Dr Lee and Dr Wong believes that they may face a conflict of interest in relation to the Offer given their provision of the Undertakings as set out in Section 4 of this Circular.

Notwithstanding such exemption, Dr Lee and Dr Wong will still assume responsibility for the accuracy of facts stated and opinions expressed in documents, announcements and/or advertisements issued by, or on behalf of, the Company in connection with the Offer.

Mr Lim Wee Hann, an Independent Director of the Company, is a partner of Messrs Rajah & Tann Singapore LLP, which are the legal advisers to the Company in connection with the Offer.

Each of Mr Sitoh Yih Pin, Professor Low Teck Seng and Mr Lim Wee Hann considers himself to be independent for the purposes of making a recommendation to the Shareholders in relation to the Offer.

11.3 Advice of the IFA to the Independent Directors

(a) IFA

CIMB has been appointed as the independent financial adviser to advise the Independent Directors in respect of the Offer. Shareholders should consider carefully the recommendation of the Independent Directors and the advice of the IFA to the Independent Directors before deciding whether to accept or reject the Offer. CIMB's advice is set out in its letter dated 22 November 2019, which is set out in Appendix I to this Circular.

(b) Factors taken into consideration by the IFA

In arriving at its recommendation, the IFA has taken into account several key considerations, set forth in paragraphs 8 and 9 of the IFA Letter. Shareholders should read paragraphs 8 and 9 of the IFA Letter in conjunction with, and in the context of, the full text of the IFA Letter.

(c) Advice of the IFA

After having regard to the considerations set out in the IFA Letter, an extract of the summary which is set out below, and based on the circumstances of the Company and the information as at the Latest Practicable Date, the IFA has made certain recommendations to the Independent Directors. Shareholders should read the extract below in conjunction with, and in the context of, the full text of the IFA Letter. All terms and expressions used in the extract below shall have the same meanings as those defined in the IFA Letter, unless otherwise defined or the context otherwise requires.

"***9. SUMMARY OF OUR ANALYSIS***

9.1. Key Factors

In arriving at our advice to the Independent Directors on the Offer, we have considered inter alia the following factors which should be read in the context of the full text of this letter:

Factors in favour of the Offer Price

(i) The Shares had not closed at or above the Offer Price over the 3-year period prior to the Holding Announcement Date;

(ii) After the release of the Pre-Conditional Offer Announcement, the closing price of the Shares moved within a very narrow band of S$0.350 and S$0.355 during the period prior to the release of the Offer Announcement;

(iii) After the release of the Offer Announcement and up to the Latest Practicable Date, the closing price of the Shares traded within a narrow band of S$0.355 and S$0.360 and the Shares has not closed above the Offer Price;

(iv) The Offer Price represents a premium of between 5.9% to 22.6% over the various VWAPs in the 1-year period prior to the Holding Announcement Date;

(v) The Offer Price represents a premium of between 5.9% to 15.5% over the various VWAPs in the 1-year period prior to the Pre-Conditional Offer Announcement Date;

(vi) The Offer Price represents a premium of between 1.4% to 14.0% over the various VWAPs in the 3-year period prior to the Offer Announcement Date;

(vii) The ADTV of the Shares rose significantly after the release of the Holding Announcement with an ADTV of 386,290 Shares between the Holding Announcement Date and the Offer Announcement Date, compared to 135,269 Shares for the 1-year period prior to the Holding Announcement Date;

(viii) At 22.2x, the P/E multiple implied by the Offer Price is greater than the historical trailing P/E multiples of the Shares since February 2018, and is also greater than the average P/E multiple for the 1-year period prior to the Holding Announcement Date;

(ix) The trailing P/E multiple and EV/EBITDA multiple implied by the Offer Price are slightly above the corresponding mean and median multiples, and within the corresponding range of multiples of the Comparable Companies; and

(x) The P/E multiple implied by the Offer Price is above the corresponding range of multiples implied in the Precedent Transactions, the Aier Acquisitions and the Group Acquisitions.

Factors against the Offer Price

(i) The trailing P/E multiple implied by the Offer Price is significantly below that of Aier;

(ii) The market price premia implied by the Offer Price based on the closing price, 1-month VWAP and 3-month VWAP prior to the Holding Announcement Date, the Pre-Conditional Offer Announcement Date and the Offer Announcement Date are significantly below the corresponding mean and median premia of the Non-Privatisation Transactions;

(iii) The Comparable Companies (save for Singapore O&G Ltd) provide dividend yields which are lower than that of the Company in the last financial year; and

(iv) At the Offer Price, the Offeror acquired 35.0% shareholding interest from the Sellers and the Sellers in aggregate retained significant shareholding interests of 23.8% (including the Additional Shares which are subject of the Undertakings).

9.2 Practice Statement

*We would draw the attention of Shareholders to the practice statement issued by the SIC on 25 June 2014 (as amended on 28 February 2017) on the opinion issued by an independent financial adviser in relation to offers, whitewash waivers and disposal of assets under the Code ("**Practice Statement**"). The Practice Statement stipulates that the independent financial adviser in a takeover must state whether an offer is "fair and reasonable", the term being regarded as two different concepts. An offer is "fair" if the price offered is equal to or greater than the value of the offeree securities while in determining whether an offer is "reasonable", the independent financial adviser should consider other matters as well as the value of the offeree securities. Such* *matters include, but are not limited to, the existing voting rights held by the offeror in the offeree and the market liquidity of the offeree securities. Where the independent financial adviser concludes that an offer is "not fair but reasonable", it is on the basis that the independent financial adviser is of the view that despite the offer being "not fair", the offer is "reasonable" after taking into consideration other matters as well as the value of the offeree securities. Consequently, if the independent financial adviser is to make a recommendation whether to accept or reject the offer, the recommendation in such cases would be to accept the offer.*

9.3 CIMB's Opinion

Based upon, and having considered, inter alia, the factors described above and the information that has been made available to us as at the Latest Practicable Date, we are of the opinion that as at the Latest Practicable Date, the Offer is ***NOT FAIR BUT REASONABLE****.*

We are of the opinion that:

(i) the Offer Price is ***NOT FAIR*** *considering in particular (a) that the Offeror is a strategic acquirer seeking statutory control of the Company with the objective to enhance and expand Aier's business through the Group but the Offer Price however does not reflect a fair control premium when compared against the premia paid in the Non-Privatisation Transactions and at the Offer Price, the Offeror acquired only 35.0% shareholding interest from the Sellers and the Sellers (who are also the key management of the Group) in aggregate retained significant shareholding interests of 23.8%; and (b) the uptrend in the Group's financial performance and the Company's increasing dividend pay-out ratio over the last three financial years ended 31 December 2018; but*

(ii) the Offer Price is however ***REASONABLE*** *when compared against the historical trading performance of the Shares and considering the valuation multiples of the Company implied by the Offer Price relative to the trading multiples of the Comparable Companies.*

9.4 CIMB's Recommendation

Accordingly, we ***advise the Independent Directors to recommend that Shareholders ACCEPT THE OFFER*** *or sell their Shares in the open market if they can receive a price higher than the Offer Price (after netting off the related transaction expenses).*

In rendering the advice above, we have not had regard to the specific investment objectives, financial situation, tax position or particular needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, we would advise that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately. Shareholders *should note that the opinion and advice of CIMB should not be relied upon by any Shareholder as the sole basis for deciding whether or not to accept the Offer.*"

11.4 **Recommendation of the Independent Directors**

The Independent Directors, having considered carefully the terms of the Offer and the advice given by the IFA to the Independent Directors in the IFA Letter, **concur** with the advice of the IFA in respect of the Offer as set out in Section 11.3 of this Circular and in the IFA Letter. Accordingly, the Independent Directors recommend that Shareholders **ACCEPT** the Offer, unless Shareholders are able to obtain a price higher than the Offer Price on the open market, taking into account all brokerage commissions or transaction costs in connection with open market transactions. The Independent Directors also highlight to Shareholders that there is no assurance that the price of the Shares will remain at the current levels after the close or lapse of the Offer and the current price performance of the Shares may not be indicative of the future price performance levels of the Shares.

Shareholders are advised to read the terms and conditions of the Offer Document carefully. Shareholders are also advised to read and consider carefully the recommendation of the Independent Directors and the IFA Letter set out in Appendix I to this Circular in their entirety before deciding whether to accept or reject the Offer. Shareholders should note that the IFA's advice to the Independent Directors and the recommendation of the Independent Directors in respect of the Offer should not be relied upon by any Shareholder as the sole basis for deciding whether or not to accept the Offer.

Shareholders should note that the trading of the Shares are subject to, *inter alia*, the performance and prospects of the Group, prevailing economic conditions, economic outlook and stock market conditions and sentiments. Accordingly, the advice by the IFA on the Offer does not and cannot take into account future trading activities or patterns or price levels that may be established for the Shares after the Latest Practicable Date since these are governed by factors beyond the ambit of the IFA's review.

In rendering the above advice and making the above recommendation, the IFA and the Independent Directors have not considered the specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any individual Shareholder. **As different Shareholders would have different investment profiles and objectives, the Independent Directors recommend that any individual Shareholder who may require specific advice in relation to his/her investment portfolio or objectives and/or the Offer should consult his/her stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.**

12. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who **wish to accept the Offer** must do so not later than the Closing Date or such later date(s) as may be announced from time to time by or on behalf of the Offeror, abiding by the procedures for the acceptance of the Offer as set out in Appendix 2 to the Offer Document and in the accompanying FAA and/or FAT.

Acceptances should be completed and returned as soon as possible, and in any event, so as to be received on behalf of the Offeror:

(a) by the CDP (in respect of the FAA); or

(b) by the Share Registrar (in respect of the FAT),

as the case may be, not later than the Closing Date or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

Shareholders who **do not wish to accept the Offer** need not take any further action in respect of the Offer Document, the FAA and/or the FAT which have been sent to them.

13. OVERSEAS SHAREHOLDERS

The availability of the Offer to Overseas Shareholders may be affected by the laws of the relevant overseas jurisdiction. Overseas Shareholders should refer to Section 19 of the Letter to Shareholders in the Offer Document, an extract of which is set out below.

"***19. OVERSEAS SHAREHOLDERS***

19.1 ***Overseas Shareholders***

The availability of the Offer to Overseas Shareholders may be affected by laws and regulations of the relevant overseas jurisdictions. Accordingly, all Overseas Shareholders should inform themselves about and observe any applicable legal requirements. Where there are potential restrictions on sending this Offer Document, the FAA and/or the FAT to any overseas jurisdiction, each of the Offeror and CICF reserves the right not to send these documents to any overseas jurisdiction. For the avoidance of doubt, the Offer is made to all Shareholders holding Offer Shares, including to those to whom this Offer Document, the FAA and/or the FAT have not been or will not be sent.

Copies of this Offer Document and any other formal documentation relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any Restricted Jurisdiction and will not be capable of acceptance by any such use, instrumentality or facility within any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction.

The Offer (unless otherwise determined by the Offeror and permitted by applicable law and regulation) will not be made, directly or indirectly, in or into, or by the use of mails of, or by any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, any Restricted Jurisdiction, and the Offer will not be capable of acceptance by any such use, means, instrumentality or facilities.

This Offer Document does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy any security, nor is it a solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issuance or transfer of the securities referred to in this Offer Document in any jurisdiction in contravention of applicable law. The release, publication or distribution of this Offer Document in certain jurisdictions may be restricted by law and therefore persons in any such jurisdictions into which this Offer Document is released, published or distributed should inform themselves about and observe such restrictions.

19.2 ***Overseas Jurisdiction***

It is the responsibility of any Overseas Shareholder who wishes to (a) request for the Offer Document, the FAA and/or the FAT and any related documents; and/or (b) accept the Offer, as the case may be, to satisfy himself as to the full observance of the laws of the relevant jurisdictions in that connection, including the obtaining of any governmental or other consent which may be required, and compliance with all necessary formalities and legal requirements. Such Overseas Shareholder shall also be liable for any taxes, imposts, duties or other requisite payments payable in his own jurisdiction and the Offeror and any person acting on its behalf (including CICF, CDP and the Registrar) shall be fully indemnified and held harmless by such Overseas Shareholder for any such taxes, imposts, duties or other requisite payments that may be required to be paid and the Offeror shall be entitled to set-off any such amounts against any sum payable to the Overseas Shareholder pursuant to the Offer. In (i) requesting for this Offer Document and the Relevant Acceptance Forms; and/or (ii) accepting the Offer, the Overseas Shareholder represents and warrants to the Offeror, CDP, CICF and the Registrar that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities or legal requirements.

Each of the Offeror and CICF reserves the right not to treat any acceptance of the Offer in or from any overseas jurisdiction and/or in respect of an Overseas Shareholder as valid. Overseas Shareholders accepting the Offer should note that if they have, in the FAA and/or FAT, provided addresses in overseas jurisdictions for the receipt of remittances of payment by the Offeror, such acceptance may be rejected.

Any Overseas Shareholder who is in doubt about his position should consult his professional advisers in the relevant jurisdictions.

19.3 ***Copies of this Offer Document, the FAA and/or the FAT***

Overseas Shareholders may (subject to compliance with applicable laws) obtain copies of the Offer Document, the FAA and/or the FAT and any related documents, during normal business hours and up to 5:30 p.m. (Singapore time) on the Closing Date from the Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. (if he is a scrip holder) at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 or the Central Depository (Pte) Limited (if he is a Depositor) at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588.

Alternatively, shareholders (including Overseas Shareholders) may (subject to compliance with applicable laws and regulations) write in to the Offeror at Aier Eye International (Singapore) Pte. Ltd. c/o The Central Depository (Pte) Limited at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588 (if he is a Depositor), or (b) Aier Eye International (Singapore) Pte. Ltd. c/o Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 (if he is a scrip holder), to request for this Offer Document, the FAA and/or the FAT (as the case may be) and/or any related documents be sent to an address in Singapore by ordinary post at his own risk, up to five (5) Market Days prior to the Closing Date.

Electronic copies of this Offer Document, the FAA and/or the FAT are available on the website of the SGX-ST at www.sgx.com.

19.4 ***Notice***

Each of the Offeror and CICF reserves the right to notify any matter, including the fact that the Offer has been made, to any or all Shareholders (including Overseas Shareholders) by announcement to the SGX-ST or notice and if necessary, paid advertisement in a daily newspaper published and circulated in Singapore, in which case, such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder (including an Overseas Shareholder) to receive or see such announcement or advertisement."

The Constitution provides that any notice or document may be served on or delivered to any Shareholder by the Company either personally or by sending it through the post in a prepaid cover addressed to such Shareholder at his registered address appearing in the Register or (as the case may be) the Depository Register, or (if he has no registered address within Singapore) to the address, if any, within Singapore supplied by him to the Company or (as the case may be) supplied by him to the Depository as his address for the service of notices, or by delivering it to such address as aforesaid. The Constitution further provides that a Shareholder who (having no registered address within Singapore) has not given notice in writing to the Company or the Depository of an address within Singapore at which notices may be served upon him shall not be entitled to receive any notice from the Company.

Accordingly, and due to potential restrictions on sending this Circular to overseas jurisdictions, this Circular has not been and will not be sent to any Overseas Shareholder who has not provided, and will not provide, the Company with an address within Singapore at which notices or documents may be served upon him. Any affected Overseas Shareholder may nonetheless (subject to compliance with applicable laws) attend in person and obtain copies of this Circular during normal business hours and up to 5.30 p.m. (Singapore time) on the Closing Date, from the office of the Share Registrar at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623. Alternatively, an Overseas Shareholder may (subject to compliance with applicable laws) write to the Share Registrar at the above-stated address to request for this Circular to be sent to an address in Singapore by ordinary post at his own risk, up to five (5) Market Days prior to the Closing Date.

In requesting for this Circular and any related documents, each of the Overseas Shareholders represents and warrants to the Company that each of them is in full observance of the laws of the relevant jurisdiction in that connection, and that each of them is in full compliance with all necessary formalities or legal requirements.

14. INFORMATION PERTAINING TO SRS INVESTORS

SRS Investors will receive further information on how to accept the Offer from their respective SRS Agent Banks directly. SRS Investors are advised to consult their respective SRS Agent Banks should they require further information, and if they are in any doubt as to the action they should take, SRS Investors should seek independent professional advice.

SRS Investors who wish to accept the Offer are to reply to their respective SRS Agent Banks by the deadline stated in the letter from their respective SRS Agent Banks. SRS Investors who validly accept the Offer will receive the Offer Price payable in respect of their Offer Shares in their SRS investment accounts.

15. VALIDITY OF THE 2QFY2019 RESULTS AND 3QFY2019 RESULTS

As the 2QFY2019 Results and the 3QFY2019 Results are unaudited interim financial results announced during the offer period (which for the purposes of Rule 25 of the Code commenced on the Holding Announcement Date and ends on the date the Offer is declared to have closed), and before the Offer has been publicly recommended by the Board, such statements constitute a "profit forecast" under Rule 25 of the Code. Accordingly, in connection with Rule 25.5 of the Code, (a) the Directors have confirmed that the 2QFY2019 Results and the 3QFY2019 Results, which were announced on 7 August 2019 and 12 November 2019 respectively, remain valid for the purposes of the Offer and (b) Ernst & Young LLP, named as the Auditor of the Company, has indicated to the Directors that it has no objection to the Auditor 2QFY2019 Results Report (as set out in Appendix IV to this Circular) and the Auditor 3QFY2019 Results Report (as set out in Appendix V to this Circular), and the IFA has indicated to the Directors that it has no objection to the IFA 2QFY2019 Results Report (as set out in Appendix IV to this Circular) and the IFA 3QFY2019 Results Report (as set out in Appendix V to this Circular), continuing to apply.

16. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 101 Thomson Road, #09-04 United Square, Singapore 307591 during normal business hours for the period during which the Offer remains open for acceptance:

(i) the Constitution of the Company;

(ii) the annual reports of the Company for FY2016, FY2017 and FY2018;

(iii) the IFA Letter as set out in Appendix I to this Circular;

(iv) the audited consolidated financial statements of the Group for FY2018, as set out in Appendix III to this Circular;

(v) the 1QFY2019 Results;

(vi) the 2QFY2019 Results as set out in Appendix IV to this Circular, including the Auditor 2QFY2019 Results Report and the IFA 2QFY2019 Results Report;

(vii) the 3QFY2019 Results as set out in Appendix V to this Circular, including the Auditor 3QFY2019 Results Report and the IFA 3QFY2019 Results Report; and

(viii) the letters of consent referred to in paragraph 10.2 of Appendix II to this Circular.

17. DIRECTORS' RESPONSIBILITY STATEMENT

Save for (a) the recommendation of the Independent Directors to Shareholders set out in Section 11.4 of this Circular which is the sole responsibility of the Independent Directors, (b) the IFA Letter (for which the IFA takes responsibility), (c) the Auditor 2QFY2019 Results Report and the IFA 2QFY2019 Results Report, (d) the Auditor 3QFY2019 Results Report and the IFA 3QFY2019 Results Report, (e) information extracted from the Pre-Conditional Offer Announcement, the Formal Offer Announcement and the Offer Document and (f) information relating to the Offeror and Aier, the Directors (including any who may have delegated detailed supervision of this Circular) hereby jointly and severally accept full responsibility for the accuracy of the information contained in this Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Circular have been arrived at after due and careful consideration and there are no other facts not contained in this Circular, the omission of which would make any statement in this Circular misleading.

Where any information in this Circular (other than the IFA Letter for which the IFA takes responsibility) has been extracted or reproduced from published or otherwise publicly available sources or obtained from the Offeror (including, without limitation, the Pre-Conditional Offer Announcement, the Formal Offer Announcement and/or the Offer Document), the sole responsibility of the Directors has been to ensure, through reasonable enquiries, that such information has been accurately and correctly extracted from such sources or, as the case may be, reflected or reproduced in this Circular in its proper form and context.

In respect of the IFA Letter, the Auditor 2QFY2019 Results Report, the IFA 2QFY2019 Results Report, the Auditor 3QFY2019 Results Report and the IFA 3QFY2019 Results Report, the sole responsibility of the Directors has been to ensure that the facts stated therein with respect to the Group are fair and accurate.

18. ADDITIONAL INFORMATION

The attention of the Shareholders is also drawn to the Appendices which form part of this Circular.

Yours faithfully

For and on behalf of the Board of Directors of
ISEC HEALTHCARE LTD.

Sitoh Yih Pin
Non-Executive Chairman and Independent Director

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CIMB BANK BERHAD (13491-P)
Singapore Branch
(Incorporated in Malaysia)

50 Raffles Place #09-01
Singapore Land Tower
Singapore 048623

22 November 2019

To: **The Independent Directors**
ISEC Healthcare Ltd.
101 Thomson Road
#09-04 United Square
Singapore 307591

Dear Sirs,

MANDATORY CONDITIONAL CASH OFFER BY CEL IMPETUS CORPORATE FINANCE PTE. LTD., FOR AND ON BEHALF OF AIER EYE INTERNATIONAL (SINGAPORE) PTE. LTD., FOR ISEC HEALTHCARE LTD.

1. INTRODUCTION

On 2 July 2019, ISEC Healthcare Ltd. (the "**Company**") announced that it had received a notification from Dr Wong Jun Shyan for himself and on behalf of certain shareholders of the Company who are also employees of the Company and/or its subsidiaries including Dr Lee Hung Ming ("**Notifying Shareholders**") that the Notifying Shareholders are at an advanced stage of negotiations with a third party purchaser independent of the Notifying Shareholders for the sale of part of their shares in the Company and that based on the proposed terms, the potential transaction if completed, is likely to lead to an offer for the shares of the Company in due course (the "**Holding Announcement**").

On 26 August 2019, CEL Impetus Corporate Finance Pte. Ltd. ("**CICF**") announced, for and on behalf of Aier Eye International (Singapore) Pte. Ltd. (the "**Offeror**"), that the Offeror had on 26 August 2019 entered into a conditional sale and purchase agreement ("**Sale and Purchase Agreement**") with Dr Lee Hung Ming, Dr Wong Jun Shyan, Dr Choong Yee Fong, Dr Michael Law Sie Haur, Dr Fang Seng Kheong, Dr Lim Kian Seng and Dr Yeo Kim Chuan (the "**Sellers**") to acquire an aggregate of 186,321,991 shares (the "**Sale Shares**"), representing 35% of the total issued and paid up ordinary shares ("**Shares**") in the capital of the Company, held by the Sellers at the price of S$0.36 per Sale Share, for a total consideration of S$67,075,916.76 (the "**Acquisition**") (the "**Pre-Conditional Offer Announcement**").

On 25 October 2019, CICF announced, for and on behalf of the Offeror, *inter alia* that the Offeror had on 25 October 2019 completed the Acquisition in accordance with the terms and conditions of the Sale and Purchase Agreement and that in accordance with Rule 14 of the Singapore Code on Take-overs and Mergers (the "**Code**"), the Offeror intends to make a mandatory conditional cash offer (the "**Offer**") for all the Shares other than those already owned, controlled or agreed to be acquired by the Offeror and its shareholder, Aier, and their respective directors and the parties acting in concert with it (the "**Offeror Concert Group**") and treasury shares held by the Company ("**Offer Shares**") (the "**Offer Announcement**").

In connection with the Offer, CIMB Bank Berhad, Singapore Branch ("**CIMB**") has been appointed as the independent financial adviser to advise the directors of the Company (the "**Directors**") who are considered independent for the purposes of the Offer (the "**Independent Directors**").

This letter sets out, *inter alia*, our evaluation of the financial terms of the Offer and our advice thereon. It forms part of the circular dated 22 November 2019 issued by the Company to its shareholders ("**Shareholders**") setting out, *inter alia*, details of the Offer as well as the recommendation of the Independent Directors in respect thereof (the "**Circular**").

Unless otherwise defined or the context otherwise requires, all terms defined in the Circular and the offer document issued by CICF, for and on behalf of the Offeror, dated 8 November 2019 (the "**Offer Document**") shall have the same meanings herein. Any differences between the amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures that precede them.

In order that this letter is comprehensive and concise, details contained in the Circular and the Offer Document, where necessary or relevant are not wholly reproduced, but instead, are referenced to or summarised throughout this letter. We recommend that the Independent Directors advise Shareholders to read these contextual references and summaries with due care.

2. TERMS OF REFERENCE

We have been appointed to advise on the financial terms of the Offer and whether Shareholders should accept or reject the Offer, pursuant to Rules 7.1 and 24.1(b) of the Code. We have confined our evaluation to the financial terms of the Offer and our terms of reference do not require us to evaluate or comment on the commercial risks and/or commercial merits of the Offer or the future prospects of the Group and its associate and we have not made such evaluation or comment. However, we may draw upon the views of the Directors and/or the management of the Company (the "**Management**") (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this letter. We have not been requested to and we do not express any opinion on the relative merits of the Offer as compared to any other alternative transaction. We have not been requested or authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to the Shares.

We have held discussions with the Directors and the Management and have examined publicly available information collated by us as well as information, both written and verbal, provided to us by the Directors, the Management and the Company's other professional advisers. We have not independently verified such information, whether written or verbal, and accordingly we cannot and do not warrant or make any representation (whether express or implied) regarding, or accept any responsibility for, the accuracy, completeness or adequacy of such information. However, we have made enquiries and exercised our judgment as we deem necessary on such information and have found no reason to doubt the reliability of the information.

We have relied upon the assurances of the Directors (including those who may have delegated supervision of the Circular) that they have taken all reasonable care to ensure that the facts stated and opinions expressed by them or the Company in the Circular are fair and accurate in all material respects. The Directors have confirmed to us, that to the best of their knowledge and belief, all material information relating to the Company and its subsidiaries (the "**Group**") and the Group's associate and the Offer has been disclosed to us, that such information is fair and accurate in all material respects and that there are no other material facts and circumstances the omission of which would make any statement in the Circular inaccurate, incomplete or misleading in any material respect. The Directors have jointly and severally accepted such responsibility accordingly.

We have not made any independent evaluation or appraisal of the assets and liabilities (including without limitation, intangible assets) of the Group or its associate and we have not been furnished with any such evaluation or appraisal.

Our analysis and opinion is based upon market, economic, industry, monetary and other conditions prevailing as at 13 November 2019 (the "**Latest Practicable Date**"), as well as the information made available to us as at the Latest Practicable Date. Such conditions may change significantly over a short period of time. Accordingly, we do not express any opinion or view on the future prospects, financial performance and/or financial position of the Group. Shareholders should take note of any announcement and/or documents relevant to their consideration of the Offer which may be released or published by or on behalf of the Company and/or the Offeror after the Latest Practicable Date.

In rendering our advice, we have not had regard to the specific investment objectives, financial situation, tax position, risk profile or particular needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, any Shareholder who may require specific advice in the context of his specific investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

The Company has been separately advised in relation to the preparation of the Circular (other than this letter and our reports on the 2QFY2019 Results and the 3QFY2019 Results (the "**Financial Review Letters**") set out in Appendices IV and V of the Circular). We were not involved in and have not provided any advice in the preparation, review and verification of the Circular (other than this letter and the Financial Review Letters). Accordingly, we take no responsibility for, and express no views (express or implied) on, the contents of the Circular (other than this letter and the Financial Review Letters).

3. THE OFFER

The principal terms and conditions of the Offer are set out in Section 2 of the Circular.

3.1 Terms of the Offer

As stated in the Offer Document, the Offer will be made for all the Offer Shares, subject to the terms and conditions set out in the Offer Document and the accompanying FAA and/or FAT, as the case may be.

3.2 Offer Price

As stated in the Offer Document, the Offer Price is:

For each Offer Share: S$0.36, payable in cash.

3.3 No Encumbrances

As stated in the Offer Document, the Offer Shares will be acquired:

(a) fully paid;

(b) free from all mortgages, assignments, debentures, liens, hypothecation, charges, pledges, claims, equity, title retentions, rights to acquire, security interests, options, pre-emptive or similar rights, rights of first refusal and any other encumbrance or condition whatsoever; and

(c) together with all rights, benefits and entitlements attached thereto as at the Pre-Conditional Offer Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights, distributions, return of capital and/or other entitlements (if any) ("**Distributions**") declared, paid or made by the Company on or after the Pre-Conditional Offer Announcement Date.

Accordingly, in the event any Distribution is or has been declared, paid or made by the Company in respect of the Offer Shares on or after the Pre-Conditional Offer Announcement Date to a Shareholder who validly accepts the Offer (the "**Accepting Shareholder**"), the Offer Price payable to such Accepting Shareholder may be reduced by an amount which is equal to the amount of such Distribution, depending on when the settlement date in respect of the Offer Shares tendered in acceptance of the Offer by the Accepting Shareholder falls, as follows:

(1) if such settlement date falls on or before the books closure date for determination of entitlements to any Distribution ("**Books Closure Date**"), the Offer Price for each Offer Share shall remain unadjusted and the Offeror shall pay the Accepting Shareholder the unadjusted Offer Price for each Offer Share, as the Offeror will receive the Distribution in respect of such Offer Share from the Company; or

(2) if such settlement date falls after the Books Closure Date, the Offer Price for each Offer Share shall be reduced by an amount which is equal to the amount of the Distribution in respect of each Offer Share (the Offer Price after such reduction, the "**Adjusted Offer Price**") and the Offeror shall pay the Accepting Shareholder the Adjusted Offer Price for each Offer Share, as the Offeror will not receive the Distribution in respect of such Offer Share from the Company.

3.4 Minimum Acceptance Condition

As stated in the Offer Document, the Offer is conditional upon the Offeror having received, by the close of the Offer Period, valid acceptances in respect of such number of Offer Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror Concert Group, will result in the Offeror Concert Group holding such number of Shares carrying more than 50% of the voting rights attributable to the issued Shares (excluding any treasury shares) as at the close of the Offer ("**Minimum Acceptance Condition**").

3.5 Undertakings from the Sellers

As stated in the Offer Document, pursuant to the terms of the Sale and Purchase Agreement, each of the Sellers has provided certain undertakings ("**Undertakings**") that following completion of the Acquisition:

(a) During the Offer, if (i) the level of acceptances obtained by the remaining Shareholders of the Company (being the Shareholders of the Company apart from the Sellers) is at least 13% of the issued share capital of the Company, and (ii) the acceptances by such remaining Shareholders of the Company immediately prior to the close of the Offer when aggregated with the Sale Shares sold to the Offeror pursuant to the Sale and Purchase Agreement, is less than 50% of the issued share capital of the Company, Dr Lee Hung Ming and Dr Wong Jun Shyan jointly and severally undertake to tender to the Offeror an additional 1% plus 1 share (being 5,323,486 Shares) and 1% (being 5,323,485 Shares) respectively ("**Additional Shares**") by accepting the Offer prior to the close of the Offer; and

(b) Each of the Sellers shall not, apart from the Sale Shares sold pursuant to the Sale and Purchase Agreement and the Additional Shares (where applicable), accept the Offer in respect of any remaining Shares held by him.

As stated in the Offer Document, save for the Undertakings, as at the latest practicable date of the Offer Document, none of the Offeror Concert Group has received any irrevocable undertaking from any party to accept or reject the Offer.

3.6 Post Offer Board Arrangement

As stated in the Pre-Conditional Offer Announcement, in connection with the Acquisition, the Offeror shall have the right to appoint two (2) directors to the board of directors of the Company as soon as practicable after completion of the Acquisition. As at the Latest Practicable Date, the Offeror has not appointed any director to the board of the Company.

3.7 Employment And Service Agreements

As stated in the Pre-Conditional Offer Announcement, each of the Sellers had employment agreements with a subsidiary of the Company in relation to their respective employments. In addition, each of Dr Lee and Dr Wong had existing service agreements with the Company in relation to their appointments as Executive Vice Chairman and Chief Executive Officer of the Company respectively.

As stated in the Pre-Conditional Offer Announcement, the Offeror is of the view that the continued services of the Sellers are essential to the Company's continual expansion and growth. As stated in the Offer Document, the Company has entered into various new employment agreements, supplemental employment agreements and supplemental service agreements (as the case may be) with each of the relevant Sellers to, *inter alia,* extend the term of service, streamline and extend non-competition obligations and amend/add confidentiality obligations (as the case may be).

4. RATIONALE FOR THE OFFER

The full text of the rationale for the Offer has been extracted from the Offer Document and is set out in italics below. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document. Shareholders are advised to read the extract below carefully.

"13.1 Compliance with the Code

As a result of the Acquisition as described in Section 1.1 above, the Offeror is required to make the Offer in compliance with the requirements of the Code.

13.2 Opportunity for Shareholders who may find it difficult to exit their investment in the Company due to low trading liquidity

The historical trading liquidity of the Shares on the SGX-ST has been low. The average daily trading volume of the Shares over the last one-month, three-month, six-month and 12-month periods up to and including the Last Trading Day are detailed in the table below:

	Average Daily Trading Volume ("ADTV")[1]	***ADTV as a percentage of total Shares***[2][3]
One-month period up to and including the Last Trading Day	*187,238 Shares*	*0.04%*
Three-month period up to and including the Last Trading Day	*374,258 Shares*	*0.07%*
Six-month period up to and including the Last Trading Day	*317,493 Shares*	*0.06%*
12-month period up to and including the Last Trading Day	*217,971 Shares*	*0.04%*

Notes:

(1) The figures set out in the table above are based on data extracted from Bloomberg L.P. The average daily trading volume is computed based on the total trading volume of the Shares divided by the number of Market Days with respect to the relevant period immediately prior to and including the Last Trading Day.

(2) Calculated using the ADTV of Shares traded divided by the total number of issued Shares (excluding 386,400 treasury shares).

(3) Rounded to the nearest two (2) decimal places.

13.3 Offer Price at a premium to traded prices at different time periods over the last 12 months prior to the trading day immediately preceding the Holding Announcement Date

When compared to the benchmark prices of the Shares prior to the trading day immediately preceding the Holding Announcement Date, the Offer Price represents a premium of approximately 11.80%, 13.92%, 17.65% and 19.60% over the VWAP per Share for the one-month, three-month, six-month and 12-month periods, respectively.

The Offer presents Shareholders with a clean cash exit opportunity to realise up to their entire investment in the Shares at a premium over historical trading prices of the Shares without incurring brokerage and other trading costs."

5. OFFEROR'S INTENTIONS FOR THE COMPANY

The relevant text of the Offeror's intentions for the Company has been extracted from the Offer Document and is set out in italics below. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document. Shareholders are advised to read the extract below carefully.

*"**Offeror's Intentions for the Company.** The rationale for the Acquisition and the Offer by Aier via the Offeror, its wholly owned subsidiary, is to expand its eye care medical business into the South East Asia market through the Group, as part of its globalisation strategy by leveraging on the medical expertise and experience of the Group's medical team. Through the Acquisition and the Offer, Aier will be able to enhance its leading position in the global eye care medical market by creating complementary business operations with the Group through sharing of best practices and eye care medical know-how.*

The Offeror intends for the Company to continue with its existing activities and has no current intention of (a) making material changes to the Group's existing business, (b) re-deploying the Group's fixed assets, or (c) discontinuing the employment of the employees of the Group, other than in the ordinary course of business. The Offeror however retains the flexibility at any time to consider options or opportunities which may present themselves."

> "***Listing Status. … It is the intention of the Offeror to maintain the listing status of the Company on the SGX-ST following completion of the Offer****. In the event that the trading of the Shares on the SGX-ST is suspended pursuant to Rule 724 or Rule 1104 of the Catalist Rules, the Offeror intends to undertake and/or support any action as may be necessary for any such trading suspension by the SGX-ST to be lifted."*
>
> *"**Compulsory Acquisition.** … As the Sellers will not accept the Offer in respect of their Shares (except in limited circumstances set out in Section 4 above), it is envisaged that the Offeror would not become entitled to exercise the right of compulsory acquisition under Section 215(1) of the Companies Act pursuant to acceptances of the Offer*."

6. INFORMATION ON THE OFFEROR AND AIER

Please refer to Section 3 of the Circular for information on the Offeror and Aier.

7. GENERAL INFORMATION ON THE COMPANY

Please refer to Appendix II of the Circular for general information on the Company.

8. FINANCIAL EVALUATION OF THE TERMS OF THE OFFER

Methodology

In assessing the financial terms of the Offer, we have considered the following:

(i) Historical trading performance of the Shares on the SGX-ST;

(ii) Historical trailing P/E multiples of the Shares;

(iii) Valuation multiples of selected companies listed on the SGX-ST which are broadly comparable to the Company (the "**Comparable Companies**");

(iv) Valuation multiples of Aier on the ChiNext board of Shenzhen Stock Exchange;

(v) Premia paid in recent successful non-privatisation takeover offers of listed companies on the SGX-ST (the **"Non-Privatisation Transactions**");

(vi) Valuation multiples implied in selected transactions in the healthcare sector (the "**Precedent Transactions**");

(vii) Valuation multiples implied in selected past acquisitions by Aier (the "**Aier Acquisitions**");

(viii) Valuation multiples implied in selected past acquisitions by the Group (the "**Group Acquisitions**");

(ix) Dividend track record of the Company;

(x) The Group's historical financial performance and financial position; and

(xi) Other relevant considerations which have a bearing on our assessment.

General bases and assumptions

We would highlight that unless specified otherwise, we have relied on the following general bases in our analysis:

(i) As at the Latest Practicable Date, the issued and paid-up capital of the Company comprises 532,348,544 Shares in issue (excluding 386,400 treasury shares);

(ii) As at the Latest Practicable Date, the Company has not implemented its employee share option scheme or the performance share plan and there are no outstanding options granted pursuant to the employee share option scheme and no outstanding awards granted pursuant to the performance share plan; and

(iii) The underlying figures, financial and market data used in our analysis, including securities' prices, trading volumes, free float data and foreign exchange rates have been extracted from Bloomberg L.P., SGXNET and/or other public filings as at the Latest Practicable Date or provided by the Company where relevant. CIMB makes no representations or warranties, express or implied, as to the accuracy or completeness of such information.

Valuation multiples

We have applied the following valuation multiples in our analysis:

Valuation multiples	General description
P/E	The "**P/E**" or "**price-to-earnings**" multiple illustrates the ratio of the market price of a company's share relative to its earnings per share. The P/E multiple is affected by, *inter alia*, the capital structure of a company, its tax position as well as its accounting policies relating to depreciation and amortisation.
EV/EBITDA	"**EV**" or "**enterprise value**" is the sum of a company's market capitalisation, preferred equity, minority interests, short and long term debt less its cash and cash equivalents. "**EBITDA**" stands for earnings before interest, tax, depreciation and amortisation expenses, inclusive of share of results of associated companies and/or joint ventures. The EV/EBITDA multiple illustrates the market value of a company's business relative to its pre-tax operating cashflow performance, without regard to the company's capital structure.

Valuation multiples	General description
P/NTA	The "**P/NTA**" or "**price-to-NTA**" multiple illustrates the ratio of the market price of a company's share relative to its historical NTA per share as recorded in its financial statements. The NTA of a company is defined as its total assets (excluding intangible assets) less its total liabilities, and excludes, where applicable, minority interests. The NTA figure provides an estimate of the value of a company assuming the sale of all its assets at book value, the proceeds of which are first used to settle liabilities and obligations with the balance available for distribution to shareholders. Comparisons of companies using their NTAs are affected by differences in accounting policies, in particular depreciation and amortisation policies.

In our analysis, we have focused on the P/E and EV/EBITDA multiples as these are earnings-based valuation approaches which, in our view, are more appropriate for valuation of companies in the healthcare sector.

8.1 Historical trading performance of the Shares on the SGX-ST

We have compared the Offer Price to the historical price performance of the Shares and considered the historical trading volume of the Shares.

Shareholders should note that past trading performance of the Shares should not, in any way, be relied upon as an indication of its future trading performance. The price performance of the Shares may be due to market factors and other company-specific factors the impact of which may not be isolated and ascertained.

8.1.1 Price performance and trading activity of the Shares

In evaluating the Offer Price, it is relevant to examine the price performance and trading volume of the Shares over a reasonable period, during which the market price of the Shares may ordinarily reflect public investors' valuation of the Shares, based on publicly available information.

Share price performance

We set out below the daily closing prices and trading volumes of the Shares for the period between 2 July 2016 (being the date falling 3 years prior to the Holding Announcement Date) and 24 October 2019 (being the last full trading day prior to the Offer Announcement Date) (the "**Last Trading Day**") and highlight certain key events during this period.

Source: Bloomberg L.P. and the Company's filings

Notes:

All references to "profit" in the notes below refer to profit attributable to owners of the Company.

(1) **11 August 2016:** The Company released its unaudited results for the six months ("**6M**") ended 30 June 2016 and reported that the Group recorded a profit of S$3.3 million in 6M2016 compared to S$1.9 million in 6M2015. The Board recommended an interim dividend of 0.22 cent per Share in respect of 6M2016, compared to an interim dividend of 0.22 cent per Share in respect of 6M2015.

(2) **7 October 2016:** The Company announced *inter alia* that shareholders had approved the acquisition of the JL Companies (as defined hereinafter), which are principally engaged in general medical services and aesthetic treatment services, at an extraordinary general meeting.

(3) **17 October 2016:** The Company announced *inter alia* that it had terminated the non-binding memorandum of understanding with Hai Yen Anh Tran Company Limited and Dr Tran Hai Yen to set up a joint venture for the operation of eye hospitals, ophthalmology centres and eye clinics in Vietnam.

(4) **4 November 2016:** The Company released its unaudited results for the nine months ("**9M**") ended 30 September 2016 and reported that the Group recorded a profit of S$5.0 million in 9M2016 compared to S$2.6 million in 9M2015. The Board recommended an interim dividend of 0.66 cent per Share in respect of 9M2016, compared to none in respect of 9M2015.

(5) **23 February 2017:** The Company released its unaudited results for the financial year ("**FY**") ended 31 December 2016 and reported that the Group recorded a profit of S$6.4 million in FY2016 compared to S$2.8 million in FY2015. The Board recommended a final dividend of 0.11 cent per Share in respect of FY2016, compared to a final dividend of 0.22 cent per Share in respect of FY2015.

(6) **15 March 2017:** The Company announced *inter alia* that all requisite approvals, licences and permits under the Malaysia's Private Healthcare and Facilities Act 1998, including for the establishment, maintenance and operation of the ophthalmology centre in the city of Sibu, State of Sarawak in Malaysia, had been obtained and ISEC (Sibu) Sdn. Bhd had commenced its operations.

(7) **8 May 2017:** The Company released its unaudited results for the three months ("**3M**") ended 31 March 2017 and reported that the Group recorded a profit of S$1.7 million in 3M2017 compared to S$1.6 million in 3M2016.

(8) **8 August 2017:** The Company released its unaudited results for 6M2017 and reported that the Group recorded a profit of S$3.6 million in 6M2017 compared to S$3.3 million in 6M2016. The Board recommended an interim dividend of 0.50 cent per Share in respect of 6M2017, compared to an interim dividend of 0.22 cent per Share in respect of 6M2016.

(9) **13 November 2017:** The Company released its unaudited results for 9M2017 and reported that the Group recorded a profit of S$5.8 million in 9M2017 compared to S$5.0 million in 9M2016. The Board did not recommend any interim dividend in respect of 9M2017, compared to an interim dividend of 0.66 cent per Share in respect of 9M2016.

(10) **15 December 2017:** The Company announced the completion of disposal of 15% stake in ISEC (Penang) Sdn. Bhd. ("**ISEC Penang**") to Dr Adrian Tey Puat Kean. Following the disposal, the Group owned 51% in ISEC Penang.

(11) **22 February 2018:** The Company released its unaudited results for FY2017 and reported that the Group recorded a profit of S$7.9 million in FY2017 compared to S$6.4 million in FY2016. The Board recommended a final dividend of 0.70 cent per Share in respect of FY2017, compared to a final dividend of 0.11 cent per Share in respect of FY2016.

(12) **10 April 2018:** The Company announced that pursuant to the profit guarantee provision in the sale and purchase agreement in relation to the acquisition of the JL Companies, it had issued notices to the relevant vendors to demand S$159,465.30 in cash.

(13) **9 May 2018:** The Company released its unaudited results for 3M2018 and reported that the Group recorded a profit of S$2.1 million in 3M2018 compared to S$1.7 million in 3M2017.

(14) **15 May 2018:** The Company announced *inter alia* that the Group had entered into a joint venture agreement with Next Tier International Company Limited, Daw Pyae Pyae Thein and Dr Khin Khin Win to operate and administer ophthalmology centres in Myanmar.

(15) **8 August 2018:** The Company released its unaudited results for 6M2018 and reported that the Group recorded a profit of S$4.3 million in 6M2018 compared to S$3.6 million in 6M2017. The Board recommended an interim dividend of 0.78 cent per Share in respect of 6M2018, compared to an interim dividend of 0.50 cent per Share in respect of 6M2017.

(16) **20 August 2018:** The Company announced *inter alia* that the Group had completed a subscription of shares representing 25% interest in I Medical & Aesthetics Pte. Ltd. which is principally engaged in provision of general medical services including general medical consultations and aesthetics services.

(17) **5 November 2018:** The Company released its unaudited results for 9M2018 and reported that the Group recorded a profit of S$6.1 million in 9M2018 compared to S$5.8 million in 9M2017.

(18) **12 November 2018:** The Company announced *inter alia* that ISEC Myanmar Company Limited had obtained the approval of the Myanmar Investment Commission for the joint venture.

(19) **26 February 2019:** The Company released its unaudited results for FY2018 and reported that the Group recorded a profit of S$8.4 million in FY2018 compared to S$7.9 million in FY2017. The Board recommended a final dividend of 0.78 cent and a special dividend of 0.98 cent per Share in respect of FY2018, compared to a final dividend of 0.70 cent per Share in respect of FY2017.

(20) **2 April 2019:** The Company announced *inter alia* that the Group had entered into a sale and purchase agreement to acquire 49% in ISEC Penang. Following the acquisition, the Group would own 100% in ISEC Penang.

(21) **8 April 2019:** The Company announced that pursuant to the profit guarantee provision in the sale and purchase agreement in relation to the acquisition of the JL Companies, it had issued notices to the relevant vendors to demand S$20,855.80 in cash.

(22) **9 May 2019:** The Company released its unaudited results for 3M2019 and reported that the Group recorded a profit of S$2.2 million in 3M2019 compared to S$2.1 million in 3M2018.

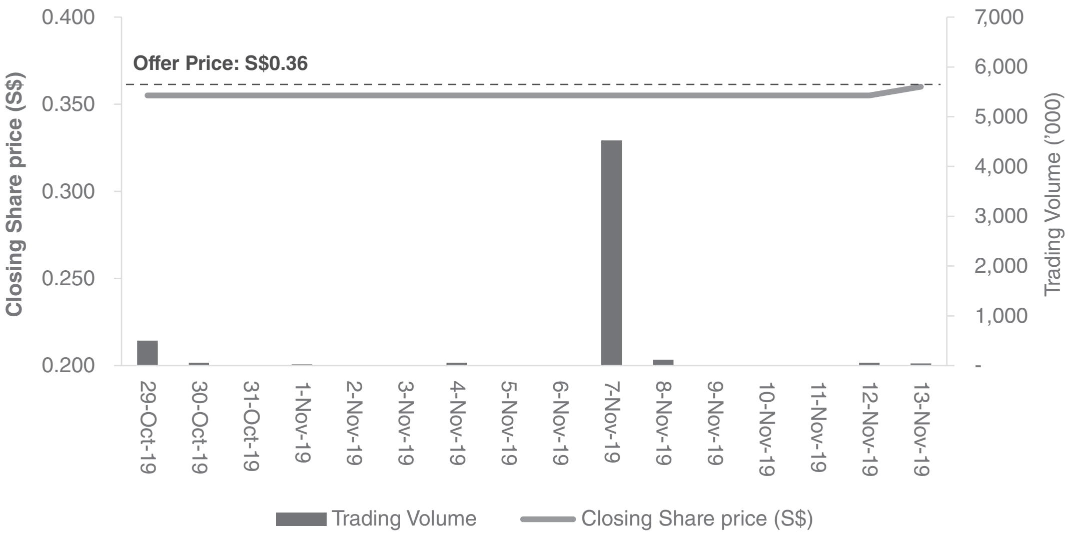
(23) **2 July 2019:** The Holding Announcement was released.

(24) **7 August 2019:** The Company released its unaudited results for 6M2019 and reported that the Group recorded a profit of S$3.4 million in 6M2019 compared to S$4.3 million in 6M2018. The Board recommended an interim dividend of 0.30 cent per Share in respect of 6M2019, compared to an interim dividend of 0.78 cent per Share in respect of 6M2018.

(25) **26 August 2019:** The Pre-Conditional Offer Announcement was released.

(26) **6 September 2019:** The Company announced the renewal of the provision of specialist medical ophthalmology services by ISEC Eye Pte. Ltd. to Parkway Hospitals Singapore Pte. Ltd. in relation to the Lee Hung Ming Eye Centre, located at Gleneagles Hospital for a further period of 5 years until 31 August 2024.

We set out below the daily closing prices and trading volumes of the Shares for the period after the Last Trading Day and up to the Latest Practicable Date:



Source: Bloomberg L.P. and the Company's announcements released on SGXNET

Notes:

(27) **25 October 2019:** The Offer Announcement was released.

(28) **12 November 2019:** The Company released its unaudited results for 9M2019 and reported that the Group recorded a profit of S$5.1 million in 9M2019 compared to S$6.1 million in 9M2018.

Based on the above, we note the following:

(i) The Shares had not closed at or above the Offer Price over the 3-year period prior to the Holding Announcement Date;

(ii) The closing price of the Shares reached a high of S$0.350 on 5 June 2017 and trended downwards to a low of S$0.245 on 5 December 2018;

(iii) Between 5 December 2018 and 28 June 2019 (being the last full trading day prior to the Holding Announcement Date), the closing price of the Shares persistently trended upwards from S$0.245 to S$0.340;

(iv) After the release of the Holding Announcement, the closing price of the Shares hit a high of S$0.360 on 3 July 2019 and thereafter moved within a band of S$0.325 and S$0.360 during the period prior to the release of the Pre-Conditional Offer Announcement;

(v) After the release of the Pre-Conditional Offer Announcement, the closing price of the Shares moved within a very narrow band of S$0.350 and S$0.355 during the period prior to the release of the Offer Announcement;

(vi) After the release of the Offer Announcement and up to the Latest Practicable Date, the closing price of the Shares traded within a very narrow band of S$0.355 and S$0.360 and the Shares has not closed above the Offer Price; and

(vii) As at the Latest Practicable Date, the closing price of the Shares was equal to the Offer Price at S$0.360.

Price premia and trading volume

We set out below the premia implied by the Offer Price over the historical volume-weighted average transacted prices ("**VWAP**") and historical average daily trading volumes ("**ADTV**") of the Shares for various periods prior to the Holding Announcement Date, the Pre-Conditional Offer Announcement Date and the Offer Announcement Date.

	VWAP(1) (S$)	Premium of Offer Price over VWAP (%)	Highest price(1) (S$)	Lowest price(1) (S$)	ADTV(2)	ADTV as a percentage of free float(3) (%)
Periods prior to the Holding Announcement Date						
Last 1 year	0.294	22.6%	0.340	0.235	135,269	0.07%
Last 6 months	0.300	19.9%	0.340	0.245	204,323	0.10%
Last 3 months	0.313	15.1%	0.340	0.290	256,556	0.12%
Last 1 month	0.324	11.3%	0.340	0.310	297,660	0.14%
Closing price on the full trading day prior to the Holding Announcement Date	0.340	5.9%	n.a.	n.a.	885,700	0.43%
Periods prior to the Pre-Conditional Offer Announcement Date						
Last 1 year	0.312	15.5%	0.360	0.235	189,709	0.09%
Last 6 months	0.321	12.0%	0.360	0.270	311,599	0.15%
Last 3 months	0.340	5.9%	0.360	0.300	360,405	0.17%
Last 1 month	0.340	5.9%	0.355	0.325	192,805	0.09%
Closing price on the full trading day prior to the Pre-Conditional Offer Announcement Date	0.325	10.8%	n.a.	n.a.	35,000	0.02%

	VWAP(1) (S$)	Premium of Offer Price over VWAP (%)	Highest price(1) (S$)	Lowest price(1) (S$)	ADTV(2)	ADTV as a percentage of free float(3) (%)
Periods prior to the Offer Announcement Date						
Last 3 years	0.316	14.0%	0.360	0.235	144,835	0.07%
Last 1 year	0.325	10.9%	0.360	0.235	237,292	0.11%
Last 6 months	0.342	5.2%	0.360	0.290	328,729	0.16%
Last 3 months	0.351	2.6%	0.355	0.325	306,005	0.15%
Last 1 month	0.355	1.5%	0.355	0.355	280,814	0.14%
From Holding Announcement up to Last Trading Day	0.351	2.5%	0.360	0.325	386,290	0.19%
From Pre-Conditional Offer Announcement up to Last Trading Day	0.353	1.9%	0.355	0.350	367,863	0.18%
Closing Price on the Last Trading Day	0.355	1.4%	n.a.	n.a.	112,000	0.05%

Source: Bloomberg L.P.

Notes:

"n.a." – not available

(1) The Company paid a special dividend of 0.98 cents per Share in respect of FY2018. The market prices of the Shares prior to 2 May 2019 (being the ex-special dividend date) have been adjusted downwards by the amount of such special dividend. The market prices in the table above are rounded to the nearest three (3) decimal places for the purpose of calculating the corresponding premia.

(2) The ADTV of the Shares is calculated based on the total volume of the Shares traded during the period divided by the number of market days during that period.

(3) Based on information made available to us by the Company, the Company's free float (as defined under the Catalist Rules) and after adjusting to exclude all the remaining shares of the Sellers is assumed to be 206,426,867 Shares throughout the various periods.

Based on the above, we note the following:

(i) The Offer Price represents a premium of between 5.9% to 22.6% over the various VWAPs in the 1-year period prior to the Holding Announcement Date;

(ii) The Offer Price represents a premium of between 5.9% to 15.5% over the various VWAPs in the 1-year period prior to the Pre-Conditional Offer Announcement Date; and

(iii) The Offer Price represents a premium of between 1.4% to 14.0% over the various VWAPs in the 3-year period prior to the Offer Announcement Date.

We further note that:

(i) The ADTV of the Shares ranged between 135,269 Shares and 885,700 Shares, or between 0.07% and 0.43% of the Company's free float, over the various historical periods prior to the Holding Announcement Date;

(ii) The ADTV of the Shares ranged between 35,000 Shares and 360,405 Shares, or between 0.02% and 0.17% of the Company's free float, over the various historical periods prior to the Pre-Conditional Offer Announcement Date;

(iii) The ADTV of the Shares ranged between 112,000 Shares and 386,290 Shares, or between 0.05% and 0.19% of the Company's free float, over the various historical periods prior to the Offer Announcement Date;

(iv) The ADTV of the Shares rose significantly after the release of the Holding Announcement with an ADTV of 386,290 Shares between the Holding Announcement Date and the Offer Announcement Date, compared to 135,269 Shares for the 1-year period prior to the Holding Announcement Date; and

(v) During the 3-year period prior to the Offer Announcement Date, trading in the Shares occurred on approximately 85.5% of all market days in that period.

Based on the above, we believe that the historical market prices of the Shares provide a reasonable benchmark for assessing the Offer Price.

We note that the Company is not covered by any research analyst.

8.1.2 Price performance of the Shares relative to broad market performance

To gauge the price performance of the Shares relative to the general price performance of the stock market, we set out below the market price movement of the Shares against the FTSE ST Catalist Index ("**Catalist Index**") for the period between 2 July 2016 (being the date falling 3 years prior to the Holding Announcement Date) and the Latest Practicable Date.

Source: Bloomberg L.P.

Note:

(1) The Catalist Index is a free float adjusted market-capitalisation weighted index based on stocks listed on the Catalist of the SGX-ST.

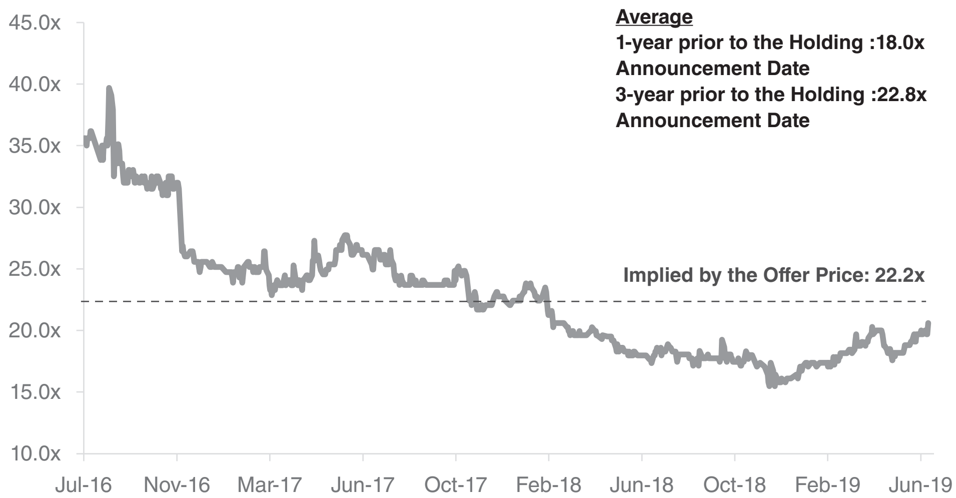
Based on the above, we note the following:

(i) Between July 2016 and April 2018, the Shares were generally trading in line with the Catalist Index. Beginning around May 2018, the price performance of the Shares started diverging significantly from, and largely outperforming, the Catalist Index; and

(ii) Between 23 August 2019 (being the full trading day prior to the Pre-Conditional Offer Announcement Date) and the Latest Practicable Date, the Shares had recorded an increase of 10.8% in price, higher than the relative performance of the Catalist Index which increased by 2.9% over the same period.

8.2 Historical trailing P/E multiples of the Shares

We have compared the P/E multiple of the Shares implied by the Offer Price (based on the earnings per Share attributable to owners of the Company as reported for the most recent twelve months prior to the Latest Practicable Date) against the trailing P/E multiples of the Shares calculated based on the daily closing prices of the Shares and the trailing 12-month earnings per Share attributable to owners of the Company on the respective dates, for the 3-year period prior to the Holding Announcement Date.



Source: Bloomberg L.P. and the Company's filings

Notes:

(1) The consolidated earnings across the relevant historical periods are adjusted to exclude (i) the impairment loss for goodwill of S$0.80 million and S$0.38 million recognised in the second quarter ended 30 June 2019 and in the third quarter ended 30 September 2019 respectively; and (ii) the plant and equipment written-off of S$0.61 million recognised in the fourth quarter ended 31 December 2015. No adjustment has been made for any change in accounting standards over the historical periods.

(2) The P/E multiple implied by the Offer Price is calculated using the consolidated earnings over the most recent twelve months ended 30 September 2019 and the issued share capital of the Company comprising 532,348,544 Shares.

Based on the above, we note that at 22.2x, the P/E multiple implied by the Offer Price is greater than the historical trailing P/E multiples of the Shares since February 2018, and is also greater than the average P/E multiple for the 1-year period prior to the Holding Announcement Date but is below the average P/E multiple for the 3-year period prior to the Holding Announcement Date.

8.3 Valuation multiples of Comparable Companies

We have compared the valuation multiples of the Company implied by the Offer Price with those of selected companies listed on the SGX-ST which are similarly involved in the core business of providing healthcare services in Singapore and/or the region.

We would highlight that the Comparable Companies listed below are not exhaustive and they differ from the Company in terms of *inter alia* market capitalisation, size of operations, composition of business activities, geographical spread, track record, financial performance, operating and financial leverage, risk profile, market liquidity, accounting policies, future prospects and other relevant criteria. As such, the comparison below is necessarily limited and serves only as an illustrative guide.

A brief description of the Comparable Companies is set out below.

Name of Comparable Company	Listing platform	Principal business
Alliance Healthcare Group Ltd	Catalist of SGX-ST	Integrated healthcare group which provides managed healthcare solutions and pharmaceutical services and operates GP and specialist clinics in Singapore.
Asian Healthcare Specialists Limited	Catalist of SGX-ST	Provides a wide spectrum of general and sub-specialised orthopaedic, trauma and sports services in Singapore. Also has an anaesthesia arm and a physiotherapy practice.
HC Surgical Specialists Limited	Catalist of SGX-ST	Focuses on provision of endoscopic procedures, including gastroscopies and colonoscopies, and general surgery services with a focus on colorectal procedures in Singapore.
Healthway Medical Corp. Ltd.	Catalist of SGX-ST	Operates GP and dental clinics in Singapore. Also has specialists in 9 disciplines (including ophthalmology, colorectal and surgery, digestive health, psychiatry, psychology and physiotherapy).

Name of Comparable Company	Listing platform	Principal business
OUE Lippo Healthcare Ltd	Catalist of SGX-ST	An integrated healthcare services and facilities provider. The Company owns, manages and operates hospitals and nursing facilities with presence across Japan, China, Indonesia and Myanmar.
Q & M Dental Group (Singapore) Limited	Mainboard of SGX-ST	Operates dental clinics, medical clinics and dental supplies and equipment distribution companies across Singapore, Malaysia and China.
Singapore Medical Group Ltd.	Catalist of SGX-ST	Specialist healthcare provider with an extensive network of more than 20 medical specialties in Singapore.
Singapore O&G Ltd	Catalist of SGX-ST	Specialist medical provider in Singapore across four business segments, obstetrics and gynaecology, cancer-related, dermatology and paediatrics.
Talkmed Group Ltd	Catalist of SGX-ST	Provider of medical oncology, stem cell transplants and palliative care services, serving patients in Singapore and the region.

Source: Bloomberg L.P. and the Comparable Companies' websites and filings

The valuation multiples of the Comparable Companies set out below are based on their closing market prices as at the Latest Practicable Date.

	Market Capitalisation (S$ million)	LTM P/E(1) (times)	LTM EV/EBITDA(2) (times)	P/NTA(3) (times)
Alliance Healthcare Group Ltd	40.5	26.1	9.0	2.9
Asian Healthcare Specialists Limited	78.2	28.8	22.8	6.0
HC Surgical Specialists Limited	82.5	14.8	9.4	5.2
Healthway Medical Corp. Ltd	117.3	n.m.	n.m.	3.6
OUE Lippo Healthcare Ltd	253.3	n.m.	n.m.	1.0
Q & M Dental Group (Singapore) Ltd	392.8	34.9	17.8	6.3
Singapore Medical Group Ltd	149.7	11.4	6.7	9.9
Singapore O&G Ltd	164.5	15.6	8.6	7.8
Talkmed Group Ltd	663.9	19.7	14.7	9.3
High		**34.9**	**22.8**	**9.9**
Low		**11.4**	**6.7**	**1.0**
Median		**19.7**	**9.4**	**6.0**
Mean		**21.6**	**12.7**	**5.8**
Company (implied by the Offer Price)	**191.6**	**22.2**	**12.8**	**7.7**

Source: Bloomberg L.P., the Comparable Companies' filings and CIMB's analysis

Notes:

"n.m." – Not meaningful

(1) LTM P/E multiple is computed using the consolidated earnings as publicly reported over the most recent twelve months and adjusted for non-recurring items (if any). No adjustment has been made for any difference and/or change in accounting standards of the Comparable Companies.

(2) EV is computed using the consolidated net debt and minority interest as publicly reported in the latest available financial statements as at the Latest Practicable Date. The EV of the Comparable Companies are based on their market capitalisation as at the Latest Practicable Date as extracted from Bloomberg L.P. and the EV of the Company is based on the market capitalisation as implied by the Offer Price.

EBITDA is computed based on the financial statements as publicly reported over the most recent twelve months and adjusted for non-recurring items (if any).

(3) P/NTA ratio is computed using the NTA as publicly reported in the latest available financial statements as at the Latest Practicable Date.

We would further highlight that the valuation multiples of the Comparable Companies are based on transaction prices of non-controlling stakes which would not have imputed any premium typically required to acquire control.

Based on the above, we note that:

(i) The trailing P/E multiple implied by the Offer Price is slightly above the corresponding mean and median multiples, and within the corresponding range of multiples of the Comparable Companies; and

(ii) The trailing EV/EBITDA multiple implied by the Offer Price is slightly above the corresponding mean and median multiples, and within the corresponding range of multiples of the Comparable Companies.

8.4 Valuation multiples of Aier on the ChiNext board of Shenzhen Stock Exchange

We have compared the valuation multiples of the Company implied by the Offer Price with those of Aier based on the closing market price of Aier as at the Latest Practicable Date.

	Market Capitalisation (S$ million)	LTM P/E(1) (times)	LTM EV/EBITDA(2) (times)	P/NTA(3) (times)
Aier	27,427.4	100.3	n.a.	40.3
Company (implied by the Offer Price)	**191.6**	**22.2**	**12.8**	**7.7**

Notes:

"n.a." – Not available

(1) LTM P/E multiple is computed using the consolidated earnings as publicly reported over the most recent twelve months and adjusted for non-recurring items (if any).

(2) EV is computed using the consolidated net debt and minority interest as publicly reported in the latest available financial statements as at the Latest Practicable Date. The EV of the Company is based on the market capitalisation as implied by the Offer Price.

EBITDA is computed based on the financial statements as publicly reported over the most recent twelve months and adjusted for non-recurring items (if any).

(3) P/NTA ratio is computed using the NTA as publicly reported in the latest available financial statements as at the Latest Practicable Date.

Based on the above, we note that the trailing P/E multiple implied by the Offer Price is significantly below that of Aier.

We would highlight that while the Company is listed on the Catalist board of the SGX-ST, Aier is listed on ChiNext board of Shenzhen Stock Exchange. Accordingly, the valuation multiples of the Company and Aier are subject to different trading circumstances, macroeconomic variables and investors' sentiments. Purely for illustrative purposes, as at the Latest Practicable Date, according to Bloomberg L.P., the FTSE Straits Times Index ("**FSSTI**") is trading at a P/E multiple of approximately 12.0 times while the Shenzhen Component Index is trading at a P/E multiple of approximately 22.9 times, suggesting that companies listed on Shenzhen Stock Exchange generally trade at higher valuation multiples as compared to companies listed on the SGX-ST and the above analysis should be considered in this context. Further, the Company and Aier adopt different accounting standards and policies and no adjustment has been made to align any of such differences for the purposes of comparing their valuation multiples.

We would also highlight that Aier is significantly larger and more profitable with shareholders' funds and net profits that are approximately 17 times and 24 times of those of the Group, based on their respective financial statements for FY2018.

8.5 Premia paid in recent successful Non-Privatisation Transactions

In general, the premium which an offeror pays in a takeover should be commensurate with the extent of incremental control that the offeror would gain through the takeover of the target company. An offeror that does not have any prior stake in a target company would accordingly be expected to offer a bigger premium to gain statutory control of the target company.

We note that: (i) prior to the Acquisition, the Offeror and its concert parties do not have any interest in the Company and the Offeror is seeking to obtain statutory control of the Company through the Offer; (ii) the Offeror has stated its intention to maintain the listing status of the Company on the SGX-ST following completion of the Offer; and (iii) based on the Offer Document, it is envisaged that the Offeror would not become entitled to exercise the right of compulsory acquisition under Section 215(1) of the Companies Act.

Accordingly, we have compared the market premia implied by the Offer Price with those in takeover offers of companies listed on the SGX-ST (excluding real estate investment trusts and business trusts) that were announced since January 2017 and completed as at the Latest Practicable Date, where the offeror had successfully acquired statutory control and had stated its intention to maintain the listing status of the target company.

We would highlight that the premium that an offeror pays in any particular takeover depends on various factors such as the potential synergy that the offeror can gain by acquiring the target company, the presence of competing bids for the target company, prevailing market conditions and sentiments, attractiveness of the business and assets of the target company, existing and desired level of control in the target company. The comparison below is made without taking into consideration the trading performance and market liquidity of the shares of the target companies. Further, the target companies in the Non-Privatisation Transactions are not directly comparable to the Company in terms of size of operations, market capitalisation, business activities, asset base, geographical spread, track record, accounting policies, financial performance, operating and financial leverage, future prospects and other relevant criteria. Hence, the comparison of the Offer with the Non-Privatisation Transactions set out below is for illustrative purposes only.

The table below sets out the market premia paid in the Non-Privatisation Transactions.

			Premium/(discount) of offer price over/(to):		
Name of target company	**Principal business**	**Announcement date**	**Closing price prior to announcement (%)**	**1 month VWAP prior to announcement (%)**	**3 month VWAP prior to announcement (%)**
Healthway Medical Corporation Limited	Healthcare management	07-Feb-17	2.4	8.9	15.0
International Healthway Corporation Limited	Provides, develops and manages healthcare services	16-Feb-17	0.0	14.0	20.5
CMC Infocomm Limited	Provider of integrated communication solutions and services	07-May-17	18.8	34.6	30.5
Cityneon Holdings Limited	Provider of events management and exhibition services, design and build services for museums and galleries and interior architecture services	12-May-17	(5.4)	0.6	3.9
Blumont Group Limited(1)	Investment holding, sterilisation, property, mineral and energy resources	24-Aug-17	(81.8)	(87.9)	(86.0)
Mary Chia Holdings Limited(1)	Provision of lifestyle and wellness services	24-Aug-17	68.2	93.0	96.1
BRC Asia Limited	Building construction and manufacture of basic iron and steel	08-Sep-17	33.1	30.3	35.3

Name of target company	Principal business	Announcement date	Premium/(discount) of offer price over/(to): Closing price prior to announcement (%)	1 month VWAP prior to announcement (%)	3 month VWAP prior to announcement (%)
TMC Education Corporation Ltd.	Provides commercial, academic, and technical education and providing expertise in setting up and administering schools	14-Dec-17	68.8	50.0	29.8
CH Offshore Ltd.(1)	Offshore support service provider in oil and gas	26-Jul-18	0.0	(11.0)	(11.6)
Chew's Group Limited	Food products	22-Aug-18	26.2	30.9	33.4
Sunrise Shares Holding Ltd.	Trading and distribution of electrical products, manufacture and assembly of electrical distribution and control equipment, and provision of property consultancy and management services in the real estate and hospitality industries	06-Dec-18	21.4	30.8	36.0
Thakral Corporation Limited	Real estate related investment and marketing and distribution of brands in beauty, wellness and lifestyle categories	04-Mar-19	11.1	17.1	18.1
Sevak Limited	Distribution of operator products and distribution services, ICT distribution and managed services, and mobile devices retail business	21-Mar-19	25.0	21.0	12.0
Ying Li International Real Estate Limited	Property developer	03-Apr-19	0.7	5.7	10.5
High(1)			**68.8**	**50.0**	**36.0**
Low(1)			**(5.4)**	**0.6**	**3.9**
Mean(1)			**18.4**	**22.2**	**22.3**
Median(1)			**18.8**	**21.0**	**20.5**

Name of target company	Principal business	Announcement date	Premium/(discount) of offer price over/(to): Closing price prior to announcement (%)	1 month VWAP prior to announcement (%)	3 month VWAP prior to announcement (%)
Company (implied by the Offer Price and based on prices prior to the Holding Announcement Date)			**5.9**	**11.3**	**15.1**
Company (implied by the Offer Price and based on prices prior to the Pre-Conditional Offer Announcement Date)			**10.8**	**5.9**	**5.9**
Company (implied by the Offer Price and based on prices prior to the Offer Announcement Date)			**1.4**	**1.5**	**2.6**

Source: Bloomberg L.P. and the offer documents and circulars issued in relation to the transactions

Note:

(1) Blumont Group Limited, Mary Chia Holdings Limited and CH Offshore Ltd. are excluded as outliers in computing the high, low, mean and median premia.

Based on the above, we note that:

(i) The market price premia implied by the Offer Price based on the closing price, 1-month VWAP and 3-month VWAP prior to the Holding Announcement Date are significantly below the corresponding mean and median premia of the Non-Privatisation Transactions;

(ii) The market price premia implied by the Offer Price based on the closing price, 1-month VWAP and 3-month VWAP prior to the Pre-Conditional Offer Announcement Date are significantly below the corresponding mean and median premia of the Non-Privatisation Transactions; and

(iii) The market price premia implied by the Offer Price based on the closing price, 1-month VWAP and 3-month VWAP prior to the Offer Announcement Date are significantly below the corresponding mean and median premia of the Non-Privatisation Transactions.

8.6 Valuation multiples implied in the Precedent Transactions

We have compared the Offer against the Precedent Transactions in the healthcare sector in Singapore during the 3-year period prior to the Holding Announcement Date where the acquirer acquired controlling stakes and for which information is publicly available.

Announcement date	Acquirer	Target company	P/E[(1)] (times)	EV/EBITDA[(1)] (times)
05-Aug-16	Singapore Medical Group Ltd	Lifescan Imaging Pte. Ltd.	12.3	7.9
11-Oct-16	Singapore Medical Group Ltd	Astra Women Specialists Group	13.0	n.a.

Announcement date	Acquirer	Target company	P/E[(1)] (times)	EV/EBITDA[(1)] (times)
07-Feb-17	Gentle Care Pte Ltd	Healthway Medical Corporation Limited	n.m.	n.m.
16-Feb-17	OUE Limited	International Healthway Corporation Limited	n.m.	37.7
20-Apr-17	Singapore Medical Group Ltd	Children's Clinic Central Pte. Ltd. and Kids Clinic @ Bishan Pte. Ltd.	11.0	n.a.
19-Oct-17	Singapore Medical Group Ltd	Babies and Children Specialist Clinic Pte. Ltd.	7.9	n.a.
28-Feb-18	Clearbridge Health Limited	Medic Laser Private Limited and Medic Surgical Private Limited	12.0	n.a.
26-Oct-18	Asian Healthcare Specialists Limited	Asian Anaesthesia Care Pte. Ltd.	13.1	n.a.
24-May-19	Clearbridge Health Limited	Acquisition of 9 dental clinics in Singapore	8.0	n.a.

High	**13.1**	**37.7**
Low	**7.9**	**7.9**
Median	**12.0**	**22.8**
Mean	**11.0**	**22.8**

Company (implied by the Offer Price)	**22.2**	**12.8**

Source: Bloomberg L.P. and the companies' filings

Note:

"n.a." – Not available or not applicable, as the case may be

"n.m." – Not meaningful

(1) The P/E and EV/EBITDA multiples are computed based on the financial statements as publicly reported over the most recent twelve months prior to the announcement and adjusted for non-recurring items (if any).

We would highlight that the Precedent Transactions differ from the Offer in terms of *inter alia* the type of purchase consideration (cash, shares or a combination), the status of the acquirer and the target company (private or public), the characteristics of the target company, the structure of the respective transactions and other relevant criteria. In particular, the geographical coverage of operation of the target companies may not be directly comparable to those of the Company. As such, the comparison above is necessarily limited and serves only as an illustrative guide.

Based on the above, we note that the P/E multiple implied by the Offer Price is significantly above the corresponding mean and median multiples and is also above the corresponding range of multiples implied in the Precedent Transactions. We are of the view that it is not meaningful to compare the EV/EBITDA multiple implied by the Offer Price with those implied in the Precedent Transactions considering the limited data points.

8.7 Valuation multiples implied in the Aier Acquisitions

We have compared the Offer against the Aier Acquisitions during the 3-year period prior to the Holding Announcement Date where Aier acquired controlling stakes and for which information is publicly available.

Announcement date	Target company	P/E (times)	EV/EBITDA (times)
10-Apr-17	Clinica Baviera, S.A.	21.3(1)	10.6(1)
07-Dec-16	Acquisition of 9 eye specialist clinics in PRC	19.6(2)	n.a.
High		**21.3**	**n.m.**
Low		**19.6**	**n.m.**
Median		**20.4**	**n.m.**
Mean		**20.4**	**n.m.**
Company (implied by the Offer Price)		**22.2**	**12.8**

Notes:

"n.a." – Not available or not applicable, as the case may be

"n.m." – Not meaningful

(1) The P/E and EV/EBITDA multiples are computed based on the financial statements as publicly reported over the most recent twelve months prior to the announcement and adjusted for non-recurring items (if any).

(2) The P/E multiple is computed using the annualised aggregate earnings of the 9 eye specialist clinics based on extrapolation of the reported earnings for the 7-month period ended 31 July 2016.

We would highlight that the Aier Acquisitions differ from the Offer in terms of *inter alia* the type of purchase consideration (cash, shares or a combination), the characteristics of the target company, the structure of the respective transactions and other relevant criteria. In particular, the scale and geographical coverage of operations of the target companies may not be directly comparable to those of the Company. As such, the comparison above is necessarily limited and serves only as an illustrative guide.

Based on the above, we note that:

(i) The P/E multiple implied by the Offer Price is above the corresponding multiples implied in both the Aier Acquisitions; and

(ii) The EV/EBITDA multiple implied by the Offer Price is above that implied in the Aier Acquisition relating to Clinica Baviera, S.A..

8.8 Valuation multiples implied in the Group Acquisitions

We have compared the Offer against past acquisitions where the Group acquired controlling stakes and for which information is publicly available.

Announcement date	Target company	P/E(1) (times)	EV/EBITDA(1) (times)
27-May-16	JL Companies	12.0	n.a.
19-Oct-15	Southern Specialist Eye Centre Sdn. Bhd.	12.4	n.a.
High		**12.4**	**n.m**
Low		**12.0**	**n.m.**
Median		**12.2**	**n.m.**
Mean		**12.2**	**n.m.**
Company (implied by the Offer Price)		**22.2**	**12.8**

Note:

"n.a." – Not available or not applicable, as the case may be

"n.m." – Not meaningful

(1) The P/E and EV/EBITDA multiples are computed based on the financial statements as publicly reported over the most recent twelve months prior to the announcement and adjusted for non-recurring items (if any).

We would highlight that the Group Acquisitions differ from the Offer in terms of *inter alia* the type of purchase consideration (cash, shares or a combination), the characteristics of the target company, the structure of the respective transactions and other relevant criteria. In particular, the target companies are privately held and not quoted securities. As such, the comparison above is necessarily limited and serves only as an illustrative guide.

Based on the above, we note that the P/E multiple implied by the Offer Price is significantly above the corresponding multiples implied in both the Group Acquisitions.

8.9 Dividend track record of the Company

In assessing the Offer Price, we have considered the dividend track record of the Company and the dividend yield of the Shares implied by the Offer Price relative to alternative investments. The ordinary dividends paid by the Company in the past are set out below.

	FY2016	**FY2017**	**FY2018[(1)]**	**9M2019**	**Average**
Interim dividend per Share (S$)	0.0088	0.0050	0.0078	0.0030	
Final dividend per Share (S$)	0.0011	0.0070	0.0078	n.a.	
Total dividend per Share (S$)	0.0099	0.0120	0.0156	n.a.	
Dividend pay-out ratio	76%	78%	96%	n.a.	
Closing price[(2)] (S$)	0.3150	0.3000	0.3200	n.a.	
Dividend yield[(3)] (%)	3.1%	4.0%	4.9%	n.a.	4.0%
Dividend yield[(3)] (%) (Implied by the Offer Price)	**2.8%**	**3.3%**	**4.3%**	**n.a.**	**3.5%**

Source: Bloomberg L.P, the Company's annual reports and CIMB's analysis

"n.a." – Not available or not applicable, as the case may be

Notes:

(1) The table excludes the special dividend of 0.98 cents per Share paid in respect of FY2018.

(2) The prices shown in the table above are closing prices of the Shares as at the relevant last cum-dividend dates.

(3) Computed as total dividend per Share (excluding special dividend, if any) divided by closing price or the Offer Price as the case may be.

We note that in the offer document of the Company issued in connection with its initial public offering ("**IPO**") dated 14 October 2014, the Company had stated that although it did not have a formal dividend policy, subject to the various factors described therein, the Company intended to distribute an annual dividend of no less than 25.0% of its net profits attributable to Shareholders as dividends. The Company has confirmed that its dividend pay-out ratios since the IPO have been consistent with the aforesaid statement and such statement remains accurate as at the Latest Practicable Date. We note that the Company's dividend pay-out ratio has increased from 76% in FY2016 to 96% in FY2018.

We would highlight that notwithstanding the above, the Company has however not adopted any formal dividend policy and accordingly there is no assurance that the Company will consistently pay dividends in the future or maintain the level of dividends paid in the past. The quantum of dividend payment by the Company in any year would also depend on various factors such as the financial performance, working capital and capital expenditure needs of the Group as well as other considerations.

From the table above, we note that the Company's total full-year ordinary dividend has been increasing consistently from S$0.0099 per Share in FY2016 to S$0.0156 per Share in FY2018, with yield increasing from 3.1% in FY2016 to 4.9% in FY2018. The Company's dividend yield implied by the Offer Price in respect of FY2018 is 4.3%.

Investment in selected alternative investments

Shareholders who accept the Offer may re-invest the proceeds from the Offer in selected alternative investments including the shares of the Comparable Companies or in a market instrument that replicates the FSSTI. The dividend yields of the Comparable Companies in respect of their last financial year and the FSSTI are set out in the table below.

Comparable Companies	**Dividend yield (%)**
Asian Healthcare Specialists Limited	2.2
HC Surgical Specialists Limited	3.9
Q & M Dental Group (Singapore) Ltd	1.7
Singapore O&G Ltd	4.5
Talkmed Group Ltd	3.5
Comparable Companies Mean	**3.2**
Comparable Companies Median	**3.5**
FSSTI	3.9
Company (based on closing price on last cum-dividend date)	4.9
Company (based on the Offer Price)	4.3

Source: Bloomberg L.P, the Company's annual reports and CIMB's analysis

Note:

(1) Of the Comparable Companies, Alliance Healthcare Group Ltd, Healthway Medical Corp. Ltd., OUE Lippo Healthcare Ltd and Singapore Medical Group Ltd. did not pay any dividend in respect of their last financial year.

Based on the above, it would appear that a Shareholder who accepts the Offer may not be able to achieve comparable dividend yield on the Shares if such Shareholder were to re-invest the proceeds from the Offer in the shares of the Comparable Companies (save for Singapore O&G Ltd) or in a market instrument that replicate the FSSTI. The abovementioned is for illustrative purposes only and there is no assurance that the Company or any of the above Comparable Companies will continue to pay dividends in the future or maintain the level of dividends paid in previous periods.

8.10 The Group's historical financial performance and financial position

A summary of the financial performance of the Group between FY2016 and FY2018 and for 9M2018 and 9M2019 is set out below.

(S$'000)	FY2016 (Audited)	FY2017 (Audited)	FY2018 (Audited)	9M2018 (Unaudited)	9M2019 (Unaudited)
Revenue	30,780	36,976	40,444	29,952	31,255
Profit attributable to the owners of the Company	6,443	7,907	8,407	6,079	6,301[(1)]
Net profit margin[(2)] (%)	*20.9%*	*21.4%*	*20.8%*	20.3%	20.2%[(1)]

A summary of the financial position of the Group as at 31 December 2016, 31 December 2017, 31 December 2018 and 30 September 2019 is set out below.

(S$'000)	31 December 2016 (Audited)	31 December 2017 (Audited)	31 December 2018 (Audited)	30 September 2019 (Unaudited)
Total assets	67,152	71,602	73,574	72,217
Cash and cash equivalents	20,376	24,824	27,105	22,508
Total borrowings	–	–	–	–
NTA	21,679	27,310	28,675	24,784
NAV	60,790	66,076	66,857	61,322
*Return on equity ("**ROE**")[(3)]*	*11.4%*	*12.5%*	*12.6%*	n.m.

Source: The Company's filings

Notes:

"n.m." – Not meaningful

(1) Profit attributable to the owners of the Company for 9M2019 has been adjusted to exclude the impairment loss for goodwill of S$0.80 million and S$0.38 million recognised in the second quarter ended 30 June 2019 and in the third quarter ended 30 September 2019 respectively.

(2) Net profit margin is calculated as profit attributable to the owners of the Company divided by the revenue for the relevant financial period.

(3) ROE is calculated as the profit attributable to the owners of the Company divided by the average NAV for the period.

Revenue

The Group's revenue increased by approximately 20.1% from S$30.8 million in FY2016 to S$37.0 million in FY2017, and by approximately 9.4% to S$40.4 million in FY2018. This translates to an overall increase of approximately 31.4% between FY2016 and FY2018. Revenue growth between FY2016 and FY2018 was largely attributable to increased patient visits at the Group's specialised eye care services in Malaysia and Singapore, and revenue contribution from the JL Companies which were acquired in December 2016.

Compared to 9M2018, the Company's revenue in 9M2019 increased by approximately 4.4% from S$30.0 million to S$31.3 million. The revenue growth was largely attributable to increased patient visits at the Group's specialised eye care services in Malaysia.

Profit attributable to the owners of the Company

Profit attributable to owners of the Company increased by approximately 22.7% from S$6.4 million in FY2016 to S$7.9 million in FY2017, and approximately 6.3% to S$8.4 million in FY2018. This translates to an overall increase of approximately 30.5% between FY2016 and FY2018. The Group's net profit margin remained stable at approximately 21% between FY2016 to FY2018.

Compared to 9M2018, profit attributable to the owners of the Company in 9M2019 increased by approximately 3.7% (after excluding the impairment loss for goodwill of S$1.18 million) from S$6.1 million to S$6.3 million. This translates to net profit margins of 20.3% and 20.2% for 9M2018 and 9M2019 respectively.

NTA

The Group's NTA increased by approximately 14.3% from S$21.7 million as at 31 December 2016 to S$24.8 million as at 30 September 2019.

ROE

The Group's ROE improved from 11.4% in FY2016 to 12.5% in FY2017 and subsequently to 12.6% in FY2018.

8.11 Other relevant considerations which have a bearing on our assessment

8.11.1 NTA and ex-cash NTA of the Group

Based on the Company's 3QFY2019 Results, the NTA of the Group as at 30 September 2019 (including right-of-use assets) was approximately S$24.8 million or approximately S$0.047 per Share and the cash and cash equivalents of the Group as at 30 September 2019 was approximately S$22.5 million or S$0.042 per Share.

Accordingly, the Offer Price represents significant premia over the NTA per Share of S$0.047 and the ex-cash NTA per Share of S$0.005 as at 30 September 2019.

We would highlight that in our view, earnings-based valuation approaches such as the P/E and EV/EBITDA multiples are more appropriate for valuation of companies in the healthcare sector.

8.11.2 Intangible assets of the Group

As at 30 September 2019, the Group has significant intangible assets of S$36.5 million mainly relating to goodwill from acquisition of subsidiaries. The Management has confirmed that as at the Latest Practicable Date, to the best of their knowledge and belief, there is nothing which may cause the goodwill to be materially different from that recorded on the Group's statement of financial position as at 30 September 2019.

We note that the Group recognised an impairment loss for goodwill of S$0.80 million in the second quarter ended 30 June 2019 relating to JLMS (as defined hereinafter) and an impairment loss for goodwill of S$0.38 million in the third quarter ended 30 September 2019 relating to JLMW (as defined hereinafter).

8.11.3 Profit guarantee relating to the JL Companies

On 27 May 2016, the Company announced that it had entered into a sale and purchase agreement with Dr Lee Yeng Fen, Dr Koo Xian Yang and Dr Ng Chiew Fang (collectively, the "**JL Vendors**") pursuant to which the Company acquired 100% interest in each of JL Medical (Bukit Batok) Pte. Ltd. ("**JLMBB**"), JL Medical (Sembawang) Pte. Ltd. ("**JLMS**"), JL Medical (Woodlands) Pte. Ltd. ("**JLMW**") and JL Medical (Yew Tee) Pte. Ltd. ("**JLMYT**") (collectively, the "**JL Companies**").

In connection with the said acquisition, each of the JL Vendors had guaranteed and undertaken for the benefit of the Company, in the shareholding proportions in the JL Company in which each of them held shares, that the audited profit after tax of that JL Company for each of the 5 financial years commencing from 1 January 2017 ("**Profit Guarantee Period**") would be as follows ("**Profit Guarantee**"):

JL Company	Profit Guarantee (S$)	Shortfall Threshold (S$)
JLMBB	344,883.00	310,394.70
JLMS	301,362.00	271,225.80
JLMW	334,396.00	300,956.40
JLMYT	181,182.00	163,063.80

In the event that the audited profit after tax of a JL Company is lower than 90% of the respective Profit Guarantee (the "**Shortfall Threshold**") in respect of a Profit Guarantee Period, the relevant JL Vendor(s) who held shares in such JL Company shall pay to the Company, in cash, an amount equivalent to the difference between the Shortfall Threshold and the actual audited profit after tax of such JL Company ("**Shortfall Compensation**").

We note that the Company had received Shortfall Compensation amounting to S$159,465.30 in respect of FY2017 and S$20,855.80 in respect of FY2018 and such amounts were recorded under other income in the Group's financial statements for the corresponding financial years.

We would highlight that the remaining Profit Guarantee Period comprises FY2019, FY2020 and FY2021 and the amount of Shortfall Compensation (if any) payable to the Company in each of these Profit Guarantee Periods will contribute to the Group's income in the respective financial years.

8.11.4 Outlook of the Group

We would draw the attention of Shareholders to paragraph 10 of the Company's 3QFY2019 Results announcement dated 12 November 2019 wherein the Company has made a commentary of the significant trends and competitive conditions of the industry in which the Group operates as well as factors or events that may affect the Group, as reproduced below:

"ISEC Myanmar had commenced the provision of eye checks and consultations since the second quarter ended 30 June 2019. The Group continues to seek suitable opportunities in the markets in China, Indonesia, Myanmar and Vietnam, while we strengthen our existing presence in our core markets of Singapore and Malaysia. The Company will also continue to pursue investment opportunities which are in line with the Group's business strategies as and when they arise.

The Group continues to widen and deepen our talent pool, while we continue keeping ourselves abreast of the ophthalmology services industry by driving innovation and adopting cutting-edge procedures and technology. Our doctors also contribute to community education by participating in seminars and conducting eye checks."

Shareholders are advised to read the above carefully and take note of any further announcement(s) relevant to their consideration of the Offer which may be released after the Latest Practicable Date.

8.11.5 Condition to the Offer

As at the Latest Practicable Date, the Offer has not become unconditional.

Shareholders should note that:

(a) In the event that the Offer does not become unconditional by the Closing Date, all acceptances of the Offer will lapse and be returned to accepting Shareholders; and

(b) In the event that the Offer becomes unconditional, Shareholders who accept the Offer will be assured of receiving the Offer Price in respect of all their acceptances without incurring any transaction costs.

8.11.6 Control of the Company

As at the Latest Practicable Date, the Offeror owns, controls or has agreed to acquire an aggregate of 186,321,991 Shares, representing approximately 35.0% of the total issued Shares. Accordingly, as at the Latest Practicable Date, the Offeror has not obtained statutory control of the Company.

In the event that the Offer becomes unconditional and the Offeror acquires statutory control of the Company, the Offeror will be in a position to pass ordinary resolutions at general meetings on matters in which the Offeror and its concert parties do not have any interest.

8.11.7 Key management's remaining interest in the Company

The Sellers are Dr Lee Hung Ming, Dr Wong Jun Shyan, Dr Choong Yee Fong, Dr Michael Law Sie Haur, Dr Fang Seng Kheong, Dr Lim Kian Seng and Dr Yeo Kim Chuan.

Dr Lee Hung Ming who is the Company's Executive Vice Chairman and Dr Wong Jun Shyan who is the Company's Executive Director and Chief Executive Officer each plays an instrumental role in the Group. Dr Choong Yee Fong, Dr Michael Law Sie Haur, Dr Fang Seng Kheong, Dr Lim Kian Seng and Dr Yeo Kim Chuan are founding members of the Group's businesses and are amongst the key management responsible for the Group's operations, financial performance and growth.

Pursuant to the Sale and Purchase Agreement:

(i) The shareholding interest (direct and deemed) of Dr Lee Hung Ming has decreased from 35.3% to 8.0%;

(ii) The shareholding interest (direct and deemed) of Dr Wong Jun Shyan has decreased from 8.1% to 6.1%; and

(iii) Based on information made available to us by the Company, as at the Latest Practicable Date, the shareholding interests (direct and deemed) of the Sellers in aggregate have decreased from 58.8% to 23.8%.

We would highlight that:

(i) The Offeror has stated that it is of the view that the continued services of the Sellers are essential to the Company's continual expansion and growth. As stated in the Pre-Conditional Offer Announcement and the Offer Announcement, the Company has entered into various new employment agreements, supplemental employment agreements and supplemental service agreements with each of the relevant Sellers to amend certain provisions, in particular: (a) their respective term of service has been extended for a period of 5 years and the relevant doctor shall have the option to extend for a further 5 years; (b) in respect of the agreements of

Dr Lee Hung Ming and Dr Wong Jun Shyan, the non-competition obligations and confidentiality obligations have been amended and in respect of the agreements of the remaining Sellers, a provision imposing non-competition obligations has been added; and (c) Dr Lee Hung Ming and the Company shall work together towards forming a medical team management plan for the Group for 5 years, which shall include recruiting, training and retaining 2 mature ophthalmologic surgeons.

The Company has clarified that Dr Choong Yee Fong, Dr Michael Law Sie Haur, Dr Fang Seng Kheong and Dr Lim Kian Seng, each of whom has entered into new employment agreements with the relevant entities within the Group arising from the Acquisition, continue in their positions within the Group.

(ii) The Sellers in aggregate retained a significant 23.8% shareholding interests in the Company (including the Additional Shares which are subject of the Undertakings). Dr Lee Hung Ming has disposed of his entire direct shareholding interest in the Company but remains interested in 8.0% shareholding interest held by his spouse, while Dr Wong Jun Shyan retained 6.1% shareholding interest in the Company.

(iii) As at the Latest Practicable Date, the Offeror is the single largest Controlling Shareholder. In connection with the Acquisition, the Offeror has the right to appoint two (2) directors to the Board. Even if the Offeror fails to obtain statutory control of the Company, the Offeror will be in a position to influence *inter alia* the management, operational and financial policies of the Company and the strategy, expansion and future direction of the Group.

8.11.8 Rationale for the Offer and intentions of the Offeror

The Offeror is a direct wholly-owned subsidiary of Aier, a company which is incorporated in the PRC and listed on the Shenzhen Stock Exchange with a market capitalisation of approximately S$27.4 billion as at the Latest Practicable Date.

Aier operates a global chain of eye care medical service institutions, whose main business is the provision of ophthalmic medical services (including refractive surgery, cataract surgery, anterior segment surgery, posterior segment surgery and other operations) as well as optometry services.

The Offeror has stated its intention to expand its eye care medical business into the South East Asia market through the Group, as part of its globalisation strategy by leveraging on the medical expertise and experience of the Group's medical team. The Offeror has also stated that through the Acquisition, Aier will be able to enhance its leading position in the global eye care medical market by creating complementary business operations with the Group through sharing of best practices and eye care medical know-how.

As stated in the Offer Document, the Offeror intends for the Company to continue with its existing business activities and has no current intention of (i) making material changes to the Group's existing business, (ii) re-deploying the Group's fixed assets, or (iii) discontinuing the employment of the employees of the Group, other than in the ordinary course of business.

We would highlight that:

(i) In the event that the Offer becomes unconditional and the Offeror successfully acquires statutory control of the Company, the Company will become a subsidiary of the Offeror and part of a significantly larger group whose ultimate parent company is Aier.

(ii) According to the Offer Document, the Offeror intends to expand its eye care medical business into South East Asia market through the Group. This indicates that the Group may, under the control of the Offeror, potentially expand its business to other regional markets (apart from Singapore, Malaysia and Myanmar where the Group already has presence). In this regard, the Company has also stated in its 3QFY2019 Results announcement dated 12 November 2019 that the Group is continuing to seek suitable opportunities in the markets in China, Indonesia, Myanmar and Vietnam.

(iii) According to the Offer Document, through the Acquisition, Aier will be able to enhance its leading position in the global eye care medical market by creating complementary business operations with the Group through sharing of best practices and eye care medical know-how. This indicates that the Group may also, under the control of the Offeror, potentially develop new business opportunities.

8.11.9 Impact of change of control

In fulfilment of one of the Conditions Precedent, the Company has obtained written consents and/or waivers (on terms satisfactory to the Offeror) from all relevant parties to the effect that they consent to the sale and purchase of the Sale Shares and agree not to exercise any right (whether of termination or otherwise) arising by reason of such sale and purchase, including but not limited to insurance companies, hire purchase companies, banks and landlords.

As stated in the Offer Document, the Offeror presently intends for the Company to continue with its existing business activities. We understand from the Company that to the best of their knowledge and belief, as at the Latest Practicable Date, the change in ownership of the Company as a result of the Acquisition and/or the Offer is not expected to have any immediate material impact on the Group's operations and/or contractual arrangements (including key agreements relating to provision of medical services).

8.11.10 Listing status and compulsory acquisition

Listing status

Pursuant to Rule 723 of the Catalist Rules, the Company must ensure that at least 10% of the total number of Shares (excluding preference shares, convertible equity securities and treasury shares) in a class that is listed is at all times held by the public ("**Free Float Requirement**").

Pursuant to Rule 1104 of the Catalist Rules, in the event that the Offeror Concert Group should, as a result of the Offer or otherwise, own or control more than 90% of the total number of Shares (excluding treasury shares), the SGX-ST may suspend the trading of the Shares on the SGX-ST until such time when the SGX-ST is satisfied that at least 10% of the total number of Shares (excluding treasury shares) are held by at least 200 Shareholders who are members of the public.

In addition, under Rule 724(1) of the Catalist Rules, if the Free Float Requirement is not complied with, the Company must, as soon as possible, notify its sponsor of that fact and announce that fact and the SGX-ST may suspend trading of all the Shares on the SGX-ST. Rule 724(2) of the Catalist Rules states that the SGX-ST may allow the Company a period of three (3) months, or such longer period as the SGX-ST may agree, for the percentage of the Shares held by members of the public to be raised to at least 10%, failing which the Company may be delisted from the SGX-ST.

We would highlight that the Offeror has stated its intention to maintain the listing status of the Company on the SGX-ST following completion of the Offer. In the event that the trading of the Shares on the SGX-ST is suspended pursuant to Rule 724 or Rule 1104 of the Catalist Rules, the Offeror intends to undertake and/or support any action as may be necessary for any such trading suspension by the SGX-ST to be lifted.

Compulsory acquisition

Pursuant to Section 215(1) of the Companies Act, in the event that the Offeror receives valid acceptances pursuant to the Offer (or otherwise acquires Shares during the period when the Offer is open for acceptance) in respect of not less than 90% of the total number of issued Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the date of the Offer and excluding any Shares held by the Company as treasury shares), the Offeror would be entitled to exercise the right to compulsorily acquire all the Shares of the Shareholders who have not accepted the Offer ("**Dissenting Shareholders**") at a price equal to the Offer Price.

In addition, Dissenting Shareholders have the right under and subject to Section 215(3) of the Companies Act (Chapter 50 of Singapore), to require the Offeror to acquire their Shares at a price equal to the Offer Price in the event that the Offeror, its related corporations or their respective nominees acquire, pursuant to the Offer, such number of Shares which, together with the treasury shares and the Shares held by the Offeror, its related corporations or their respective nominees, comprise 90% or more of the total number of issued Shares. Dissenting Shareholders who wish to exercise such rights are advised to seek their own independent legal advice. Unlike Section 215(1) of the Companies Act, the 90% threshold under Section 215(3) of the Companies Act does not exclude treasury shares or Shares held by the Offeror, its related corporations or their respective nominees as at the date of the Offer.

We would highlight that the Offeror has stated that as the Sellers will not accept the Offer in respect of their Shares (except in limited circumstances set out in their Undertakings), it is envisaged that **the Offeror would not become entitled to exercise the right of compulsory acquisition under Section 215(1) of the Companies Act pursuant to acceptances of the Offer.**

8.11.11 Restrictions following the Offer

In the event that the Minimum Acceptance Condition is satisfied, under Rule 33.2 of the Code, except with the consent of the SIC, neither the Offeror nor any person acting in concert with the Offeror may, within 6 months of the close of the Offer, make a second offer to or acquire any Share from any Shareholder on terms better than those made available under the Offer.

In the event that the Minimum Acceptance Condition is not satisfied and the Offer lapses, under Rule 33.1 of the Code, except with the consent of the SIC, neither the Offeror, any person acting in concert with the Offeror nor any person who is subsequently acting in concert with any of them may, within 12 months from the date on which the Offer lapses, announce an offer or possible offer for the Company or acquire any voting rights of the Company if the Offeror or persons acting in concert with the Offeror would thereby become obliged under Rule 14 of the Code to make an offer for the Company. Nonetheless, in accordance with Note 1 on Rule 33.1 of the Code, the SIC will normally grant consent for an offer to be made when (i) the new offer is recommended by the board of the Company and the Offeror is not, or is not acting in concert with, a director or substantial shareholder of the Company; or (ii) the new offer follows the announcement of an offer by a third party for the Company.

In such event that the Minimum Acceptance Condition is not satisfied and the Offer lapses, the Offeror and its concert parties will be able to acquire additional Shares carrying up to 1% of the voting rights in the Company in any period of 6 months after the close of the Offer, without triggering a take-over obligation under Rule 14 of the Code.

8.11.12 No alternative offer

As at the Latest Practicable Date, there is no publicly available evidence of any alternative offer for the Shares.

9. SUMMARY OF OUR ANALYSIS

9.1 Key Factors

In arriving at our advice to the Independent Directors on the Offer, we have considered *inter alia* the following factors which should be read in the context of the full text of this letter:

Factors in favour of the Offer Price

(i) The Shares had not closed at or above the Offer Price over the 3-year period prior to the Holding Announcement Date;

(ii) After the release of the Pre-Conditional Offer Announcement, the closing price of the Shares moved within a very narrow band of S$0.350 and S$0.355 during the period prior to the release of the Offer Announcement;

(iii) After the release of the Offer Announcement and up to the Latest Practicable Date, the closing price of the Shares traded within a narrow band of S$0.355 and S$0.360 and the Shares has not closed above the Offer Price;

(iv) The Offer Price represents a premium of between 5.9% to 22.6% over the various VWAPs in the 1-year period prior to the Holding Announcement Date;

(v) The Offer Price represents a premium of between 5.9% to 15.5% over the various VWAPs in the 1-year period prior to the Pre-Conditional Offer Announcement Date;

(vi) The Offer Price represents a premium of between 1.4% to 14.0% over the various VWAPs in the 3-year period prior to the Offer Announcement Date;

(vii) The ADTV of the Shares rose significantly after the release of the Holding Announcement with an ADTV of 386,290 Shares between the Holding Announcement Date and the Offer Announcement Date, compared to 135,269 Shares for the 1-year period prior to the Holding Announcement Date;

(viii) At 22.2x, the P/E multiple implied by the Offer Price is greater than the historical trailing P/E multiples of the Shares since February 2018, and is also greater than the average P/E multiple for the 1-year period prior to the Holding Announcement Date;

(ix) The trailing P/E multiple and EV/EBITDA multiple implied by the Offer Price are slightly above the corresponding mean and median multiples, and within the corresponding range of multiples of the Comparable Companies; and

(x) The P/E multiple implied by the Offer Price is above the corresponding range of multiples implied in the Precedent Transactions, the Aier Acquisitions and the Group Acquisitions.

Factors against the Offer Price

(i) The trailing P/E multiple implied by the Offer Price is significantly below that of Aier;

(ii) The market price premia implied by the Offer Price based on the closing price, 1-month VWAP and 3-month VWAP prior to the Holding Announcement Date, the Pre-Conditional Offer Announcement Date and the Offer Announcement Date are significantly below the corresponding mean and median premia of the Non-Privatisation Transactions;

(iii) The Comparable Companies (save for Singapore O&G Ltd) provide dividend yields which are lower than that of the Company in the last financial year; and

(iv) At the Offer Price, the Offeror acquired 35.0% shareholding interest from the Sellers and the Sellers in aggregate retained significant shareholding interests of 23.8% (including the Additional Shares which are subject of the Undertakings).

9.2 Practice Statement

We would draw the attention of Shareholders to the practice statement issued by the SIC on 25 June 2014 (as amended on 28 February 2017) on the opinion issued by an independent financial adviser in relation to offers, whitewash waivers and disposal of assets under the Code ("**Practice Statement**"). The Practice Statement stipulates that the independent financial adviser in a takeover must state whether an offer is "fair and reasonable", the term being regarded as two different concepts. An offer is "fair" if the price offered is equal to or greater than the value of the offeree securities while in determining whether an offer is "reasonable", the independent financial adviser should consider other matters as well as the value of the offeree securities. Such matters include, but are not limited to, the existing voting rights held by the offeror in the offeree and the market liquidity of the offeree securities. Where the independent financial adviser concludes that an offer is "not fair but reasonable", it is on the basis that the independent financial adviser is of the view that despite the offer being "not fair", the offer is "reasonable" after taking into consideration other matters as well as the value of the offeree securities. Consequently, if the independent financial adviser is to make a recommendation whether to accept or reject the offer, the recommendation in such cases would be to accept the offer.

9.3 CIMB's Opinion

Based upon, and having considered, *inter alia*, the factors described above and the information that has been made available to us as at the Latest Practicable Date, we are of the opinion that as at the Latest Practicable Date, the Offer is **NOT FAIR BUT REASONABLE**.

We are of the opinion that:

(i) the Offer Price is **NOT FAIR** considering in particular (a) that the Offeror is a strategic acquirer seeking statutory control of the Company with the objective to enhance and expand Aier's business through the Group but the Offer Price however does not reflect a fair control premium when compared against the premia paid in the Non-Privatisation Transactions and at the Offer Price, the Offeror acquired only 35.0% shareholding interest from the Sellers and the Sellers (who are also the key management of the Group) in aggregate retained significant shareholding interests of 23.8%; and (b) the uptrend in the Group's financial performance and the Company's increasing dividend pay-out ratio over the last three financial years ended 31 December 2018; but

(ii) the Offer Price is however **REASONABLE** when compared against the historical trading performance of the Shares and considering the valuation multiples of the Company implied by the Offer Price relative to the trading multiples of the Comparable Companies.

9.4 CIMB's Recommendation

Accordingly, we **advise the Independent Directors to recommend that Shareholders ACCEPT THE OFFER** or sell their Shares in the open market if they can receive a price higher than the Offer Price (after netting off the related transaction expenses).

In rendering the advice above, we have not had regard to the specific investment objectives, financial situation, tax position or particular needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, we would advise that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately. Shareholders should note that the opinion and advice of CIMB should not be relied upon by any Shareholder as the sole basis for deciding whether or not to accept the Offer.

Yours faithfully
For and on behalf of
CIMB BANK BERHAD, SINGAPORE BRANCH

YEE CHIA HSING
HEAD, CATALIST
MANAGING DIRECTOR
INVESTMENT BANKING, SINGAPORE

TAN CHER TING
DIRECTOR
INVESTMENT BANKING, SINGAPORE

1. DIRECTORS

The names, addresses and designations of the Directors as at the Latest Practicable Date are set out below:

Name	Address	Designation
Mr Sitoh Yih Pin	c/o 101 Thomson Road #09-04 United Square Singapore 307591	Non-Executive Chairman and Independent Director
Dr Lee Hung Ming	c/o 101 Thomson Road #09-04 United Square Singapore 307591	Executive Vice Chairman
Dr Wong Jun Shyan	c/o 101 Thomson Road #09-04 United Square Singapore 307591	Executive Director and Chief Executive Officer
Professor Low Teck Seng	c/o 101 Thomson Road #09-04 United Square Singapore 307591	Independent Director
Mr Lim Wee Hann	c/o 101 Thomson Road #09-04 United Square Singapore 307591	Independent Director

2. REGISTERED OFFICE

The registered office of the Company is at 101 Thomson Road, #09-04 United Square, Singapore 307591.

3. PRINCIPAL ACTIVITIES

The Company was incorporated under the laws of Singapore on 2 January 2014 and was listed on the Catalist Board of the SGX-ST in 2014.

The principal activity of the Company is that of an investment holding company. The Group is an established regional provider of a comprehensive suite of medical eye care services with ambulatory surgical centres and also provides general medical services and aesthetic treatment services.

4. SHARE CAPITAL

4.1 Issued share capital

The Company has one (1) class of shares, being ordinary shares. Based on the 3QFY2019 Results and as at the Latest Practicable Date, the issued and paid-up share capital of the Company is S$64,741,000 comprising 532,348,544 Shares (excluding treasury shares). As at the Latest Practicable Date, the Company holds 386,400 treasury shares. The issued Shares are listed and quoted on the Catalist Board of the SGX-ST.

4.2 **Capital, dividends and voting**

The rights of Shareholders in respect of capital, dividends and voting are contained in the Constitution, which is available for inspection at the registered office of the Company at 101 Thomson Road, #09-04 United Square, Singapore 307591 during normal business hours for the period during which the Offer remains open for acceptance. The relevant provisions of the Constitution relating to the rights of Shareholders in respect of capital, dividends and voting have been extracted from the Constitution and are set out in Appendix VI to this Circular. Capitalised terms and expressions not defined in the extracts have the meanings ascribed to them in the Constitution.

4.3 **Number of Shares issued since the end of the last financial year**

Save as disclosed below, no Shares have been issued by the Company since the end of the last financial year up to the Latest Practicable Date.

As announced by the Company on 2 April 2019, ISEC KL had entered into a conditional sale and purchase agreement dated 2 April 2019 with (a) Pearl Eye Specialists Sdn. Bhd., (b) Dr Alan Ang Jin Soon and Dr Ung Chuin Tsiang and (c) Dr Adrian Tey Puat Kean, in relation to the acquisition by ISEC KL of the remaining 49% of the entire issued and paid-up share capital of ISEC (Penang) Sdn. Bhd. from Pearl Eye Specialists Sdn. Bhd. and Dr Adrian Tey Puat Kean, for an aggregate consideration of MYR13,651,524, subject to certain adjustments as agreed between the parties (the "**ISEC Penang Acquisition**"). The consideration for the ISEC Penang Acquisition was satisfied by way of allotment and issue of an aggregate 15,639,275 new Shares to Dr Alan Ang Jin Soon and Dr Ung Chuin Tsiang (being the shareholders of Pearl Eye Specialists Sdn. Bhd.) and Dr Adrian Tey Puat Kean. In connection with the ISEC Penang Acquisition, the Company allotted and issued new Shares to each of the following on 23 April 2019, being the date of completion of the ISEC Penang Acquisition:

Name of Recipient	No. of Shares issued	Date of allotment and issuance	Issue Price (S$)
Dr Alan Ang Jin Soon	5,425,871	23 April 2019	0.29
Dr Ung Chuin Tsiang	5,425,871	23 April 2019	0.29
Dr Adrian Tey Puat Kean	4,787,533	23 April 2019	0.29

Shareholders should refer to the relevant announcements released by the Company on SGXNET for further details on the ISEC Penang Acquisition.

4.4 **Options and convertible instruments**

There are no outstanding instruments convertible into, rights to subscribe for, and options in respect of securities being offered for or which carry voting rights affecting the Shares in the Company, as at the Latest Practicable Date.

5. DISCLOSURE OF INTERESTS

5.1 Interests of the Company in Offeror Securities

The Company does not have any direct or indirect interests in the Offeror Securities as at the Latest Practicable Date.

5.2 Dealings in Offeror Securities by the Company

The Company has not dealt for value in the Offeror Securities during the period commencing six (6) months prior to the Holding Announcement Date and ending on the Latest Practicable Date.

5.3 Interests of the Directors in Offeror Securities

None of the Directors has any direct or indirect interests in the Offeror Securities as at the Latest Practicable Date.

5.4 Dealings in Offeror Securities by the Directors

None of the Directors has dealt for value in the Offeror Securities during the period commencing six (6) months prior to the Holding Announcement Date and ending on the Latest Practicable Date.

5.5 Interests of the Directors in the Company Securities

Save as disclosed below, as at the Latest Practicable Date, none of the Directors has any direct or indirect interests in the Company Securities:

	Direct interest		Deemed interest		Total interest	
Name of Director	No. of Shares	%(1)	No. of Shares	%(1)	No. of Shares	%(1)
Mr Sitoh Yih Pin	400,000	0.08	–	–	400,000	0.08
Dr Lee Hung Ming(2)	–	–	42,827,279	8.04	42,827,279	8.04
Dr Wong Jun Shyan(3)	17,377,634	3.26	15,000,000	2.82	32,377,634	6.08
Professor Low Teck Seng(4)	–	–	400,000	0.08	400,000	0.08

Notes:

(1) Based on 532,348,544 issued Shares as at the Latest Practicable Date. For the purposes of the table above, all percentage figures are rounded to the nearest two (2) decimal places.

(2) Dr Lee Hung Ming is deemed to have an interest in 42,827,279 Shares held by his spouse, Dr Lee Yeng Fen.

(3) Dr Wong Jun Shyan is deemed to have an interest in 15,000,000 Shares held through his nominee, CIMSEC Nominees (Tempatan) Sdn Bhd CIMB.

(4) Professor Low Teck Seng is deemed to have an interest in 400,000 Shares held through his nominee, DBS Nominees (Private) Limited.

5.6 **Dealings in Company Securities by the Directors**

Save as disclosed below, none of the Directors has dealt for value in the Company Securities during the period commencing six (6) months prior to the Holding Announcement Date and ending on the Latest Practicable Date.

Name of Director	Transaction Date	Nature of Transaction	Number of Company Securities Traded	Transaction Price Per Share (S$)
Dr Lee Hung Ming	3 October 2019	Acquisition of Shares from his spouse, Dr Lee Yeng Fen, for no consideration	13,064,979	Nil
Dr Lee Hung Ming	25 October 2019	Disposal of Shares to the Offeror under the Acquisition	145,064,979	0.36
Dr Wong Jun Shyan	25 October 2019	Disposal of Shares to the Offeror under the Acquisition	10,646,971	0.36

5.7 **Company Securities owned or controlled by the IFA**

As at the Latest Practicable Date, save for the holdings by CGS-CIMB Securities as disclosed below, none of the IFA nor any funds whose investments are managed by the IFA on a discretionary basis owns or controls any Company Securities.

Name	Direct Interest		Deemed Interest	
	No. of Shares	(%)(1)	No. of Shares	(%)(1)
CGS-CIMB Securities	45	n.m.(2)	–	–

Notes:

(1) Based on 532,348,544 issued Shares as at the Latest Practicable Date.

(2) "n.m." means not meaningful.

5.8 **Dealings in Company Securities by the IFA**

Save for the dealings by CGS-CIMB Securities as disclosed below which were not carried out in connection with the Offer, none of the IFA nor any funds whose investments are managed by the IFA on a discretionary basis has dealt for value in any Company Securities during the period commencing six (6) months prior to the Holding Announcement Date and ending on the Latest Practicable Date.

Name	Date	Number of Shares Bought	Number of Shares Sold	Transaction Price Per Share (S$)
CGS-CIMB Securities	26 February 2019	50,400	–	0.285 – 0.300
CGS-CIMB Securities	26 February 2019	–	50,400	0.280 – 0.300
CGS-CIMB Securities	15 April 2019	151,400	–	0.320 – 0.330
CGS-CIMB Securities	15 April 2019	–	151,400	0.320 – 0.325
CGS-CIMB Securities	17 April 2019	53,100	–	0.325 – 0.330
CGS-CIMB Securities	17 April 2019	–	13,000	0.325
CGS-CIMB Securities	18 April 2019	–	40,000	0.325
CGS-CIMB Securities	22 April 2019	–	100	0.325
CGS-CIMB Securities	24 April 2019	12,700	–	0.325 – 0.330
CGS-CIMB Securities	24 April 2019	–	12,700	0.325
CGS-CIMB Securities	26 April 2019	–	94,000	0.315 – 0.320
CGS-CIMB Securities	29 April 2019	100	–	0.330
CGS-CIMB Securities	29 April 2019	–	100	0.325
CGS-CIMB Securities	30 April 2019	67,100	–	0.320 – 0.325
CGS-CIMB Securities	30 April 2019	–	3,100	0.325
CGS-CIMB Securities	3 May 2019	30,000	–	0.305
CGS-CIMB Securities	13 May 2019	–	79,300	0.280 – 0.295
CGS-CIMB Securities	14 May 2019	100	–	0.300
CGS-CIMB Securities	14 May 2019	–	100	0.290
CGS-CIMB Securities	15 May 2019	27,500	–	0.300
CGS-CIMB Securities	16 May 2019	15,000	–	0.300
CGS-CIMB Securities	16 May 2019	–	300	0.295
CGS-CIMB Securities	17 May 2019	13,000	–	0.300
CGS-CIMB Securities	22 May 2019	24,100	–	0.300
CGS-CIMB Securities	10 June 2019	277,800	–	0.315 – 0.330
CGS-CIMB Securities	10 June 2019	–	277,800	0.320 – 0.325
CGS-CIMB Securities	14 June 2019	105,100	–	0.330 – 0.335

Name	Date	Number of Shares Bought	Number of Shares Sold	Transaction Price Per Share (S$)
CGS-CIMB Securities	14 June 2019	–	50,000	0.325
CGS-CIMB Securities	17 June 2019	100	–	0.325
CGS-CIMB Securities	18 June 2019	79,300	–	0.320 – 0.325
CGS-CIMB Securities	18 June 2019	–	45,000	0.320
CGS-CIMB Securities	19 June 2019	100	–	0.330
CGS-CIMB Securities	19 June 2019	–	89,600	0.325
CGS-CIMB Securities	26 June 2019	100	–	0.330
CGS-CIMB Securities	26 June 2019	–	100	0.325
CGS-CIMB Securities	3 July 2019	100,300	–	0.350 – 0.355
CGS-CIMB Securities	3 July 2019	–	50,300	0.345 – 0.355
CGS-CIMB Securities	4 July 2019	100	–	0.360
CGS-CIMB Securities	4 July 2019	–	50,100	0.350 – 0.355
CGS-CIMB Securities	8 July 2019	314,800	–	0.355 – 0.360
CGS-CIMB Securities	8 July 2019	–	314,800	0.355

5.9 **Directors' Intentions in relation to the Offer**

(a) Pursuant to the Undertakings, each of Dr Lee and Dr Wong has undertaken that he shall not, apart from the Sale Shares sold pursuant to the Sale and Purchase Agreement and the Additional Shares (where applicable), accept the Offer in respect of any remaining Shares held by him.

However, during the Offer, if (i) the level of acceptances obtained by the remaining Shareholders of the Company (being the Shareholders of the Company apart from the Sellers) is at least 13% of the issued share capital of the Company, and (ii) the acceptances from such remaining Shareholders of the Company immediately prior to the close of the Offer when aggregated with the Sale Shares sold to the Offeror pursuant to the Sale and Purchase Agreement, is less than 50% of the issued share capital of the Company, Dr Lee and Dr Wong have jointly and severally undertaken to tender to the Offeror an additional 1% plus 1 share (being 5,323,486 Shares) and 1% (being 5,323,485 Shares) respectively (the "**Additional Shares**") by accepting the Offer prior to the close of the Offer.

(b) Mr Sitoh Yih Pin has informed the Company that he intends to tender the 400,000 Shares held by him in acceptance of the Offer.

(c) Professor Low Teck Seng has informed the Company that he intends to tender the 400,000 Shares held through his nominee in acceptance of the Offer.

(d) Mr Lim Wee Hann does not have any direct or indirect interest in the Shares.

6. OTHER DISCLOSURES

6.1 Directors' service contracts

(a) Employment Agreements with ISEC Eye and ISEC KL

Each of Dr Lee and Dr Wong had on 25 October 2019, entered into a supplemental employment agreement to amend certain existing terms of the employment agreement dated 17 September 2014 between Dr Lee and ISEC Eye and the employment agreement dated 17 September 2014 between Dr Wong and ISEC KL. Pursuant to such supplemental employment agreements, the term of the respective employment agreements of Dr Lee and Dr Wong have been extended for a term of five (5) years commencing from 25 October 2019, with each of ISEC Eye and ISEC KL (as the case may be) and the relevant doctor having the option to extend the respective employment agreements for a further five (5) years, subject to the agreement of both ISEC Eye and ISEC KL (as the case may be) and the relevant doctor. In addition, under the terms of the respective employment agreements:

(i) Dr Lee is paid a monthly salary of S$44,000 and Dr Wong is paid a monthly salary of MYR217,000; and

(ii) Dr Lee is entitled to an annual bonus of S$276,000 at the end of each financial year for the financial years commencing from the financial year ending 31 December 2015 to the financial year ending 31 December 2020 and in addition to the aforesaid, each of ISEC Eye and ISEC KL may pay a discretionary bonus to Dr Lee and Dr Wong respectively, in each case, at the sole discretion of the Remuneration Committee of the Company.

(b) Service Agreements with the Company

Each of Dr Lee and Dr Wong had on 25 October 2019, entered into a supplemental service agreement to amend certain existing terms of the service agreement dated 17 September 2014 between Dr Lee and the Company and the service agreement dated 17 September 2014 between Dr Wong and the Company. Pursuant to such supplemental service agreements, the term of the respective service agreements of Dr Lee and Dr Wong have been extended for a term of five (5) years commencing from 25 October 2019, with each of the Company and the relevant doctor having the option to extend the respective service agreements for a further five (5) years, subject to the agreement of both the Company and the relevant doctor. In addition, under the terms of the respective service agreements:

(i) Dr Lee is entitled to a fixed monthly basic salary of S$5,000 per month and Dr Wong is entitled to a fixed monthly basic salary of S$10,000 per month; and

(ii) each of Dr Lee and Dr Wong is entitled to an annual discretionary bonus in respect of each financial year, payable at the end of each financial year, which is to be decided by and subject to the approval of the Board and the Remuneration Committee of the Company.

Save as disclosed above and in this Circular, as at the Latest Practicable Date, there are no service contracts between any of the Directors or proposed directors with the Company or any of its subsidiaries which have more than 12 months to run and which are not terminable by the employing company within the next 12 months without paying any compensation, and there are no such service contracts entered into or amended during the period commencing six (6) months prior to the Holding Announcement Date and ending on the Latest Practicable Date.

6.2 Arrangements affecting Directors

As at the Latest Practicable Date:

(a) save for the Undertakings provided by each of Dr Lee and Dr Wong as set out in Section 4 of this Circular, there are no agreements or arrangements made between any Director and any other person in connection with or conditional upon the outcome of the Offer;

(b) it is not proposed that any payment or other benefit shall be made or given to any Director or director of any other corporation which is by virtue of Section 6 of the Companies Act deemed to be related to the Company, as compensation for loss of office or otherwise in connection with the Offer; and

(c) save for the Sale and Purchase Agreement, none of the Directors has a material personal interest, whether direct or indirect, in any material contract entered into by the Offeror.

7. MATERIAL CONTRACTS WITH INTERESTED PERSONS

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries has entered into material contracts (other than those entered into in the ordinary course of business) with persons who are interested persons during the period commencing three (3) years before the Holding Announcement Date and ending on the Latest Practicable Date.

8. MATERIAL LITIGATION

As at the Latest Practicable Date, none of the Company nor any of its subsidiaries is engaged in any material litigation, either as plaintiff or defendant, which might materially and adversely affect the financial position of the Company or the Group, taken as a whole. As at the Latest Practicable Date, the Directors are not aware of any litigation, claims or proceedings pending or threatened against the Company or any of its subsidiaries or of any facts likely to give rise to any litigation, claims or proceedings, which might materially and adversely affect the financial position of the Company or the Group, taken as a whole.

9. FINANCIAL INFORMATION

9.1 Consolidated statements of comprehensive income

A summary of the audited consolidated statement of comprehensive income of the Group for FY2016, FY2017 and FY2018 and the unaudited consolidated statement of comprehensive income of the Group for 1QFY2019, the six-month period ended 30 June 2019 and the nine-month period ended 30 September 2019 is set out below.

	Unaudited 9 months ended 30 September 2019 $'000	Unaudited 6 months ended 30 June 2019 $'000	Unaudited 1QFY2019 $'000	Audited FY2018 $'000	Audited FY2017 $'000	Audited FY2016 $'000
Revenue	31,255	20,429	9,936	40,444	36,976	30,780
Cost of sales	(16,660)	(10,682)	(5,089)	(20,980)	(19,486)	(16,047)
Gross profit	14,595	9,747	4,847	19,464	17,490	14,733
Other item of income						
Other income	439	296	227	608	597	550
Other items of expense						
Selling and distribution expenses	(36)	(24)	(7)	(22)	(53)	(92)
Administrative expenses	(6,266)	(4,103)	(2,006)	(8,168)	(7,387)	(6,665)
Other expenses	(1,629)	(1,185)	(142)	(655)	(561)	(538)
Finance costs	(191)	(132)	(73)	(4)	(7)	(4)
Share of results of associates	(32)	(26)	(15)	(30)	–	–
Profit before income tax	6,880	4,573	2,831	11,193	10,079	7,984
Income tax expense	(1,891)	(1,258)	(610)	(2,516)	(2,194)	(1,497)
Profit for the financial period	4,989	3,315	2,221	8,677	7,885	6,487
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss						
Foreign currency translation of subsidiaries	4	(204)	152	23	512	(483)
Other comprehensive income for the financial period, net of tax	4	(204)	152	23	512	(483)
Total comprehensive income for the financial period	4,993	3,111	2,373	8,700	8,397	6,004

	Unaudited 9 months ended 30 September 2019 $'000	Unaudited 6 months ended 30 June 2019 $'000	Unaudited 1QFY2019 $'000	Audited FY2018 $'000	Audited FY2017 $'000	Audited FY2016 $'000
Profit attributable to:						
Owners of the Company	5,121	3,359	2,215	8,407	7,907	6,443
Non-controlling interests	(132)	(44)	6	270	(22)	44
Profit for the financial period	4,989	3,315	2,221	8,677	7,885	6,487
Total comprehensive income attributable to:						
Owners of the Company	5,128	3,159	2,362	8,434	8,409	5,961
Non-controlling interests	(135)	(48)	11	266	(12)	43
Total comprehensive income for the financial period	4,993	3,111	2,373	8,700	8,397	6,004
Earnings per share						
Basic (in cents)	0.97	0.64	0.43	1.63	1.53	1.31
Diluted (in cents)	0.97	0.64	0.43	1.63	1.53	1.31
Dividends per share (in cents)	0.30	0.30	–	2.54	1.20	0.99

The above summary is extracted from, and should be read together with, the annual reports of the Company for FY2016, FY2017 and FY2018 and the 1QFY2019 Results, the 2QFY2019 Results and the 3QFY2019 Results, and the related notes thereto, copies of which are available for inspection at the Company's registered office as mentioned in Section 16 of this Circular.

The audited consolidated financial statements of the Group for FY2018, the 2QFY2019 Results and the 3QFY2019 Results are set out in Appendices III, IV and V to this Circular respectively.

9.2 **Consolidated statement of financial position**

A summary of the audited consolidated statement of financial position of the Group as at 31 December 2018 is set out below.

	31 December 2018 $'000
ASSETS	
Non-current assets	
Plant and equipment	3,735
Intangible assets	38,182
Investment in associates	220
	42,137
Current assets	
Inventories	1,115
Trade and other receivables	2,984
Prepayments	190
Tax receivable	43
Cash and cash equivalents	27,105
	31,437
Total assets	**73,574**
EQUITIES AND LIABILITIES	
Equity	
Share capital	59,673
Other reserves	(3,012)
Retained earnings	10,196
Equity attributable to owners of the Company	**66,857**
Non-controlling interests	745
Total equity	**67,602**
Liabilities	
Non-current liabilities	
Provisions	224
Deferred tax liabilities	564
	788
Current liabilities	
Trade and other payables	4,184
Current income tax payable	1,000
	5,184
Total liabilities	**5,972**
Total equity and liabilities	**73,574**

The above summary is extracted from, and should be read together with, the annual report of the Company for FY2018 and the relevant financial statements and the related notes thereto, which is set out in Appendix III to this Circular.

9.3 **Significant accounting policies**

A summary of the significant accounting policies of the Group is set out in Note 2 to the audited consolidated financial statements of the Group for FY2018, which are reproduced in Appendix III to this Circular.

Save as disclosed in this Circular and publicly available information on the Group (including but not limited to that contained in the audited consolidated financial statements of the Group for FY2018 and in the 1QFY2019 Results, the 2QFY2019 Results and the 3QFY2019 Results), there are no significant accounting policies or any points from the notes to the financial statements which are of major relevance for the interpretation of the accounts.

9.4 **Changes in accounting policies**

*Singapore Financial Reporting Standards (International) ("**SFRS(I)**") 16 Leases*

Please refer to Note 2.3 to the audited consolidated financial statements of the Group for FY2018, which is set out in Appendix III to this Circular, for further details.

The Group adopted the SFRS(I) 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. The cumulative effect of initial application of the standard is adjusted to the opening retained earnings at 1 January 2019. No comparative information is restated under the transition practical expedient.

On adoption of SFRS(I) 16, the Group has recognised right-of-use assets of S$4.58 million, net investment in sublease of S$0.3 million and lease liabilities of S$5.18 million for its leases previously classified as operating leases, with corresponding decrease in the opening retained earnings of S$0.17 million and its related tax impact as of 1 January 2019.

Save as disclosed above and in this Circular, as at the Latest Practicable Date, there has been no change in the accounting policies of the Group since the date of its audited consolidated financial statements for FY2018 which will cause the figures set out in paragraphs 9.1 and 9.2 of Appendix II to this Circular to be not comparable to a material extent.

9.5 **Material changes in financial position**

Save as disclosed in this Circular and in publicly available information on the Group (including but not limited to the annual report of the Company for FY2018 and in the 1QFY2019 Results, the 2QFY2019 Results and the 3QFY2019 Results), as at the Latest Practicable Date, there has been no known material change in the financial position of the Company since 31 December 2018, being the date to which the Company's last published audited financial statements were made up.

9.6 **Material change in information**

Save as disclosed in this Circular and save for the information relating to the Company and the Offer that is publicly available, there has been no material change in any information previously published by or on behalf of the Company during the period commencing from the Holding Announcement Date and ending on the Latest Practicable Date.

10. GENERAL

10.1 **Costs and expenses**

All expenses and costs incurred by the Company in relation to the Offer will be borne by the Company.

10.2 **Consents**

CIMB Bank Berhad, Singapore Branch has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of (i) its name, (ii) the IFA Letter, (iii) the IFA 2QFY2019 Results Report, (iv) the IFA 3QFY2019 Results Report, and all references thereto in the form and context in which they respectively appear in this Circular.

Ernst & Young LLP, named as the Auditor of the Company, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of (i) its name, (ii) the Auditor's report on the audited consolidated financial statements of the Group for FY2018, (iii) the Auditor 2QFY2019 Results Report, (iv) the Auditor 3QFY2019 Results Report, and all references thereto in the form and context in which they respectively appear in this Circular.

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The audited consolidated financial statements of the Group for FY2018 which are set out below have been reproduced from the Company's annual report for FY2018, and were not specifically prepared for inclusion in this Circular.

All capitalised terms used in Note 2 to the audited consolidated financial statements of the Group for FY2018 set out below shall have the same meanings given to them in the annual report of the Company for FY2018.

A copy of the annual report of the Company for FY2018 is available for inspection at the registered address of the Company at 101 Thomson Road, #09-04 United Square, Singapore 307591 during normal business hours until the Closing Date.

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of ISEC Healthcare Ltd. (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2018.

1. OPINION OF THE DIRECTORS

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company 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 2018 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year then ended on that date; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. DIRECTORS

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

Sitoh Yih Pin
Dr Lee Hung Ming
Dr Wong Jun Shyan
Professor Low Teck Seng
Lim Wee Hann

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

4. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest		Deemed interest	
Name of directors	**At the beginning of financial year**	**At the end of financial year**	**At the beginning of financial year**	**At the end of financial year**
Ordinary shares				
The Company				
Sitoh Yih Pin	400,000	400,000	–	–
Professor Low Teck Seng	400,000	–	–	400,000
Dr Lee Hung Ming	83,609,200	83,609,200	104,283,058	104,283,058
Dr Wong Jun Shyan	27,952,705	28,024,605	15,000,000	15,000,000

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2019.

DIRECTORS' STATEMENT

4. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONT'D)

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year or at the end of the financial year.

By virtue of Section 7 of the Act, Dr Lee Hung Ming is deemed to have an interest in all of the interest in subsidiaries owned by the Company at the beginning and end of the financial year.

5. SHARE OPTIONS AND PERFORMANCE SHARES

There were no share options granted by the Company or its subsidiaries during the financial year.

There were no unissued shares of the Company or of its subsidiaries under options or share awards as at the end of the financial year and no shares were issued during the financial year by virtue of the exercise of options or the vesting of share awards to take up unissued shares of the Company or its subsidiaries.

Share Option Scheme ("SOS")

The Company has implemented a share option scheme known as ISEC Healthcare SOS. The ISEC Healthcare SOS was approved and adopted by the shareholders at an Extraordinary General Meeting of the Company held on 26 September 2014.

Since the commencement of the SOS and for FY2018, no share options were granted by the Company.

Performance Share Plan ("PSP")

The Company has also implemented a performance share plan known as ISEC Healthcare Performance Share Plan. The ISEC Healthcare Performance Share Plan was approved and adopted by the shareholders at an Extraordinary General Meeting of the Company held on 28 April 2016.

No share has been awarded under the PSP since the PSP was adopted and for FY2018.

6. AUDIT COMMITTEE

The Audit Committee performed the functions specified in the Singapore Companies Act, Chapter 50. The functions performed are detailed in the Corporate Governance Report.

7. AUDITOR

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors:

Dr Lee Hung Ming
Director

Dr Wong Jun Shyan
Director

Singapore
29 March 2019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ISEC HEALTHCARE LTD.
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of ISEC Healthcare Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2018, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated 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.

In our opinion, the accompanying consolidated financial statements of the Group, the statement of financial position and the statement of changes in equity of 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)) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company 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 *Auditor's 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 (ACRA) *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 the 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Impairment assessment of goodwill and cost of investment in subsidiaries

As at 31 December 2018, the Group recorded goodwill of $34.9 million, which is allocated to the following cash generating units ("CGU"): ISEC Eye Pte. Ltd. ("ISEC Eye"), Southern Specialist Eye Centre Sdn. Bhd. ("SSEC") and JLM Companies[(1)].

The Company has cost of investment in subsidiaries amounting to $48.4 million as at 31 December 2018.

Management prepares value-in-use computation using a discounted cash flow model to determine the recoverable value of each CGU during their annual impairment review exercise. For cost of investment in subsidiaries, management assesses whether any indicators of impairment, such as a decline in cash flows or operating profit flowing from the asset, are present. Any shortfall between the recoverable value and the carrying amounts of these assets will be recognised as impairment loss.

(1) Denotes JL Medical (Bukit Batok) Pte. Ltd., JL Medical (Sembawang) Pte. Ltd., JL Medical (Woodlands) Pte. Ltd. and JL Medical (Yew Tee) Pte. Ltd. (collectively, "JLM Companies").

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ISEC HEALTHCARE LTD.
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (cont'd)

Impairment assessment of goodwill and cost of investment in subsidiaries (cont'd)

The recoverable value is determined based on the cash flow forecasts of the respective CGU using a number of significant operational and predictive assumptions such as forecasted revenue, profit margin, terminal growth rate and discount rate. Given that these estimates require significant judgement and estimates, we considered the impairment assessment of goodwill and cost of investment in subsidiaries to be a key audit matter.

Our audit procedures included, amongst others, assessing the appropriateness of management's assumptions applied in the discounted cash flow model based on our knowledge of the CGUs' operations and performance, and this included obtaining an understanding of management's planned strategies on revenue growth and cost initiatives. Robustness of management's budgetary exercise was assessed by reviewing the actual results to the forecasts prepared in previous year for each CGU and management's sensitivity analysis of the recoverable amounts to changes in the respective key assumptions. We have engaged our internal valuation specialists to assist us in reviewing the discount rates and terminal growth rates used in the discounted cash flow model. In addition, we have assessed the adequacy of the disclosures in the financial statements in Notes 5 and 6 of the financial statements.

Other Information

Management is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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), 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.

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ISEC HEALTHCARE LTD.
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

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 control.

- Obtain an understanding of internal control 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 control.

- 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 auditor's 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 auditor's 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 control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to 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 the 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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ISEC HEALTHCARE LTD.
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

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 subsidiaries 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 auditor's report is Tan Peck Yen.

Ernst & Young LLP
Public Accountants and
Chartered Accountants

Singapore
29 March 2019

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	Group			Company		
		31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
ASSETS							
Non-current assets							
Plant and equipment	4	**3,735**	3,894	3,967	**53**	86	117
Intangible assets	5	**38,182**	38,766	39,111	**1**	3	6
Investment in subsidiaries	6	**–**	–	–	**48,386**	48,386	48,386
Investment in associate	7	**220**	–	–	**–**	–	–
Deferred tax assets	8	**–**	11	30	**–**	–	–
		42,137	42,671	43,108	**48,440**	48,475	48,509
Current assets							
Inventories	9	**1,115**	1,177	1,218	**–**	–	–
Trade and other receivables	10	**2,984**	2,505	2,171	**13,159**	4,171	4,718
Prepayments		**190**	202	176	**14**	16	14
Tax receivable		**43**	223	103	**–**	–	–
Cash and cash equivalents	11	**27,105**	24,824	20,376	**7,943**	11,048	8,266
		31,437	28,931	24,044	**21,116**	15,235	12,998
Total assets		**73,574**	71,602	67,152	**69,556**	63,710	61,507
EQUITY AND LIABILITIES							
Equity							
Share capital	12	**59,673**	59,673	59,673	**59,673**	59,673	59,673
Other reserves	13	**(3,012)**	(3,039)	(3,572)	**–**	–	–
Retained earnings		**10,196**	9,442	4,689	**9,512**	3,763	1,501
Equity attributable to owners of the Company		**66,857**	66,076	60,790	**69,185**	63,436	61,174
Non-controlling interests		**745**	309	(31)	**–**	–	–
Total equity		**67,602**	66,385	60,759	**69,185**	63,436	61,174
Liabilities							
Non-current liabilities							
Provisions	14	**224**	208	198	**20**	20	19
Deferred tax liabilities	8	**564**	684	761	**–**	–	–
		788	892	959	**20**	20	19
Current liabilities							
Trade and other payables	15	**4,184**	3,475	4,919	**320**	234	313
Current income tax payable		**1,000**	850	515	**31**	20	1
		5,184	4,325	5,434	**351**	254	314
Total liabilities		**5,972**	5,217	6,393	**371**	274	333
Total equity and liabilities		**73,574**	71,602	67,152	**69,556**	63,710	61,507

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 $'000	2017 $'000
Revenue	16	**40,444**	36,976
Cost of sales		**(20,980)**	(19,486)
Gross profit		**19,464**	17,490
Other item of income			
Other income	17	**608**	597
Other items of expense			
Selling and distribution expenses		**(22)**	(53)
Administrative expenses		**(8,168)**	(7,387)
Other expenses	18	**(655)**	(561)
Finance costs	19	**(4)**	(7)
Share of results of associate		**(30)**	–
Profit before income tax	20	**11,193**	10,079
Income tax expense	21	**(2,516)**	(2,194)
Profit for the year		**8,677**	7,885
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation of subsidiaries		**23**	512
Other comprehensive income for the year, net of tax		**23**	512
Total comprehensive income for the year		**8,700**	8,397
Profit for the year attributable to:			
Owners of the Company		**8,407**	7,907
Non-controlling interests		**270**	(22)
		8,677	7,885
Total comprehensive income attributable to:			
Owners of the Company		**8,434**	8,409
Non-controlling interests		**266**	(12)
		8,700	8,397
Earnings per share			
– basic (in cents)	22	**1.63**	1.53
– diluted (in cents)	22	**1.63**	1.53

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

Group	Note	Share capital $'000	Foreign currency translation reserve $'000	Merger reserve $'000	Capital reserve $'000	Retained earnings $'000	Equity attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2018									
As previously reported		59,673	(1,233)	(3,572)	31	11,177	66,076	309	66,385
Cumulative effects of adopting SFRS(I)		–	1,735	–	–	(1,735)	–	–	–
As restated		59,673	502	(3,572)	31	9,442	66,076	309	66,385
Profit for the year		–	–	–	–	8,407	8,407	270	8,677
Other comprehensive income									
Foreign currency translation		–	27	–	–	–	27	(4)	23
Total comprehensive income for the year		–	27	–	–	8,407	8,434	266	8,700
Contributions by and distributions to owners of the Company									
Dividends	23	–	–	–	–	(7,653)	(7,653)	–	(7,653)
Total transactions with owners of the Company		–	–	–	–	(7,653)	(7,653)	–	(7,653)
Transactions with non-controlling interests									
Subscription of shares in subsidiaries by non-controlling interests(1)		–	–	–	–	–	–	170	170
Total transactions with non-controlling interests		–	–	–	–	–	–	170	170
At 31 December 2018		59,673	529	(3,572)	31	10,196	66,857	745	67,602

(1) In March 2018, ISEC (Sibu) Sdn. Bhd. has increased its share capital from $637,000 (equivalent to RM2,000,000) to $973,000 (equivalent to RM3,000,000) through issuance of shares allotted to the existing shareholders of the subsidiary in equal proportion to their existing shareholdings.

In August 2018, the Company, through its wholly-owned subsidiary, ISEC Global Pte. Ltd. ("ISEC Global"), has incorporated ISEC Myanmar Company Limited ("ISEC Myanmar"), and 51% of the total shareholding is held by ISEC Global. The initial issued and paid-up share capital of ISEC Myanmar was S$39,000 (equivalent to US$28,500).

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF **CHANGES IN EQUITY**

FOR THE YEAR ENDED 31 DECEMBER 2018

Group	Note	Share capital $'000	Foreign currency translation reserve $'000	Merger reserve $'000	Capital reserve $'000	Retained earnings $'000	Equity attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2017									
As previously reported		59,673	(1,735)	(3,572)	–	6,424	60,790	(31)	60,759
Cumulative effects of adopting SFRS(I)		–	1,735	–	–	(1,735)	–	–	–
As restated		59,673	–	(3,572)	–	4,689	60,790	(31)	60,759
Profit for the year		–	–	–	–	7,907	7,907	(22)	7,885
Other comprehensive income									
Foreign currency translation		–	502	–	–	–	502	10	512
Total comprehensive income for the year		–	502	–	–	7,907	8,409	(12)	8,397
Contributions by and distributions to owners of the Company									
Dividends	23	–	–	–	–	(3,154)	(3,154)	–	(3,154)
Total transactions with owners of the Company		–	–	–	–	(3,154)	(3,154)	–	(3,154)
Transactions with non-controlling interests									
Subscription of shares in subsidiaries by non-controlling interests[(2)]		–	–	–	–	–	–	285	285
Total transactions with non-controlling interests		–	–	–	–	–	–	285	285
Changes in ownership interest in subsidiaries									
Disposal of shares in subsidiaries to non-controlling interest without a change in control	6(d)	–	–	–	31	–	31	67	98
Total changes in ownership interest in subsidiaries		–	–	–	31	–	31	67	98
At 31 December 2017		59,673	502	(3,572)	31	9,442	66,076	309	66,385

(2) In January 2017, ISEC (Sibu) Sdn. Bhd. has increased its share capital from $4,000 (equivalent to RM10,000) to $637,000 (equivalent to RM2,000,000) through issuance of shares allotted to the existing shareholders of the subsidiary in equal proportion to their existing shareholdings.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Share capital $'000	Retained earnings $'000	Total equity $'000
Company				
2018				
At 1 January 2018		**59,673**	**3,763**	**63,436**
Profit for the year, representing total comprehensive income for the year		**–**	**13,402**	**13,402**
Contributions by and distributions to owners of the Company				
Dividends	23	**–**	**(7,653)**	**(7,653)**
Total transactions with owners of the Company		**–**	**(7,653)**	**(7,653)**
At 31 December 2018		**59,673**	**9,512**	**69,185**
2017				
At 1 January 2017		59,673	1,501	61,174
Profit for the year, representing total comprehensive income for the year		–	5,416	5,416
Contributions by and distributions to owners of the Company				
Dividends	23	–	(3,154)	(3,154)
Total transactions with owners of the Company		–	(3,154)	(3,154)
At 31 December 2017		59,673	3,763	63,436

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 $'000	2017 $'000
Cash flows from operating activities			
Profit before income tax		**11,193**	10,079
Adjustments for:			
Allowance for doubtful debts, net	20	**10**	8
Amortisation of intangible assets	20	**625**	632
Depreciation of plant and equipment	20	**966**	940
Interest income	17	**(446)**	(364)
Interest expense	19	**4**	7
Gain on disposal of plant and equipment	17	**(37)**	(2)
Plant and equipment written-off	20	**38**	4
Write-back of provisions/accruals, net	20	**(2)**	–
Share of results of associate		**30**	–
Operating cash flows before changes in working capital		**12,381**	11,304
Changes in working capital:			
Inventories		**62**	41
Trade and other receivables		**(481)**	(348)
Prepayments		**12**	(26)
Trade and other payables		**798**	(645)
Cash flows from operations		**12,772**	10,326
Income tax paid		**(2,279)**	(2,037)
Net cash flows from operating activities		**10,493**	8,289
Cash flows from investing activities			
Proceeds from disposal of plant and equipment		**24**	18
Purchase of plant and equipment	4	**(884)**	(681)
Purchase of intangible assets	5	**(7)**	(34)
Subscription of shares in associate	7	**(250)**	–
Interest received		**434**	370
Net cash flows used in investing activities		**(683)**	(327)
Cash flows from financing activities			
Dividends paid	23	**(7,653)**	(3,154)
Dividends paid to vendors[1]		**–**	(932)
Subscription of shares in subsidiaries by non-controlling interests		**170**	285
Proceeds from disposal of shares in subsidiaries to non-controlling interest without a change in control	6(d)	**–**	98
Net cash flows used in financing activities		**(7,483)**	(3,703)
Net increase in cash and cash equivalents		**2,327**	4,259
Cash and cash equivalents at beginning of year		**24,824**	20,376
Effect of exchange rate changes on cash and cash equivalents		**(46)**	189
Cash and cash equivalents at end of year	11	**27,105**	24,824

(1) Vendors refer to the previous shareholders of JLM Companies prior to 1 December 2016.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

1. CORPORATE INFORMATION

ISEC Healthcare Ltd. (the "Company") is a public limited company, incorporated and domiciled in Singapore with its registered office address and principal place of business at 101 Thomson Road #09-04 United Square Singapore 307591. The Company's registration number is 201400185H. The Company is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX").

The principal activity of the Company is that of an investment holding company.

The principal activities of the subsidiaries and associate are disclosed in Notes 6 and 7 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

For all periods up to and including the year ended 31 December 2017, the Group prepared its financial statements in accordance with Financial Reporting Standards in Singapore ("FRS"). These financial statements for the year ended 31 December 2018 are the first the Group has prepared in accordance with SFRS(I). Refer to Note 2.2 for information on how the Group adopted SFRS(I).

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or $) and all values are rounded to the nearest thousand ($'000), except when otherwise indicated.

2.2 First-time adoption of SFRS(I)

These financial statements for the year ended 31 December 2018 are the first the Group and the Company have prepared in accordance with SFRS(I). Accordingly, the Group and the Company have prepared financial statements that comply with SFRS(I) applicable as at 31 December 2018, together with the comparative period data for the year ended 31 December 2017, as described in the summary of significant accounting policies. On preparing the financial statements, the Group's and the Company's opening statements of financial position were prepared as at 1 January 2017, the Group's and the Company's date of transition to SFRS(I).

The principal adjustments made to the Group on adoption of SFRS(I) and the adoption of the new standards that are effective on 1 January 2018 are disclosed below.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 First-time adoption of SFRS(I) (cont'd)

Exemptions applied on adoption of SFRS(I)

SFRS(I) allows first-time adopters exemptions from the retrospective application of certain requirements under SFRS(I). The Group has applied the following exemptions:

- SFRS(I) 3 *Business Combinations* has not been applied to acquisitions of subsidiaries that are considered businesses under SFRS(I) that occurred before 1 January 2017. The carrying amounts of assets and liabilities at the date of transition to SFRS(I) is the same as previously reported under FRS.

- Cumulative currency translation differences for all foreign operations are deemed to be zero at the date of transition, 1 January 2017. As a result, an amount of S$1,735,000 was adjusted against the opening retained earnings as at 1 January 2017.

- The comparative information do not comply with SFRS(I) 9 *Financial Instruments* or SFRS(I) 7 *Financial Instruments: Disclosures* to the extent the disclosures relate to items within the scope of SFRS(I) 9.

New accounting standards effective on 1 January 2018

The accounting policies adopted are consistent with those previously applied under FRS except that in the current financial year, the Group has adopted all the SFRS(I) which are effective for annual financial periods beginning on or after 1 January 2018. Except for the impact arising from the adoption of SFRS(I) 9 and SFRS(I) 15 described below, the adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

SFRS(I) 9 *Financial Instruments*

On 1 January 2018, the Group adopted SFRS(I) 9 *Financial instruments*, which is effective for annual periods beginning on or after 1 January 2018.

The changes arising from the adoption of SFRS(I) 9 have been applied retrospectively. The Group has elected to apply the exemption in SFRS(I) 1 and has not restated comparative information in the year of initial application. There is no material impact arising from SFRS(I) 9 adoption that requires adjustment to the opening retained earnings at the date of initial application, 1 January 2018. The comparative information was prepared in accordance with the requirements of FRS 39.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 First-time adoption of SFRS(I) (cont'd)

SFRS(I) 9 *Financial Instruments* (cont'd)

Classification and measurement

SFRS(I) 9 requires debt instruments to be measured either at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVPL). Classification of debt instruments depends on the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). An entity's business model is how an entity manages its financial assets in order to generate cash flows and create value for the entity either from collecting contractual cash flows, selling financial assets or both. If a debt instrument is held to collect contractual cash flows, it is measured at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held both to collect the assets' contractual cash flows and to sell the assets are measured at FVOCI. Financial assets are measured at FVPL if they do not meet the criteria of FVOCI or amortised cost.

The assessment of the business model and whether the financial assets meet the SPPI requirements was made as of 1 January 2018, and then applied retrospectively to those financial assets that were not de-recognised before 1 January 2018.

The Group's debt instruments have contractual cash flows that are solely payments of principal and interest. The Group has no mixed business model. Debt instruments that were measured at amortised cost previously are held to collect contractual cash flows, and accordingly measured at amortised cost under SFRS(I) 9. There is no significant impact arising from measurement of these instruments under SFRS(I) 9.

SFRS(I) 9 requires all equity instruments to be carried at fair value through profit or loss, unless an entity chooses on initial recognition, to present fair value changes in other comprehensive income.

Impairment

SFRS(I) 9 requires the Group to record expected credit losses on all of its financial assets measured at amortised cost. The Group previously recorded impairment based on the incurred loss model when there is objective evidence that a financial asset is impaired.

Management has assessed that no additional impairment charge is required upon adoption of SFRS(I) 9.

SFRS(I) 15 *Revenue from Contracts with Customers*

The Group adopted SFRS(I) 15 which is effective for annual periods beginning on or after 1 January 2018.

The Group applied SFRS(I) 15 retrospectively and did not elect to apply the exemption in SFRS(I) 1 to apply the practical expedients in accordance with the transition provisions in SFRS(I) 15.

Deferred income was reclassified to "Contract liabilities" in Note 15 following the adoption of SFRS(I) 15.

The following is the reconciliation of the impact arising from the first-time adoption of SFRS(I) including the application of the new accounting standards on 31 December 2017 and 1 January 2018 to Note 15.

	31 December 2017 (FRS) $'000	SFRS(I) 15 adjustments $'000	1 January 2018 (SFRS(I)) $'000
Deferred income	21	(21)	–
Contract liabilities	–	21	21

The adoption of SFRS(I) 15 does not have any impact to the Group as at 1 January 2017.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 First-time adoption of SFRS(I) (cont'd)

SFRS(I) 15 *Revenue from Contracts with Customers* (cont'd)

The Group is in the business of providing medical care, consultancy, and treatments where revenue is recognised on stand-alone services rendered. Prices of the services are agreed upfront and no service warranties are given to the customers. Packages, if any, reflect the stand-alone selling prices and revenue is recognised based on each utilisation. In view of the above, there is no significant impact on adopting SFRS(I) 15.

2.3 Standards issued but not yet effective

The Group has not adopted the following standards and interpretations applicable to the Group that have been issued but not yet effective:

Description	**Effective for annual periods beginning on or after**
SFRS(I) 16 *Leases*	1 January 2019
SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to SFRS(I) 1-28 *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Annual Improvements to SFRS(I)s 2015-2017 Cycle	1 January 2019
Amendments to SFRS(I) 10 and SFRS(I) 1-28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

Except for SFRS(I) 16, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of SFRS(I) 16 are described below.

SFRS(I) 16 *Leases*

SFRS(I) 16 requires lessees to recognise most leases on the statement of financial position. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make a lease payment (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group plans to adopt SFRS(I) 16 retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening retained earnings at the date of initial application, 1 January 2019.

On the adoption of SFRS(I) 16, the Group expects to choose, on a lease-by-lease basis, to measure the right-of-use asset at either:

(i) its carrying amount as if SFRS(I) 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as of 1 January 2019; or

(ii) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 January 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Standards issued but not yet effective (cont'd)

SFRS(I) 16 *Leases* (cont'd)

In addition, the Group plans to elect the following practical expedients:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases;
- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 January 2019; and
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics.

The Group has performed a preliminary impact assessment based on currently available information, and on the adoption of SFRS(I) 16, the Group expects to recognise right-of-use assets of approximately $4,767,000, net investment of sublease of $299,000 and lease liabilities of $5,313,000 for its leases previously classified as operating leases, with a corresponding decrease in the opening retained earnings of $247,000 and its related tax impact as of 1 January 2019.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

2.5 Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is an asset or liability, will be recognised in profit or loss.

Non-controlling interest in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of net assets of the acquiree are recognised on the acquisition date at either fair value, or the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Business combinations and goodwill (cont'd)

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

Acquisition under common control

Business combinations involving entities under common control are accounted for by applying the "pooling-of-interest" method which involves the following:

– the assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company;

– no adjustments are made to reflect the fair values on the date of combination, or recognise any new assets or liabilities;

– no additional goodwill is recognised as a result of the combination;

– any difference between the consideration paid/transferred and the equity 'acquired' is reflected within the equity as merger reserve;

– the statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination took place.

Comparatives are restated to reflect the combination as if it had occurred from the beginning of the earliest period presented in the financial statements or from the date the entities had come under common control, if later.

In 2014, there was a restructuring exercise that involved acquisition of companies which are under common control, namely ISEC Sdn. Bhd. and its subsidiaries. The consolidated financial statements of the Group included that of ISEC Sdn. Bhd. and its subsidiaries by applying the "pooling-of-interest" method. Such manner of presentation reflects the economic substance of the combining companies as a single economic enterprise, although the legal parent-subsidiary relationship was not established until after 26 September 2014.

2.6 Transactions with non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Foreign currencies

The financial statements are presented in Singapore dollar, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.8 Plant and equipment

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Computer equipment	–	5 years
Electrical equipment	–	6 – 15 years
Motor vehicles	–	5 years
Medical equipment	–	5 – 8 years
Office equipment, furniture and fittings	–	5 – 6 years
Renovation	–	6 – 15 years

Assets under construction included in plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is de-recognised.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite.

(a) Intangible assets with finite useful lives

Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Computer software and software under development

Acquired computer software are initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable costs of preparing the software for its intended use. Direct expenditure which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured is added to the original cost of the software. Costs associated with maintaining computer software are recognised as an expense as incurred. Software under development are carried at cost, less any recognised impairment loss. Cost includes professional fees and other directly attributable costs of developing the software for its intended use. Capitalisation of software under development costs ceases and the software under development is transferred to computer software when substantially all the activities necessary to prepare the software under development for their intended use are completed.

Subsequent to initial recognition, computer software is carried at cost less accumulated amortisation and accumulated impairment losses. The cost of computer software is amortised to profit or loss using the straight-line method over the estimated useful life of 5 years.

Contractual relationship

Contractual relationship acquired in a business combination is measured at its fair value as at the date of acquisition. Following initial recognition, contractual relationship is carried at cost less accumulated amortisation and any accumulated impairment losses. The contractual relationship is amortised over the estimated useful life of 10 years.

Customer relationships

Customer relationships acquired in a business combination are measured at its fair value as at the date of acquisition. Following initial recognition, customer relationships are carried at cost less accumulated amortisation and accumulated impairment losses. The customer relationships are amortised over the estimated useful life of 5 years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Intangible assets (cont'd)

(b) Intangible assets with indefinite useful lives

Intangible assets with indefinite useful lives are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised.

Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating unit expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

2.10 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's statement of financial position, investments in subsidiaries are accounted for at cost less impairment losses.

2.12 Associate

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group account for its investment in associate using the equity method from the date on which it becomes an associate.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities represents goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associate is carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. The profit or loss reflects the share of results of the operations of the associate. Distributions received from associate reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associate, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate are eliminated to the extent of the interest in the associate.

Where the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate. The Group determines at the end of each reporting period whether there is any objective evidence the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the profit or loss.

The financial statements of the associate is prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2.13 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Initial recognition and measurement (cont'd)

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The financial assets of the Group are measured at amortised cost.

Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are de-recognised or impaired, and through amortisation process.

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On de-recognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 365 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, and short-term deposits. Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

2.16 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined on a weighted average basis and includes all costs incurred in bringing the inventories to their present location and condition.

Where necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price at which inventories can be realised in the ordinary course of business, less estimated costs necessary to make the sale.

2.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Government grants are recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income are presented as a credit in profit or loss under "Other income".

2.19 Financial guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are measured at the higher of the amount of expected credit loss determined in accordance with the policy set out in Note 2.14 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

2.20 Employee benefits

(a) Defined contribution plans

As required by law, the Group makes contributions to the state pension scheme, the Central Provident Fund ("CPF") in Singapore and Employees Provident Fund ("EPF") in Malaysia. CPF and EPF contributions are recognised as compensation expenses in the same period as the employment that gives rise to the contributions.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when the Group has a present legal or constructive obligation to pay as a result of services rendered by employees up to the end of the reporting period.

(c) Employee share option plans

Employees of the Group may receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled share based payment transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted which takes into account market conditions and non-vesting conditions. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense. The employee share option reserve is transferred to retained earnings upon expiry of the share option.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 Leases

As lessee

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.22 Revenue

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) Rendering of services

Revenue from the provision of general medical care and prescription of medicine is recognised when the services have been rendered.

Revenue from specialised health servics refers to the provision of medical care, consultancy, treatment and surgery in the field of ophthalmology and is recognised when the services have been rendered. This includes profit-sharing of a subsidiary providing specialist ophthalmology services in accordance with the terms of the service agreement with the external service provider.

Revenue from the provision of aesthetics services, usually sold in packages, are recognised upon completion of the series of distinct services rendered over time, based on each utilisation allocated using the relative stand-alone selling prices.

(b) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

2.23 Finance costs

Finance costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised as expenses in profit or loss in the financial year in which they are incurred. Finance costs are recognised on a time-proportion basis in profit or loss using the effective interest method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.24 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

– Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

– Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.24 Taxes (cont'd)

(c) Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

– Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

– Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.25 Share capital and share issue expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Assumptions concerning the future and other key sources of estimation uncertainty and accounting judgements made at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and the reported amounts of revenue and expenses within the next financial year are discussed below.

(a) Impairment of goodwill and cost of investments in subsidiaries

The Group's goodwill and the Company's cost of investments in subsidiaries are subjected to impairment assessment for the financial year ended 31 December 2018. Management assesses goodwill impairment annually. For cost of investment in subsidiaries, management performs an assessment to ascertain whether indicators of impairment are present. For impairment assessments, management uses a discounted cash flow model which involves significant judgement in estimating the recoverable values of these assets. Any shortfall of the recoverable values against the carrying amounts of these assets will be recognised as impairment losses. The recoverable values determined require a number of significant operational and predictive assumptions such as forecasted revenue, terminal growth rate, profit margin and discount rate. These key assumptions which require significant judgements and estimates are applied in the determination of the value-in-use including a sensitivity analysis, are disclosed and further explained in Notes 5 and 6 to the financial statements.

The carrying amounts of the Group's goodwill and the Company's cost of investment in subsidiaries as at 31 December 2018 were $34,915,000 (2017: $34,885,000) and $48,386,000 (2017: $48,386,000) respectively.

4. PLANT AND EQUIPMENT

Group	Computer equipment $'000	Electrical equipment $'000	Motor vehicles $'000	Medical equipment $'000	Office equipment, furniture and fittings $'000	Renovation $'000	Assets under construction $'000	Total $'000
Cost								
At 1 January 2017	421	571	56	5,521	456	1,843	–	8,868
Additions	43	1	55	664	41	12	–	816[1]
Disposals	–	–	–	(79)	(1)	(3)	–	(83)
Written-off	(1)	–	–	(42)	–	–	–	(43)
Currency translation differences	7	11	2	117	10	34	–	181
At 31 December 2017 and 1 January 2018	470	583	113	6,181	506	1,886	–	9,739
Additions	46	8	–	397	28	75	276	830[1],[2]
Disposals	–	–	(59)	(105)[2]	–	–	–	(164)
Written-off	(37)	–	–	(456)	(160)	(17)	–	(670)
Reclassifications	(8)	–	–	(16)	2	12	1	(9)
Currency translation differences	1	1	1	13	3	4	3	26
At 31 December 2018	**472**	**592**	**55**	**6,014**	**379**	**1,960**	**280**	**9,752**
Accumulated depreciation								
At 1 January 2017	202	217	56	3,223	264	939	–	4,901
Depreciation charge for the year	81	63	1	575	76	144	–	940
Disposals	–	–	–	(67)	–	–	–	(67)
Written-off	–	–	–	(39)	–	–	–	(39)
Currency translation differences	3	5	1	74	7	20	–	110
At 31 December 2017 and 1 January 2018	286	285	58	3,766	347	1,103	–	5,845
Depreciation charge for the year	86	56	11	605	60	148	–	966
Disposals	–	–	(59)	(105)	–	–	–	(164)
Written-off	(36)	–	–	(439)	(149)	(8)	–	(632)
Reclassifications	(5)	–	–	(16)	3	13	–	(5)
Currency translation differences	–	–	1	1	2	3	–	7
At 31 December 2018	**331**	**341**	**11**	**3,812**	**263**	**1,259**	**–**	**6,017**
Carrying amount								
At 1 January 2017	219	354	–	2,298	192	904	–	**3,967**
At 31 December 2017	184	298	55	2,415	159	783	–	3,894
At 31 December 2018	**141**	**251**	**44**	**2,202**	**116**	**701**	**280**	**3,735**

(1) $68,000 (2017: $135,000) of the plant and equipment purchased remains unpaid and was included in other payables set out in Note 15 to the financial statements.

(2) The medical equipment disposed of had a trade-in value of $13,000 (2017: nil) included in the gain on disposal of plant and equipment as a non-cash transaction in the statement of cash flow.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

4. PLANT AND EQUIPMENT (CONT'D)

Company	Computer equipment $'000	Office equipment, furniture and fittings $'000	Renovation $'000	Total $'000
Cost				
At 1 January 2017	41	13	144	198
Additions	3	–	–	3
At 31 December 2017 and 1 January 2018	44	13	144	201
Additions	3	–	–	3
At 31 December 2018	**47**	**13**	**144**	**204**
Accumulated depreciation				
At 1 January 2017	19	6	56	81
Depreciation charge for the year	8	2	24	34
At 31 December 2017 and 1 January 2018	27	8	80	115
Depreciation charge for the year	10	2	24	36
At 31 December 2018	**37**	**10**	**104**	**151**
Carrying amount				
At 1 January 2017	22	7	88	117
At 31 December 2017	17	5	64	86
At 31 December 2018	**10**	**3**	**40**	**53**

Assets under construction

The Group's plant and equipment included $280,000 as at 31 December 2018 which relates to expenditure for the renovation of a new premise in Myanmar.

5. INTANGIBLE ASSETS

Group	Computer software $'000	Software under development $'000	Goodwill $'000	Contractual relationship $'000	Customer relationships $'000	Total $'000
Cost						
At 1 January 2017	533	17	34,638	5,300	155	40,643
Additions	34	–	–	–	–	34
Reclassification	16	(16)	–	–	–	–
Currency translation differences	12	*	247	–	–	259
At 31 December 2017 and 1 January 2018	595	1	34,885	5,300	155	40,936
Additions	7	–	–	–	–	7
Written-off	(2)	–	–	–	–	(2)
Reclassifications	10	(1)	–	–	–	9
Currency translation differences	2	*	30	–	–	32
At 31 December 2018	**612**	**–**	**34,915**	**5,300**	**155**	**40,982**

* Less than $1,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

5. INTANGIBLE ASSETS (CONT'D)

Group	Computer software $'000	Software under development $'000	Goodwill $'000	Contractual relationship $'000	Customer relationships $'000	Total $'000
Accumulated amortisation						
At 1 January 2017	339	–	–	1,193	–	1,532
Amortisation for the year	71	–	–	530	31	632
Currency translation differences	6	–	–	–	–	6
At 31 December 2017 and 1 January 2018	416	–	–	1,723	31	2,170
Amortisation for the year	64	–	–	530	31	625
Written-off	(1)	–	–	–	–	(1)
Reclassifications	5	–	–	–	–	5
Currency translation differences	1	–	–	–	–	1
At 31 December 2018	**485**	**–**	**–**	**2,253**	**62**	**2,800**
Carrying amount						
At 1 January 2017	194	17	34,638	4,107	155	39,111
At 31 December 2017	179	1	34,885	3,577	124	38,766
At 31 December 2018	**127**	**–**	**34,915**	**3,047**	**93**	**38,182**
Remaining useful life as at 31 December 2018 (years)	**0.5 to 5**	**–**	**–**	**5.75**	**3**	**–**

Company	Computer software $'000
Cost	
At 31 December 2017, 1 January 2018 and 31 December 2018	**8**
Accumulated amortisation	
At 1 January 2017	2
Amortisation for the year	3
At 31 December 2017 and 1 January 2018	5
Amortisation for the year	2
At 31 December 2018	**7**
Carrying amount	
At 1 January 2017	6
At 31 December 2017	3
At 31 December 2018	**1**
Remaining useful life as at 31 December 2018 (years)	0.5 to 1

Amortisation of computer software, and the amortisation of contractual relationship and customer relationships are included in "administrative expenses" and "other expenses" line items in profit or loss respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

5. INTANGIBLE ASSETS (CONT'D)

Goodwill

Goodwill on consolidation arises from the acquisition of subsidiaries. Goodwill arising from business combinations is allocated to the following cash-generating units ("CGUs") that are expected to benefit from the business combinations.

	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Goodwill			
ISEC Eye Pte. Ltd. ("ISEC Eye")	**7,970**	7,970	7,970
Southern Specialist Eye Centre Sdn. Bhd. ("SSEC")	**12,379**	12,349	12,102
JL Medical (Bukit Batok) Pte. Ltd. ("JLMBB")	**4,323**	4,323	4,323
JL Medical (Sembawang) Pte. Ltd. ("JLMS")	**3,780**	3,780	3,780
JL Medical (Woodlands) Pte. Ltd. ("JLMW")	**4,189**	4,189	4,189
JL Medical (Yew Tee) Pte. Ltd. ("JLMYT")	**2,274**	2,274	2,274
	34,915	34,885	34,638

The recoverable amounts of the CGUs have been determined based on the cash flow forecasts of the respective CGU from financial budgets approved by management that uses a number of significant operational and predictive assumptions, covering a five-year period and projection to terminal year. The key assumptions for the value in use calculations are those regarding the revenue, terminal growth rates, and the pre-tax discount rates as follows:

	Revenue growth rate		Terminal growth rate		Pre-tax discount rate	
	2019 to 2023 %	2018 to 2022 %	2018 %	2017 %	2018 %	2017 %
ISEC Eye	**3 – 4**	5	**1.1**	1.1	**18**	18
SSEC	**6**	6 – 10	**3.5**	3.5	**13**	13
JLMBB	**5 – 6**	5 – 8	**2**	2	**10**	10
JLMS	**2 – 7**	2 – 3	**2**	2	**10**	10
JLMW	**2 – 3**	2 – 3	**2**	2	**10**	10
JLMYT	**3**	2 – 3	**2**	2	**10**	10

Management estimates the discount rate using pre-tax rates that reflect current market assessment of the time value of money and the risks specific to each CGUs. The revenue and terminal growth rates are based on management's estimates and expectations from historical trends, industry indices and planned strategies on revenue growth and cost initiatives.

5. INTANGIBLE ASSETS (CONT'D)

Key assumptions used in the value in use calculations

The calculations of value in use for the CGUs are most sensitive to the following assumptions:

Budgeted gross margins – Gross margins are based on average values achieved in the three years preceding the start of the budget period. Management expects the respective CGUs' gross margin as percentage of revenue to remain generally consistent over the budget period.

Growth rates – The forecasted growth rates are based on management's expectations for each CGU from historical trends and planned business strategies, as well as long-term average growth rates of the healthcare industry in the respective countries.

Pre-tax discount rates – Discount rates represent the current market assessment of the risks specific to each CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its CGUs and derived from its weighted average cost of capital ("WACC").

Sensitivity analysis

Management believes that no reasonably possible changes in any key assumptions would cause the carrying values of the respective CGUs to materially exceed their recoverable amounts, except for JLMS. For JLMS, the estimated recoverable amount exceeds its carrying amount by approximately $284,000 and, consequently, any adverse change in the key assumption of revenue growth rate for the periods FY2019 to FY2023 by 0.7% would result in impairment.

Contractual relationship

ISEC Eye

Contractual relationship relates to an agreement between ISEC Eye and Parkway Hospitals Singapore Pte. Ltd. ("PHS") where ISEC Eye has agreed to provide specialist ophthalmology services to the Lee Hung Ming Eye Centre ("Clinic") located at Gleneagles Hospital Singapore. The Clinic is operated by PHS which manages the daily operations, including purchasing, marketing and expenditures relating to equipment and supplies.

Customer relationships

JLMBB, JLMS, JLMW, JLMYT

Customer relationships arise from clinical and medical services to recurring customers.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

6. INVESTMENT IN SUBSIDIARIES

Company	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Unquoted equity shares, at cost	**35,287**	35,287	35,287
Deemed capital contribution	**16,766**	16,766	16,766
	52,053	52,053	52,053
Less: Allowance for impairment	**(3,667)**	(3,667)	(3,667)
	48,386	48,386	48,386

There has been no movement in the allowance for impairment account for the financial year ended 31 December 2018 and 31 December 2017.

Deemed capital contribution

Deemed capital contribution to subsidiaries are unsecured, interest-free and repayable at the discretion of the subsidiaries.

Impairment of subsidiary – ISEC SG

During the financial year ended 31 December 2016, the Company recognised an impairment loss of $3,667,000 in the Company's profit or loss due to cessation of operations of the subsidiary.

(a) Composition of the Group

The Group has the following investments in subsidiaries:

	Name of company	Principal place of business	Principal activities	Proportion of ownership interest (%) 31 December 2018	31 December 2017	1 January 2017
	Held by the Company:					
(2)	ISEC Sdn. Bhd	Malaysia	Medical eye care services	**100**	100	100
(1)	International Specialist Eye Centre Pte. Ltd.	Singapore	Medical eye care services	**100**	100	100
(1)	ISEC Global Pte. Ltd.	Singapore	Investment holding	**100**	100	100
(1)	JL Medical (Bukit Batok) Pte. Ltd.	Singapore	General medical services	**100**	100	100
(1)	JL Medical (Sembawang) Pte. Ltd.	Singapore	General medical services	**100**	100	100
(1)	JL Medical (Woodlands) Pte. Ltd.	Singapore	General medical services	**100**	100	100
(1)	JL Medical (Yew Tee) Pte. Ltd.	Singapore	General medical services	**100**	100	100

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Composition of the Group (cont'd)

	Name of company	Principal place of business	Principal activities	Proportion of ownership interest (%) 31 December 2018	31 December 2017	1 January 2017
	Held through ISEC Sdn. Bhd.:					
(2)	ISEC (Penang) Sdn. Bhd. ("ISEC Penang")	Malaysia	Medical eye care services	**51**	51	66
(2)	ISEC (Sibu) Sdn. Bhd.("ISEC Sibu")	Malaysia	Medical eye care services	**55**	55	55
(2)	Southern Specialist Eye Centre Sdn. Bhd. ("SSEC")	Malaysia	Medical eye care services	**100**	100	100
	Held through ISEC Global Pte. Ltd.:					
(3)	ISEC Myanmar Company Limited ("ISEC Myanmar")	Myanmar	Medical eye care services	**51**	–	–

(1) Audited by Ernst & Young LLP, Singapore

(2) Audited by Ernst & Young Malaysia, a member firm of Ernst & Young Global

(3) Newly incorporated in August 2018 with an initial issued and paid-up share capital of S$39,000 (equivalent to US$28,500), ISEC Myanmar has not commenced operations and is unaudited as at 31 December 2018.

(b) Interest in subsidiary with material non-controlling interest ("NCI")

The Group has the following subsidiary that has NCI that is material to the Group:

	ISEC Penang 31 December 2018	31 December 2017	1 January 2017
Proportion of ownership interest held by non-controlling interest (%)	**49**	49	34
Profit after taxation allocated to NCI during the reporting period ($'000)	**366**	109	116
Accumulated NCI at the end of reporting period ($'000)	**591**	226	15

(c) Summarised financial information about subsidiary with material NCI

The summarised financial information before intra-group elimination of the subsidiary that has material non-controlling interests as at the end of each reporting period are as follows:

Summarised statement of financial position

	ISEC Penang 31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Non-current assets	**810**	872	1,001
Current assets	**944**	782	701
Non-current liabilities	**(66)**	(57)	(51)
Current liabilities	**(482)**	(1,131)	(1,556)
Net assets	**1,206**	466	95

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

(c) Summarised financial information about subsidiary with material NCI (cont'd)

Summarised statement of comprehensive income

	ISEC Penang	
	2018	**2017**
	$'000	**$'000**
Revenue	**5,083**	3,994
Profit for the financial year	**748**	359
Total comprehensive income	**740**	365

Other summarised information

	ISEC Penang	
	2018	**2017**
	$'000	**$'000**
Net cash generated from operating activities	**1,042**	558
Net cash used in investing activities	**(163)**	(99)
Net cash used in financing activities	**(790)**	(416)
Net change in cash and cash equivalents	**89**	43

(d) Disposal of ownership in interest in subsidiary, without loss of control

On 15 December 2017, the Group disposed of 15% equity interest in ISEC Penang to its non-controlling interest. Following the disposal, the Group still controls ISEC Penang, retaining 51% of the ownership interests. The transaction has been accounted for as an equity transaction with non-controlling interests, resulting in:

	2017
	$'000
Proceeds from sale of 15% ownership interest	98
Net assets attributable to NCI	(67)
Increase in equity attributable to parent	31
Represent by:	
Capital reserve	31

7. INVESTMENT IN ASSOCIATE

Group	**31 December 2018 $'000**	**31 December 2017 $'000**	**1 January 2017 $'000**
I Medical & Aesthetics Pte. Ltd. ("I Medical & Aesthetics")	**220**	–	–

Name of company	Principal place of business	Principal activities	Proportion of ownership interest (%) 31 December 2018	31 December 2017	1 January 2017
Held through JL Medical (Bukit Batok) Pte. Ltd.:					
(1) I Medical & Aesthetics Pte. Ltd.	Singapore	General medical services	**25**	–	–

(1) Audited by Ernst & Young LLP, Singapore

7. INVESTMENT IN ASSOCIATE (CONT'D)

On 20 August 2018, the Company's wholly-owned subsidiary, JL Medical (Bukit Batok) Pte. Ltd. had completed subscription of 250,000 ordinary shares in I Medical & Aesthetics, at an aggregate amount of S$250,000 that was paid in cash, representing 25% shareholding in I Medical & Aesthetics.

The summarised financial information in respect of the associate that is not material are as follows:

	2018 $'000
Revenue	**393**
Loss after income tax, representing total comprehensive income	**(448)**

8. DEFERRED TAX

Movement in deferred tax of the Group during the year are as follows:

	At 1 January 2018 $'000	**Recognised in profit or loss $'000**	**Currency translation differences $'000**	**At 31 December 2018 $'000**
Deferred tax assets				
Provisions and other temporary differences	**11**	**(11)**	*****	**–**
Total	**11**	**(11)**	*****	**–**
Deferred tax liabilities				
Differences in depreciation for tax purposes	**54**	**(25)**	*****	**29**
Differences in amortisation of intangible assets	**630**	**(95)**	**–**	**535**
Total	**684**	**(120)**	*****	**564**
Deferred tax credit, net		**(109)**		

	At 1 January 2017 $'000	**Recognised in profit or loss $'000**	**Currency translation differences $'000**	**At 31 December 2017 $'000**
Deferred tax assets				
Provisions and other temporary differences	30	(19)	*	**11**
Total	30	(19)	*	**11**
Deferred tax liabilities				
Differences in depreciation for tax purposes	36	17	1	**54**
Differences in amortisation of intangible assets	725	(95)	–	**630**
Total	761	(78)	1	**684**
Deferred tax credit, net		(59)		

* Less than $1,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

9. INVENTORIES

Group	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Medical and surgical supplies	**1,115**	1,177	1,218

Inventories of $8,251,000 (2017: $7,835,000) were recognised as an expense and included in "cost of sales" line item in profit or loss for the financial year ended 31 December 2018.

10. TRADE AND OTHER RECEIVABLES

	Group			Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Trade receivables	**2,032**	1,450	1,588	**–**	–	–
Accrued revenue	**430**	486	176	**13**	43	30
Amounts due from associate (trade)	**17**	–	–	**–**	–	–
Total trade receivables	**2,479**	1,936	1,764	**13**	43	30
Less: allowance for doubtful debts	**(34)**	(27)	(19)	**–**	–	–
	2,445	1,909	1,745	**13**	43	30
Other receivables	**16**	8	24	**–**	2	14
Accrued reimbursement from vendors of subsidiaries acquired	**21**	159	–	**21**	159	–
Amounts due from subsidiaries (non-trade)	**–**	–	–	**13,081**	3,912	4,621
Amounts due from associate (non-trade)	**28**	–	–	**5**	–	–
Deposits	**474**	429	402	**39**	55	53
Total trade and other receivables	**2,984**	2,505	2,171	**13,159**	4,171	4,718
Add: Cash and cash equivalents (Note 11)	**27,105**	24,824	20,376	**7,943**	11,048	8,266
Total financial assets held at amortised cost	**30,089**	27,329	22,547	**21,102**	15,219	12,984

Trade receivables and amounts due from associate (trade) are unsecured, non-interest bearing and generally on 60 to 90 days' credit terms.

Accrued revenue relates to professional fees for consultancy services provided and interest income accrued by the Group.

Amounts due from subsidiaries and associate (non-trade) are unsecured, non-interest bearing and repayable on demand.

Deposits mainly relate to the refundable rental deposits of premises upon termination and/or expiry of the respective tenancy agreements.

Accrued reimbursement from vendors of JLM Companies acquired on 1 December 2016 relates to shortfall in profit achieved by the subsidiaries for the financial years ended 31 December 2018 and 31 December 2017.

10. TRADE AND OTHER RECEIVABLES (CONT'D)

Amounts due from subsidiaries denominated in foreign currencies are as follows:

Company	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Ringgit Malaysia	**9,531**	1,020	3,127
United States Dollar ("USD")	**614**	–	–

Receivables that are past due but not impaired

The Group has trade receivables amounting to $319,000 as at 31 December 2017 and $287,000 as at 1 January 2017 that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging as at the end of the reporting period is as follows:

Group	31 December 2017 $'000	1 January 2017 $'000
Trade receivables past due but not impaired:		
0 – 30 days	**179**	132
31 – 60 days	**57**	61
61 – 90 days	**33**	9
More than 90 days	**50**	85
	319	287

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that have significant delay on payments. These receivables are not secured by any collateral or credit enhancements.

Receivables that are impaired

The movement of the allowance account used to record the impairment is as follows:

Group	2017 $'000
Movement in allowance account:	
At 1 January	19
Charge for the year	8
At 31 December	27

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that has significant delay on payments. These receivables were not secured by any collateral or credit enhancements.

10. TRADE AND OTHER RECEIVABLES (CONT'D)

Expected credit losses

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL are as follows:

Group	2018 $'000
Movement in allowance account:	
At 1 January	**27**
Charge for the year	**32**
Written-back	**(22)**
Written-off	**(3)**
At 31 December	**34**

11. CASH AND CASH EQUIVALENTS

	Group			Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Cash and bank balances	**20,947**	17,298	13,054	**1,922**	4,048	1,266
Fixed deposits	**6,158**	7,526	7,322	**6,021**	7,000	7,000
Total cash and cash equivalents	**27,105**	24,824	20,376	**7,943**	11,048	8,266

Fixed deposits are made with banks for varying periods of between two weeks and three months and the effective interest rates on the fixed deposits range from 0.94% to 2.20% (2017: 0.84% to 3.80%) per annum.

Cash and fixed deposits denominated in foreign currencies are as follows:

Company	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
United States Dollar	**417**	–	–

12. SHARE CAPITAL

	Group and Company			
	2018 Number of ordinary shares	2017 Number of ordinary shares	2018 $'000	2017 $'000
Issued and fully paid:				
At 1 January and 31 December	**517,095,669**	517,095,669	**59,673**	59,673

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares have no par value and carry one vote per share without restriction.

13. OTHER RESERVES

Group	31 December 2018 $'000	31 December 2017 *(Restated)* $'000	1 January 2017 *(Restated)* $'000
Foreign currency translation reserve	**529**	502	–
Merger reserve	**(3,572)**	(3,572)	(3,572)
Capital reserve	**31**	31	–
	(3,012)	(3,039)	(3,572)

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency and is non-distributable.

Movement in the foreign currency translation reserve is set out in the consolidated statement of changes in equity.

The Group has elected for the optional exemption in SFRS(I) 1 to zerorise the cumulative foreign currency translation differences for foreign operations at the date of transition. The Group has reclassified an amount of S$1,735,000 of foreign currency translation reserve to the opening retained earnings on 1 January 2017.

Merger reserve

Merger reserve represents the difference between the consideration paid and the share capital value of the subsidiaries acquired under common control.

Capital reserve

Capital reserve represents the difference between the proceeds received and the decrease in the share of net total assets of the subsidiary, whose interest is diluted as disclosed in Note 6(d) to the financial statements.

14. PROVISIONS

	Group			Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Provision for step-up rent	**65**	53	50	**–**	–	–
Provision for restoration costs	**159**	155	148	**20**	20	19
	224	208	198	**20**	20	19

Provision for restoration costs

The provision for restoration costs is the estimated costs to dismantle, remove or restore plant and equipment arising from the return of rented operating premises leased to the landlords pursuant to lease agreements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

14. PROVISIONS (CONT'D)

Movements in provision for restoration costs during the financial year are as follows:

	Group		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
At 1 January	**155**	148	**20**	19
Acquisition of subsidiaries	**–**	–	**–**	–
Amortisation of discount (Note 19)	**4**	5	*	1
Currency translation differences	*	2	**–**	–
At 31 December	**159**	155	**20**	20

• Less than $1,000

15. TRADE AND OTHER PAYABLES

	Group			Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Trade payables	**1,149**	1,066	944	**–**	–	–
Other payables	**504**	306	803	**7**	3	98
Goods and services tax ("GST") payable	**123**	119	39	**–**	1	–
Amount due to vendors*	**–**	–	935	**–**	–	–
Amounts due to subsidiaries	**–**	–	–	**16**	–	47
Amounts due to associate	**10**	–	–	**–**	–	–
Contract liabilities	**37**	21	–	**–**	–	–
Advances from customers	**177**	192	143	**–**	–	–
Accrued expenses	**2,184**	1,771	2,055	**297**	230	168
Total trade and other payables	**4,184**	3,475	4,919	**320**	234	313
Less: GST payable	**(123)**	(119)	(39)	**–**	(1)	–
Less: Advances from customers	**(177)**	(192)	(143)	**–**	–	–
Less: Contract liabilities	**(37)**	(21)	–	**–**	–	–
Total financial liabilities carried at amortised cost	**3,847**	3,143	4,737	**320**	233	313

* Vendors refer to the previous shareholders of JLM Companies prior to 1 December 2016.

Trade and other payables are unsecured, non-interest bearing and are normally settled on 30 to 90 days' terms.

Amounts due to subsidiaries, associate and vendors are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

Trade and other payables denominated in foreign currencies are as follows:

Company	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Ringgit Malaysia	**16**	–	47

16. REVENUE

(a) Disaggregation of revenue

	General health services		Specialised health services		Total	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Types of goods or services						
Consultation, medication and procedures	**3,807**	3,847	**36,426**	32,955	**40,233**	36,802
Aesthetics services	**211**	174	**–**	–	**211**	174
	4,018	4,021	**36,426**	32,955	**40,444**	36,976
Timing of transfer of goods or services						
At a point in time	**3,807**	3,847	**36,426**	32,955	**40,233**	36,802
Over time	**211**	174	**–**	–	**211**	174
	4,018	4,021	**36,426**	32,955	**40,444**	36,976
Primary geographical market						
Singapore	**4,018**	4,021	**5,404**	4,995	**9,422**	9,016
Malaysia	**–**	–	**31,022**	27,960	**31,022**	27,960
	4,018	4,021	**36,426**	32,955	**40,444**	36,976

(b) Methods used in recognising revenue

Recognition of revenue from consultation, medication and procedures

For the consultation, medication and procedures, the Group satisfies its performance obligations at a point in time. Revenue from the provision of medical care, consultancy, treatment, surgery and prescription of medicine is recognised when the promised goods or services are transferred to the customer, which is when the customer obtains control of the goods or services.

Recognition of revenue from aesthetics services

For aesthetics services where the Group satisfies its performance obligations over time, management has determined that an output method provides a faithful depiction of the Group's performance in transferring control of the goods or services to the customers, as it reflects the direct measurements of the value to the customer of goods or services transferred to date relative to the remaining goods or services promised under the contract. The measure of progress is based on the number of sessions utilised as a percentage of the total sessions sold in a package.

(c) Contract liabilities

Information about contract liabilities from contracts with customers is disclosed as follows:

	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Contract liabilities (Note 15)	**37**	21	–

Contract liabilities primarily relate to the Group's obligation to perform aesthetics services to the customers for which the Group has received consideration in advance, and are recognised as revenue when the Group performs the services.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

16. REVENUE (CONT'D)

(c) Contract liabilities (cont'd)

Significant changes in contract liabilities are highlighted as follows:

	2018 $'000	2017 $'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	**13**	–

(d) Transaction price allocated to remaining performance obligation

The Group has applied the practical expedient not to disclose information about its remaining performance obligation as the Group recognises revenue in the amount to which the Group has a right to invoice customers in amounts that correspond directly with the value to the customer of the Group's performance completed to date.

17. OTHER INCOME

	Group	
	2018 $'000	2017 $'000
Gain on disposal of plant and equipment	**37**	2
Interest income	**446**	364
Government grant	**60**	32
Reimbursement from vendors of subsidiaries acquired (Note 10)	**21**	159
Others	**44**	40
	608	597

18. OTHER EXPENSES

	Group	
	2018 $'000	2017 $'000
Amortisation of intangible assets(1)	**561**	561
Plant and equipment written-off	**38**	–
Loss on exchange differences, net	**54**	–
Others	**2**	–
	655	561

(1) Comprise amortisation of contractual relationship and customer relationships

19. FINANCE COSTS

	Group	
	2018 $'000	2017 $'000
Interest expense on amortisation of discount on provision	**4**	5
Interest expense to financial institution	**–**	2
	4	7

20. PROFIT BEFORE INCOME TAX

Other than as disclosed in Notes 16 to 19, the following items have been included in arriving at profit before income tax:

	Group	
	2018	**2017**
	$'000	**$'000**
Cost of inventories	**8,251**	7,835
Depreciation of plant and equipment	**966**	940
Doctors' consultancy fees	**409**	505
Directors' fees (Note 24)	**179**	218
Employee benefits expense (including executive directors)		
– salaries, bonus and other benefits	**13,995**	12,664
– defined contribution plans	**1,638**	1,480
Audit fees		
– auditors of the Company	**105**	100
– other auditors	**57**	51
Non-audit fees		
– auditors of the Company	**31**	76
– other auditors	**48**	3
Amortisation of intangible assets	**625**	632
Foreign exchange loss/(gain), net	**54**	(15)
Plant and equipment written-off	**38**	4
Operating lease expenses	**1,280**	1,214
Allowance for doubtful debts, net	**10**	8
Write-back of provisions/accruals, net	**(2)**	–

21. INCOME TAX EXPENSE

	Group	
	2018	**2017**
	$'000	**$'000**
Current income tax expense		
– current financial year	**2,655**	2,222
– (over)/under-provision in previous financial years	**(30)**	31
	2,625	2,253
Deferred tax credit		
– current financial year	**(118)**	(45)
– over/(under)-provision in previous financial years	**9**	(14)
	(109)	(59)
Total income tax expense recognised in profit or loss	**2,516**	2,194

There is no deferred tax expense related to other comprehensive income or charged directly in equity during the year (2017: nil).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

21. INCOME TAX EXPENSE (CONT'D)

Relationship between tax expense and profit before income tax

A reconciliation between tax expense and the product of profit before income tax multiplied by the applicable corporate tax rate for the years ended 31 December 2018 and 2017 is as follows:

	Group	
	2018 **$'000**	**2017** **$'000**
Profit before income tax	**11,193**	10,079
Income tax calculated at Singapore's statutory income tax rate of 17% (2017: 17%)	**1,903**	1,713
Adjustments:		
Effect of different tax rates in other countries	**556**	479
Income not subject to income tax	**(1)**	(18)
Non-deductible expenses	**264**	135
Deferred tax assets not recognised	**34**	68
(Over)/under-provision of income tax expense in previous years	**(30)**	31
Over/(under)-provision of deferred tax credit (net) in previous years	**9**	(14)
Effect of tax exemption	**(224)**	(200)
Share of results of associate	**5**	–
	2,516	2,194

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

As at 31 December 2018, the Group has unutilised tax losses and unabsorbed capital allowances of approximately $1,841,000 (2017: $1,800,000) and $266,000 (2017: $375,000) respectively available for offset against future taxable profits subject to the agreement by the tax authorities and provisions of the tax legislations of the respective countries in which the Group operates.

These deferred tax assets have not been recognised as it is not certain whether future taxable profits will be available against which the Group can utilise these benefits in accordance with the accounting policy in Note 2.24(b) to the financial statements.

Tax consequence of proposed dividends

There are no income tax consequences (2017: nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 23).

Unrecognised temporary differences relating to investment in subsidiaries

At the end of the reporting period, no deferred tax liability has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiaries as the undistributed earnings are eligible for tax exemption.

22. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the financial year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year. As the Group has no dilutive potential ordinary shares, the diluted earnings per share is equivalent to basic earnings per share for the financial year.

The following table reflect the profit and share data used in the computation of basic and dilutive earnings per share for the years ended 31 December:

	Group	
	2018	**2017**
Profit for the year attributable to owners of the Company ($'000)	**8,407**	7,907
Weighted average number of ordinary shares in issue during the financial year applicable to basic earnings per share	**517,095,669**	517,095,669
Earnings per share (in cents) – basic and diluted	**1.63**	1.53

23. DIVIDENDS

	Group	
	2018 **$'000**	**2017** **$'000**
Dividends on ordinary shares:		
– Final tax-exempt dividend for 2017: 0.70 cents (2016: 0.11 cents) per share	**3,620**	569
– First interim tax-exempt dividend for 2018: 0.78 cents (2017: 0.50 cents) per share	**4,033**	2,585
	7,653	3,154
Proposed but not recognised as a liability as at 31 December:		
– Final tax-exempt dividends on ordinary shares for 2018 of 0.78 cents (2017: 0.70 cents) per share, subject to shareholders' approval at the Annual General Meeting	**4,033**	3,620
– Special tax-exempt dividends on ordinary shares for 2018 of 0.98 cents (2017: nil) per share, subject to shareholders' approval at the Annual General Meeting	**5,068**	–
	9,101	3,620

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

24. RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the following were significant related party transactions at rates and terms agreed between the Group and the Company with their related parties during the financial year:

	Group	
	2018	**2017**
	$'000	**$'000**
With firm and member firm related to director of the Company		
Professional fees charged by	**124**	15

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

The remuneration of key management personnel of the Group during the financial year is as follows:

	Group	
	2018	**2017**
	$'000	**$'000**
Directors of the Company		
– Directors' fee	**170**	210
– short-term employee benefits	**1,855**	1,820
– post employment benefits	**132**	128
Key management personnel of the Group		
– Directors' fee	**7**	6
– short-term employee benefits	**3,018**	2,043
– post employment benefits	**387**	267
Other key management personnel of the subsidiaries, including directors		
– Directors' fee	**2**	2
– short-term employee benefits	**1,381**	1,977
– post employment benefits	**180**	241
	7,132	6,694

25. COMMITMENTS

(a) Capital commitment

As at the end of the reporting period, capital expenditures approved and contracted for but not recognised in the financial statements were as follows:

	Group	
	2018	**2017**
	$'000	**$'000**
Medical equipment	**848**	–
Software under development	**46**	–

(b) Operating lease commitments

The Group as lessee

The Group leases office spaces, clinic premises and office equipment under non-cancellable operating leases. The operating lease commitments are based on existing rental rates. The leases have lease terms ranging from 1 to 15 years and rentals are fixed at variable amounts during the lease term.

25. COMMITMENTS (CONTD)

(b) Operating lease commitments

The Group as lessee (cont'd)

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 December 2018 amounted to $1,280,000 (2017: $1,214,000).

Future minimum rental payable under non-cancellable operating leases in accordance with lease agreements at the end of the reporting period are as follows:

	Group	
	2018	**2017**
	$'000	**$'000**
Not later than one year	**1,465**	1,335
Later than one year but not later than five years	**2,440**	2,426
Later than five years	**189**	219
	4,094	3,980

26. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker. A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Management monitors the operating results of the segment separately for the purposes of making decisions about resources to be allocated and assessing performance. The information reported to the chief operating decision maker does not include an analysis of assets and liabilities. Segment performance is evaluated based on operating profit or loss which is similar to the accounting profit or loss.

The Group has two reportable segments as described below.

Business segments information

– Specialised health services: provision of medical care, consultancy, treatment and surgery in the field of ophthalmology

– General health services: provision of general medical services

	Group	
	2018	**2017**
	$'000	**$'000**
Segment revenue		
Specialised health services	**36,426**	32,955
General health services	**4,018**	4,021
Total	**40,444**	36,976
Segment profit after tax		
Specialised health services	**7,614**	6,986
General health services	**1,063**	899
Total	**8,677**	7,885

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

26. SEGMENT INFORMATION (CONT'D)

Geographical information

Revenue and operating result are based on the country in which the services are provided and country where the customers are located.

	Group	
	2018	**2017**
	$'000	**$'000**
Segment revenue		
Singapore	**9,422**	9,016
Malaysia	**31,022**	27,960
Total	**40,444**	36,976
Segment profit after tax		
Singapore	**2,384**	2,374
Malaysia	**6,320**	5,511
Myanmar	**(27)**	–
Total	**8,677**	7,885

Major customers

Revenue is mainly derived from the walk-in patients who are the general public. Due to the diverse base of customers to which the Group renders services, the Group is generally not reliant on any customer for its sales and no one single customer accounted for 5% or more of the Group's total revenue except for two (2017: three) customers, which in total had contributed to 12% (2017: 29%) of the Group's total revenue for financial year ended 31 December 2018.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's and the Company's activities have exposure to credit risks, market risks and liquidity risks arising in the ordinary course of business. The Group's and the Company's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's and the Company's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group and the Company. The Group's and the Company's management then establishes the detailed policies such as risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

There has been no change to the Group's and the Company's exposure to these financial risks or the manner in which the risks are managed and measured.

The Group and the Company do not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange rates.

(a) Credit risks

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligatioins. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and short-term deposits), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

***(a) Credit risks* (cont'd)**

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments 365 days after they fall due, which are derived based on the Group's historical information.

The Group considers financial instruments to have low credit risk at reporting date if the credit risk has not increased significantly since initial recognition. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition.

A significant increase in credit risk is presumed if a debtor is more than 365 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

– A breach of contract, such as a default or past due event;

– It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; or

– There is a disappearance of an active market for that financial asset because of financial difficulty

Financial assets 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. Where loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for trade receivables.

Trade receivables

The Group provides for lifetime expected credit losses for all trade receivables using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due by grouping debtors based on their risk profile. The loss allowance provision as at 31 December 2018 is determined as follows, the expected credit losses below also incorporate forward looking information such as forecast of economic conditions where the gross domestic product ("GDP") will increase over the next year, leading to a decreased number of defaults.

Summarised below is the information about the credit risk exposure on the Group's trade receivables (including accrued revenue) using provision matrix, grouped by the risk profile of the debtors at 31 December 2018:

		Past due				
	Current $'000	0-90 days $'000	90-180 days $'000	180-365 days $'000	>365 days $'000	Total $'000
Credit-impaired debtors:						
Gross carrying amount	–	–	–	–	23	23
Loss allowance provision	–	–	–	–	23	23

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Credit risks (cont'd)

Trade receivables (cont'd)

	Current	0-90 days	Past due 90-180 days	180-365 days	>365 days	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Corporate debtors:						
Gross carrying amount	1,659	466	19	12	1	2,157
Loss allowance provision	–	*	1	1	*	2
Individuals:						
Gross carrying amount	237	20	29	2	11	299
Loss allowance provision	*	1	*	*	8	9

* Less than $1,000

Information regarding loss allowance movement of trade receivables are disclosed in Note 10.

During the financial year, the Group has written-off $3,000 of trade receivables which are more than 365 days past due as the Group does not expect to receive future cash flows from and there are no recoveries from collection of cash flows previously written off.

Other financial assets

The Group computes expected credit loss for other financial assets using the probability of default approach. In calculating the expected credit loss rates, the Group considers implied probability of default and historical loss rates for each category of counterparty, and adjusts for forward looking macroeconomic data such as GDP growth.

There are no significant changes in the estimation techniques or significant assumptions made during the reporting period.

Excessive risk concentration and exposure to credit risk

The Group does not have any significant credit exposure to any single counterparty or any group of counterparties having similar characteristics except trade receivables from 2 (2017: 2) customers which represent 45% (2017: 43%) of total trade receivables balance at year end.

As at 31 December 2018, the Company has significant credit exposure arising from the non-trade amounts due from subsidiaries and associate amounting to $13,086,000 (2017: $3,912,000).

The carrying amounts of financial assets recorded in the financial statements, grossed up for any allowances for impairment losses, represent the Group's and the Company's maximum exposure to credit risks.

Financial assets that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are substantially from companies with good credit track record with the Group and the Company. Bank deposits are mainly deposits with reputable banks with minimum risk of default.

Financial assets that are either past due or impaired

Information regarding the financial assets that are either past due or impaired is disclosed in Note 10.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Market risks

Foreign currency risks

The Group is exposed to currency translation risk arising from its intercompany balances with its foreign operations in Malaysia. The intercompany balances in Malaysia are not hedged as currency positions in Ringgit Malaysia ("RM") are repayable upon demand.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before income tax to a reasonably possible change in the RM exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

	Group		Company	
	2018 $'000	**2017 $'000**	**2018 $'000**	**2017 $'000**
	Increase/(decrease) in profit before income tax			
RM/SGD – strengthened 5% (2017: 5%)	**457**	27	**476**	51
– weakened 5% (2017: 5%)	**(457)**	(27)	**(476)**	(51)

(c) Liquidity risks

Liquidity risks refer to the risks in which the Group and the Company encounter difficulties in meeting their short-term obligations. Liquidity risks are managed by matching the payment and receipt cycle.

The Group and the Company actively manage operating cash flows so as to ensure that all payment obligations are met. As part of its overall prudent liquidity management, the Group and the Company minimise liquidity risk by ensuring the availability of funding through an adequate amount of credit facilities and maintain sufficient levels of cash to meet working capital requirements.

Contractual maturity analysis

The following table details the Group's and the Company's remaining contractual maturity for their non-derivative financial instruments. The tables have been drawn up based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group and the Company are expected to receive or pay.

	Group			Company		
	31 December 2018 $'000	**31 December 2017 $'000**	**1 January 2017**	**31 December 2018 $'000**	**31 December 2017 $'000**	**1 January 2017**
Within one financial year						
Financial assets						
Trade and other receivables	**2,984**	2,505	2,171	**13,159**	4,171	4,718
Cash and cash equivalents	**27,105**	24,824	20,376	**7,943**	11,048	8,266
Total undiscounted financial assets	**30,089**	27,329	22,547	**21,102**	15,219	12,984
Financial liabilities						
Trade and other payables, representing total undiscounted financial liabilities	**3,847**	3,143	4,737	**320**	233	313
Total net undiscounted assets	**26,242**	24,186	17,810	**20,782**	14,986	12,671

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

28. CAPITAL MANAGEMENT

The Group and the Company manage capital to ensure that the Group and the Company are able to continue as a going concern and maintain an optimal capital structure so as to maximise shareholders' value.

The Group and the Company are not subject to any externally imposed capital requirements for the financial years ended 31 December 2018 and 31 December 2017.

Management reviews the capital structure to ensure that the Group and the Company are able to service any debt obligations (including principal repayment and interest) based on operating cash flows. Upon review, the Group and the Company will balance the overall capital structure through new share issues or the issue of new debt, if necessary. The Group's overall strategy remains unchanged during the financial years ended 31 December 2018 and 31 December 2017.

At the end of reporting period, the capital of the Group mainly consists of equity attributable to the equity holders of the Company comprising share capital, retained earnings and other reserves.

The gearing ratio is not disclosed as the Group does not have any external borrowings as at 31 December 2018 and 31 December 2017.

29. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Subsequent to 31 December 2018, ISEC Myanmar Company Limited has increased its share capital from $39,000 (equivalent to US$28,500) to $542,000 (equivalent to US$400,000) through issuance of shares allotted to the existing shareholders of the subsidiary in equal proportion to their existing shareholdings.

In January 2019, the Company purchased 386,400 of its own shares from the open market in cash at share prices ranging from $0.26 to $0.28 per share, representing 0.07% of the Company's total issued ordinary shares. These have been designated as treasury shares.

30. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors on 29 March 2019.

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ISEC HEALTHCARE LTD.
(Company Registration No.201400185H)

Unaudited Financial Statement and Dividend Announcement
For the Second Quarter Ended 30 June 2019

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

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

	Group 3 Months Ended			Group 6 Months Ended		
	30 June 2019 (Unaudited) S$'000	30 June 2018 (Unaudited) S$'000	Change %	30 June 2019 (Unaudited) S$'000	30 June 2018 (Unaudited) S$'000	Change %
Revenue	10,493	10,419	1%	20,429	20,044	2%
Cost of sales	(5,593)	(5,319)	5%	(10,682)	(10,308)	4%
Gross profit	4,900	5,100	-4%	9,747	9,736	0%
Other item of income						
Other income	69	109	-37%	296	266	11%
Other items of expense						
Selling and distribution expenses	(17)	(5)	NM	(24)	(12)	100%
Administrative expenses	(2,097)	(2,152)	-3%	(4,103)	(4,072)	1%
Other expenses	(1,043)	(140)	NM	(1,185)	(280)	NM
Finance cost	(59)	*	NM	(132)	(2)	NM
Share of results of associate	(11)	-	NM	(26)	-	NM
Profit before income tax	1,742	2,912	-40%	4,573	5,636	-19%
Income tax expense	(648)	(643)	1%	(1,258)	(1,222)	3%
Profit for the financial period	**1,094**	**2,269**	**-52%**	**3,315**	**4,414**	**-25%**

NM – Not meaningful
* – Amount less than S$1,000

ISEC HEALTHCARE LTD.
(Company Registration No.201400185H)

	Group 3 Months Ended			Group 6 Months Ended		
	30 June 2019 (Unaudited) S$'000	30 June 2018 (Unaudited) S$'000	Change %	30 June 2019 (Unaudited) S$'000	30 June 2018 (Unaudited) S$'000	Change %
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss:						
Foreign currency translation differences - foreign operations	(356)	(86)	NM	(204)	669	NM
Other comprehensive income for the financial period, net of tax	(356)	(86)	NM	(204)	669	NM
Total comprehensive income for the financial period	738	2,183	-66%	3,111	5,083	-39%
Profit attributable to:						
Owners of the parent	1,144	2,212	-48%	3,359	4,311	-22%
Non-controlling interests	(50)	57	NM	(44)	103	NM
Profit for the financial period	1,094	2,269	-52%	3,315	4,414	-25%
Total comprehensive income attributable to:						
Owners of the parent	797	2,127	-63%	3,159	4,970	-36%
Non-controlling interests	(59)	56	NM	(48)	113	NM
Total comprehensive income for the financial period	738	2,183	-66%	3,111	5,083	-39%

NM – Not meaningful

ISEC HEALTHCARE LTD.
(Company Registration No.201400185H)

1(a)(ii) Notes to Consolidated Statement of Comprehensive Income

Profit before income tax is arrived after charging/(crediting) the following:

	Group 3 Months Ended			Group 6 Months Ended		
	30 June 2019 (Unaudited) S$'000	30 June 2018 (Unaudited) S$'000	Change %	30 June 2019 (Unaudited) S$'000	30 June 2018 (Unaudited) S$'000	Change %
Depreciation of plant and equipment - cost of sales	168	157	7%	311	309	1%
Depreciation of plant and equipment - cost of sales (right-of-use assets)	92	-	NM	185	-	NM
Depreciation of plant and equipment – administrative expenses	102	91	12%	189	184	3%
Depreciation of plant and equipment – administrative expenses (right-of-use assets)	259	-	NM	554	-	NM
Amortisation of intangible assets – other expenses	140	140	0%	280	280	0%
Amortisation of intangible assets – administrative expenses	16	16	0%	32	33	-3%
Interest income	(125)	(106)	18%	(261)	(202)	29%
Loss/(gain) on exchange differences - net	152	1	NM	86	(16)	NM
Loss/(gain) on disposal of plant and equipment	3	-	NM	3	(24)	NM
(Write back of)/allowance for doubtful debts, net	(2)	(9)	-78%	(3)	21	NM
Property, plant and equipment written-off	18	-	NM	18	-	NM
Impairment loss for goodwill	800	-	NM	800	-	NM

NM – Not meaningful

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

	Group		Company	
	30 June 2019 (Unaudited) S$'000	31 December 2018 (Audited) S$'000	30 June 2019 (Unaudited) S$'000	31 December 2018 (Audited) S$'000
ASSETS				
Non-current assets				
Plant and equipment	4,125	3,735	37	53
Right-of-use assets	4,505	-	79	-
Intangible assets	36,957	38,182	*	1
Investment in subsidiaries	-	-	52,669	48,386
Investment in associate	194	220	-	-
Net investment of sublease	211	-	-	-
Deferred tax assets	29	-	-	-
	46,021	42,137	52,785	48,440
Current assets				
Inventories	1,129	1,115	-	-
Trade and other receivables	3,106	2,984	13,565	13,159
Prepayments	236	190	6	14
Net investment of sublease	59	-	-	-
Tax receivable	38	43	-	-
Cash and cash equivalents	21,671	27,105	1,588	7,943
	26,239	31,437	15,159	21,116
TOTAL ASSETS	72,260	73,574	67,944	69,556
EQUITY AND LIABILITIES				
Equity				
Share capital	64,741	59,673	64,741	59,673
Treasury share reserve	(105)	-	(105)	-
Other reserves	(7,706)	(3,012)	-	-
Retained earnings	4,020	10,196	2,942	9,512
Equity attributable to owners of Company	60,950	66,857	67,578	69,185
Non-controlling interests	380	745	-	-
TOTAL EQUITY	61,330	67,602	67,578	69,185
LIABILITIES				
Non-current liabilities				
Provisions	160	224	20	20
Lease liabilities	3,595	-	12	-
Deferred tax liabilities	498	564	-	-
	4,253	788	32	20
Current liabilities				
Trade and other payables	4,106	4,184	245	320
Lease liabilities	1,485	-	70	-
Current income tax payable	1,086	1,000	19	31
	6,677	5,184	334	351
TOTAL LIABILITIES	10,930	5,972	366	371
TOTAL EQUITY AND LIABILITIES	72,260	73,574	67,944	69,556

* – Amount less than S$1,000

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1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 30 June 2019		As at 31 December 2018	
Secured S$'000	Unsecured S$'000	Secured S$'000	Unsecured S$'000
-	1,485(1)	-	-

Amount repayable after one year

As at 30 June 2019		As at 31 December 2018	
Secured S$'000	Unsecured S$'000	Secured S$'000	Unsecured S$'000
-	3,595(1)	-	-

(1) As a result of adoption of SFRS(I) 16 *Leases* on 1 January 2019. Please refer to Section 5 for details.

Details of any collateral

Not applicable. The Group did not have any secured borrowings or debts securities as at 30 June 2019 and 31 December 2018.

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

Consolidated Statement of Cash Flows

	Group 3 Months Ended		Group 6 Months Ended	
	30 June 2019 (Unaudited) S$'000	30 June 2018 (Unaudited) S$'000	30 June 2019 (Unaudited) S$'000	30 June 2018 (Unaudited) S$'000
Cash flows from operating activities				
Profit before income tax	1,742	2,912	4,573	5,636
Adjustments for:				
(Write back of)/allowance for doubtful debts, net	(2)	(9)	(3)	21
Amortisation of intangible assets	156	156	312	313
Depreciation of plant and equipment	621	248	1,239	493
Interest income	(125)	(106)	(261)	(202)
Interest expense	59	*	132	2
Impairment loss for goodwill	800	-	800	-
Loss/(gain) on disposal of plant and equipment	3	-	3	(24)
Plant and equipment written-off	18	-	18	-
Share of results in associate	11	-	26	-
Operating cash flows before working capital changes	3,283	3,201	6,839	6,239

* – Amount less than S$1,000

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	Group 3 Months Ended		Group 6 Months Ended	
	30 June 2019 (Unaudited) S$'000	30 June 2018 (Unaudited) S$'000	30 June 2019 (Unaudited) S$'000	30 June 2018 (Unaudited) S$'000
Working capital changes:				
- Inventories	115	(55)	(14)	(91)
- Trade and other receivables	277	(63)	(109)	(607)
- Prepayments	(71)	(10)	(46)	5
- Trade and other payables	77	405	(653)	166
Cash generated from operations	3,681	3,478	6,017	5,712
Income tax paid	(769)	(662)	(1,211)	(997)
Net cash from operating activities	2,912	2,816	4,806	4,715
Investing activities				
Purchase of plant and equipment	(170)	(260)	(383)	(484)
Purchase of intangible assets	-	(4)	-	(4)
Purchase of shares in subsidiary from non-controlling interest	(80)	-	(80)	-
Proceeds from disposal of plant and equipment	16	-	16	24
Interest received	121	109	245	197
Net cash used in investing activities	(113)	(155)	(202)	(267)
Financing activities				
Dividends paid to shareholders	(9,369)	(3,620)	(9,369)	(3,620)
Share issue expenses	(15)	-	(15)	-
Purchase of treasury shares	-	-	(105)	-
Subscription of shares in subsidiaries by non-controlling interests	134	-	381	151
Principal element of lease liabilities	(318)	-	(739)	-
Interest paid	(51)	-	(120)	-
Net cash used in financing activities	(9,619)	(3,620)	(9,967)	(3,469)
Net (decrease)/increase in cash and cash equivalents	(6,820)	(959)	(5,363)	979
Cash and cash equivalents at beginning of financial period	28,599	27,025	27,105	24,824
Effects of exchange rate changes on cash and cash equivalents	(108)	(46)	(71)	217
Cash and cash equivalents at end of financial period	21,671	26,020	21,671	26,020

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

Statements of Changes in Equity

Group (Unaudited) (Restated)	Attributable to owners of the company: Share capital	Treasury share reserve	Foreign currency translation reserve	Merger reserve	Capital reserve	Retained earnings	Equity attributable to owners of the company	Non-controlling interests	Total equity
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
At 1 January 2019									
As previously reported	59,673	-	529	(3,572)	31	10,196	66,857	745	67,602
Effect of adoption of SFRS(I) 16	-	-	-	-	-	(166)	(166)	(29)	(195)
As restated	**59,673**	**-**	**529**	**(3,572)**	**31**	**10,030**	**66,691**	**716**	**67,407**
Profit for the financial period	-	-	-	-	-	2,215	2,215	6	2,221
Other comprehensive income									
Foreign currency translation	-	-	147	-	-	-	147	5	152
Total comprehensive income for the financial period	**-**	**-**	**147**	**-**	**-**	**2,215**	**2,362**	**11**	**2,373**
Transaction with owners of the Company									
Purchase of treasury shares	-	(105)	-	-	-	-	(105)	-	(105)
Total transaction with owners of the Company	**-**	**(105)**	**-**	**-**	**-**	**-**	**(105)**	**-**	**(105)**
Transaction with non-controlling interests									
Subscription of shares in subsidiary by non-controlling interests[(1)]	-	-	-	-	-	-	-	247	247
Total transaction with non-controlling interests	-	-	-	-	-	-	-	**247**	**247**
At 31 March 2019	**59,673**	**(105)**	**676**	**(3,572)**	**31**	**12,245**	**68,948**	**974**	**69,922**

(1) In January 2019 and February 2019, ISEC Myanmar Company Limited ("ISEC Myanmar"), a 51% owned indirect subsidiary of the Company, has undertaken two rounds of share capital injection, resulting in an increase from S$39,000 (equivalent to US$28,500) to S$542,000 (equivalent to US$400,000), through issuance of shares allotted to the existing shareholders of the subsidiary in equal proportion to their existing shareholdings.

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Statements of Changes in Equity

Group (Unaudited) (Restated)	Share capital	Treasury share reserve	Foreign currency translation reserve	Merger reserve	Capital reserve	Retained earnings	Equity attributable to owners of the company	Non-controlling interests	Total equity
	Attributable to owners of the company								
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
At 1 April 2019	**59,673**	**(105)**	**676**	**(3,572)**	**31**	**12,245**	**68,948**	**974**	**69,922**
Profit for the financial period	-	-	-	-	-	1,144	1,144	(50)	1,094
Other comprehensive income									
Foreign currency translation	-	-	(347)	-	-	-	(347)	(9)	(356)
Total comprehensive income for the financial period	**-**	**-**	**(347)**	**-**	**-**	**1,144**	**797**	**(59)**	**738**
Transactions with owners of the Company									
Issuance of ordinary shares(1)	5,083	-	-	-	-	-	5,083	-	5,083
Shares issue expenses	(15)	-	-	-	-	-	(15)	-	(15)
Dividends	-	-	-	-	-	(9,369)	(9,369)	-	(9,369)
Total transactions with owners of the Company	**5,068**	**-**	**-**	**-**	**-**	**(9,369)**	**(4,301)**	**-**	**(4,301)**
Transactions with non-controlling interests									
Subscription of shares in subsidiary by non-controlling interests(2)	-	-	-	-	-	-	-	134	134
Acquisition of non-controlling interests' shares without a change in control(1)	-	-	-	-	(4,494)	-	(4,494)	(669)	(5,163)
Total transactions with non-controlling interests	**-**	**-**	**-**	**-**	**(4,494)**	**-**	**(4,494)**	**(535)**	**(5,029)**
At 30 June 2019	**64,741**	**(105)**	**329**	**(3,572)**	**(4,463)**	**4,020**	**60,950**	**380**	**61,330**

(1) On 23 April 2019, the Company, through its wholly-owned subsidiary, ISEC Sdn. Bhd. ("ISEC KL"), has completed the acquisition of the remaining 49% shareholding in ISEC (Penang) Sdn. Bhd. ("ISEC Penang"), by way of the allotment and issuance of 15,639,275 consideration shares, equivalent to fair value consideration of S$5,083,000 to the non-controlling interests.

(2) In April 2019, ISEC Myanmar has increased its share capital from S$542,000 (equivalent to US$400,000) to S$815,000 (equivalent to US$600,000), through issuance of shares allotted to the existing shareholders of the subsidiary in equal proportion to their existing shareholdings.

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Statements of Changes in Equity

	Attributable to owners of the company							
	Share capital	Foreign currency translation reserve	Merger reserve	Capital reserve	Retained earnings	Equity attributable to owners of the company	Non-controlling interests	Total equity
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Group (Unaudited) (Restated)								
At 1 January 2018								
As previously reported	59,673	(1,233)	(3,572)	31	11,177	66,076	309	66,385
Cumulative effects of adopting SFRS(I)	-	1,735	-	-	(1,735)	-	-	-
As restated	**59,673**	**502**	**(3,572)**	**31**	**9,442**	**66,076**	**309**	**66,385**
Profit for the financial period	-	-	-	-	2,099	2,099	46	2,145
Other comprehensive income								
Foreign currency translation	-	744	-	-	-	744	11	755
Total comprehensive income for the financial period	**-**	**744**	**-**	-	**2,099**	**2,843**	**57**	**2,900**
Transaction with non-controlling interests								
Subscription of shares in subsidiaries by non-controlling interests(1)	-	-	-	-	-	-	151	151
Total transaction with non-controlling interests	-	-	-	-	-	-	**151**	**151**
At 31 March 2018	**59,673**	**1,246**	**(3,572)**	**31**	**11,541**	**68,919**	**517**	**69,436**
At 1 April 2018	**59,673**	**1,246**	**(3,572)**	**31**	**11,541**	**68,919**	**517**	**69,436**
Profit for the financial period	-	-	-	-	2,212	2,212	57	2,269
Other comprehensive income								
Foreign currency translation	-	(85)	-	-	-	(85)	(1)	(86)
Total comprehensive income for the financial period	**-**	**(85)**	**-**	-	**2,212**	**2,127**	**56**	**2,183**
Transaction with owners of the Company								
Dividends	-	-	-	-	(3,620)	(3,620)	-	(3,620)
Total transaction with owners of the Company	-	-	-	-	**(3,620)**	**(3,620)**	**-**	**(3,620)**
At 30 June 2018	**59,673**	**1,161**	**(3,572)**	**31**	**10,133**	**67,426**	**573**	**67,999**

(1) In March 2018, ISEC (Sibu) Sdn. Bhd., a 55% owned indirect subsidiary of the Company, had increased its share capital from S$637,000 (equivalent to RM2,000,000) to S$973,000 (equivalent to RM3,000,000) through issuance of shares allotted to the existing shareholders of the subsidiary in equal proportion to their existing shareholdings.

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Statements of Changes in Equity

	Share capital S$'000	Treasury share reserve S$'000	Retained earnings S$'000	Total equity S$'000
Company (Unaudited)				
At 1 January 2019				
As previously reported	59,673	-	9,512	69,185
Effect of adoption of SFRS(I) 16	-	-	(3)	(3)
As restated	**59,673**	**-**	**9,509**	**69,182**
Loss for the financial period, representing total comprehensive income for the financial period	-	-	(95)	(95)
Transaction with owners of the Company				
Purchase of treasury shares	-	(105)	-	(105)
Total transaction with owners of the Company	**-**	**(105)**	**-**	**(105)**
At 31 March 2019	**59,673**	**(105)**	**9,414**	**68,982**
At 1 April 2019	**59,673**	**(105)**	**9,414**	**68,982**
Profit for the financial period, representing total comprehensive income for the financial period	-	-	2,897	2,897
Transactions with owners of the Company				
Issuance of ordinary shares	5,083	-	-	5,083
Shares issue expenses	(15)	-	-	(15)
Dividends	-	-	(9,369)	(9,369)
Total transactions with owners of the Company	**5,068**	**-**	**(9,369)**	**(4,301)**
At 30 June 2019	**64,741**	**(105)**	**2,942**	**67,578**
At 1 January 2018	**59,673**	**-**	**3,763**	**63,436**
Loss for the financial period, representing total comprehensive income for the financial period	-	-	(97)	(97)
At 31 March 2018	**59,673**	**-**	**3,666**	**63,339**
At 1 April 2018	**59,673**	**-**	**3,666**	**63,339**
Profit for the financial period, representing total comprehensive income for the financial period	-	-	4,134	4,134
Transaction with owners of the Company				
Dividends	-	-	(3,620)	(3,620)
Total transaction with owners of the Company	**-**	**-**	**(3,620)**	**(3,620)**
At 30 June 2018	**59,673**	**-**	**4,180**	**63,853**

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

Issued Share Capital

	Number of ordinary shares	**Issued and paid-up share capital S$'000**
At 31 March 2019	517,095,669	59,673
Issuance of consideration shares for the acquisition of the remaining 49% equity interest in ISEC Penang	15,639,275	5,083
	532,734,944	64,756
Less: Share issue expenses capitalised	-	(15)
At 30 June 2019	532,734,944	64,741

As at 30 June 2019, the number of ordinary shares in issue was 532,734,944 of which 368,400 were held by the Company as treasury shares. There were no treasury shares as at 30 June 2018.

Outstanding Convertibles

The Company did not have any outstanding options or convertibles as at 30 June 2019 and 30 June 2018. There have been no options and share awards granted pursuant to the Company's employee share options scheme and performance share plan.

Treasury Shares

There were 386,400 treasury shares representing 0.073% of the Company's 532,348,544 ordinary shares (excluding treasury shares) as at 30 June 2019. There were no treasury shares as at 30 June 2018.

Subsidiary Holdings

There were no subsidiary holdings as at 30 June 2019 and 30 June 2018.

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

	30 June 2019	31 December 2018
Total number of issued shares (excluding treasury shares)	532,348,544	517,095,669

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

Not applicable. There were no sales, transfers, cancellation and/or use of treasury shares during and as at the end of the current financial period reported on.

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

Not applicable. There were no subsidiary holdings during and as at the end of the current financial period reported on.

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

Certain financial information set out in sections 1, 4, 5, 6, 11 and 12 of this announcement has been extracted from the interim financial information which has been reviewed by the Company's independent auditors in accordance with Singapore Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*.

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

Please refer to the attached review report.

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

Except as disclosed in paragraph 5 below, the accounting policies and methods of computation adopted in the financial statements for the current financial reporting period are consistent with those disclosed in the audited financial statements for the financial year ended 31 December 2018.

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

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for the financial period beginning on or after 1 January 2019. On the adoption of SFRS(I) 16 *Leases*, the Group has recognised right-of-use assets of S$4.58 million, net investment in

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sublease of S$0.30 million and lease liabilities of S$5.18 million for its leases previously classified as operating leases, with corresponding decrease in the opening retained earnings of S$0.17 million and its related tax impact as of 1 January 2019.

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

	Group		Group	
	3 months ended		6 months ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
Earnings per share ("EPS")	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit attributable to owners of the parent (S$'000)	1,144	2,212	3,359	4,311
Weighted average number of ordinary shares in issue (excluding treasury shares)	528,567,620	517,095,669	522,711,916	517,095,669
Basic and fully diluted basis (Singapore cents) (1)	0.22	0.43	0.64	0.83

(1) There were no potentially dilutive ordinary shares in existence during the respective financial periods.

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

	Group		Company	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Net asset value attributable to owners of the parent (S$'000)	60,950	66,857	67,578	69,185
Number of ordinary shares in issue (excluding treasury shares)	532,348,544	517,095,669	532,348,544	517,095,669
Net asset value per ordinary share (S$)	0.11	0.13	0.13	0.13

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8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss:-

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of comparative performance of the Group for the 3 months ended 30 June 2019 ("2Q2019") and 30 June 2018 ("2Q2018").

<u>Consolidated Statement of Comprehensive Income</u>

Revenue

The Group recorded revenue of S$10.49 million in 2Q2019, an increase of 1% from S$10.42 million in 2Q2018, mainly due to increased patient visits from the Group's Malaysia operations.

Cost of sales

Cost of sales increased by 5%, or S$0.27 million, to S$5.59 million in 2Q2019 with increased business activities from the Group's Malaysia operations.

Gross profit and gross profit margin

Gross profit decreased by 4% to S$4.90 million in 2Q2019 with a decrease in gross profit margin of 2.2 percentage points from 48.9% in 2Q2018 to 46.7% in 2Q2019, mainly due to the decrease in revenue contributions from Singapore operations with reduced patient visits in 2Q2019, compared to that in 2Q2018.

Other expenses

Other expenses increased from S$0.14 million in 2Q2018 to S$1.04 million in 2Q2019. This was attributable to impairment loss for goodwill of S$0.80 million recognised in 2Q2019, relating to JL Medical (Sembawang) Pte. Ltd. ("JLMSB"), belonging to the general health services segment. The resident doctor is on extended medical leave of absence. While the Company has hired a replacement doctor who is operating the clinic in the absence of the resident doctor, our past experience has shown that when the clinic is not helmed by the resident doctor, there is an impact on revenue.

In addition, the revenue generated by JLMSB has declined by 2% in the 6 months ended 30 June 2019 compared to the corresponding period ended 30 June 2018, mainly due to decreased patient visits.

As disclosed in the Company's 2018 Annual Report, for JLMSB, the estimated recoverable amount exceeds its carrying amount by approximately S$0.28 million and consequently, any adverse change in the key assumption of revenue growth rate for the periods FY2019 to FY2023 by 0.7% would result in impairment. As such, an impairment loss for goodwill of S$0.80 million was recognised.

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Depreciation expenses

Depreciation expenses increased by S$0.37 million from S$0.25 million in 2Q2018 to S$0.62 million in 2Q2019 mainly due to the depreciation charge on right-of-use assets of S$0.35 million arising from the adoption of SFRS(I) 16.

Finance costs

Finance costs of S$0.06 million in 2Q2019 (2Q2018: Nil) arose from the unwinding of lease liabilities from the adoption of SFRS(I) 16.

Income tax expense

The effective tax rates of the Group in 2Q2018 and 2Q2019 were 22% and 37% respectively. Had the impairment loss for goodwill been excluded, effective tax rate of the Group in 2Q2019 would have been 25%. The statutory corporate tax rates are 17% in Singapore, 24% in Malaysia and 25% in Myanmar.

Profit after tax

Net profit of the Group in 2Q2019 was S$1.09 million, a decrease of S$1.18 million compared to S$2.27 million in 2Q2018, mainly due to the above-mentioned factors.

Consolidated Statement of Financial Position

Non-current assets

Non-current assets increased by S$3.88 million to S$46.02 million as at 30 June 2019 mainly due to the recognition of right-of-use assets of S$4.50 million, and net investment of sublease of S$0.21 million, arising from the adoption of SFRS(I) 16 and increase of plant and equipment of S$0.39 million. Right-of-use assets comprise rental of clinic and office premises, as well as rental of medical equipment. Net investment in sublease relates to the co-sharing of a clinic premise with a third party. The increase in plant and equipment was mainly due to fixed asset additions for the clinic operating under ISEC Myanmar, offset by depreciation charge incurred during the 6 months ended 30 June 2019.

The increase in non-current assets was partially offset by a decrease in intangible assets by S$1.23 million, mainly due to the following:

1) Impairment loss for goodwill of S$0.80 million as explained previously;
2) Amortisation expense of $S0.31 million; and
3) Reduction of S$0.11 million in the Singapore Dollar-translated carrying value of the goodwill which arose from the acquisition of Southern Specialist Eye Centre Sdn. Bhd..

Non-current liabilities

Non-current liabilities increased by S$3.47 million to S$4.25 million as at 30 June 2019 mainly due to recognition of lease liabilities of S$3.60 million arising from the adoption of SFRS(I) 16, relating to future rental payment of medical equipment, clinic and office premises for period more than 12 months.

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Current liabilities

Current liabilities increased by S$1.49 million to S$6.68 million as at 30 June 2019 mainly as a result of recognition of lease liabilities of S$1.49 million arising from the adoption of SFRS(I) 16, relating to future rental payment of medical equipment, clinic and office premises within the next 12 months.

Consolidated Statement of Cash Flows

As at 30 June 2019, the Group had cash and cash equivalents of S$21.67 million, as compared to S$26.02 million of cash and cash equivalents as at 30 June 2018.

Cash flows from operating activities

In 2Q2019, net cash flows from operating activities was recorded at S$2.91 million. This comprised operating cash flows before working capital changes of S$3.28 million, and changes in working capital inflow of S$0.40 million largely from increase in trade and other receivables of S$0.28 million in tandem with increased business activities, less income tax paid of S$0.77 million.

Cash flows used in investing activities

Net cash used in investing activities in 2Q2019 amounted to S$0.11 million was mainly due to purchase of fixed assets amounting to S$0.17 million by the Group. A cash consideration of S$0.08 million was paid to the non-controlling interests of ISEC Penang for the acquisition of the remaining 49% shareholding in ISEC Penang. The cash outflow was offset by interest income received of S$0.12 million.

Cash flows used in financing activities

Net cash used in financing activities was S$9.62 million in 2Q2019, due to dividend of S$9.37 million paid to shareholders of the Company, and repayment of lease liabilities and its corresponding finance costs of S$0.37 million in aggregate. The cash outflow was offset by cash inflow of S$0.13 million, due to additional capital injection by the non-controlling interests in the Company's 51% owned indirect subsidiary, ISEC Myanmar.

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

No forecast or prospect statement has been previously disclosed to shareholders.

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

ISEC Myanmar had commenced the provision of eye checks and consultations in the second quarter of 2019. The Group continues to seek suitable opportunities in the markets in China, Indonesia, Myanmar and Vietnam, while we strengthen our existing presence in our core markets of Singapore and Malaysia. The Company will also continue to pursue investment opportunities which are in line with the Group's business strategies as and when they arise.

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To support our expansion strategy, the Group will continue to widen and deepen our talent pool, while we continue keeping ourselves abreast of the ophthalmology services industry by driving innovation and adopting cutting-edge procedures and technology. Our doctors also continue to contribute to community education by participating in seminars in their respective regions.

11. Dividend

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

Yes.

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

Name of dividend	First Interim Dividend
Dividend type	Cash
Dividend rate	0.30 Singapore cents (S$0.0030) per ordinary share
Tax rate	Tax exempt (one-tier)

(ii) Previous corresponding period (cents)

Name of dividend	First Interim Dividend
Dividend type	Cash
Dividend rate	0.78 Singapore cents (S$0.0078) per ordinary share
Tax rate	Tax exempt (one-tier)

A first interim cash dividend (tax exempt one-tier) of 0.78 Singapore cents (S$0.0078) per ordinary share was declared for the 3 months ended 30 June 2018 and paid on 28 August 2018.

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

The proposed interim dividend is tax exempt (one-tier) dividend.

(d) The date the dividend is payable.

The dividend will be paid on 28 August 2019.

(e) The date on which Registrable Transfers received by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.

The Share Transfer Books and Register of Members of the Company will be closed at 5:00p.m. on 19 August 2019 for the purpose of determining shareholders' entitlements to the tax exempt (one-tier) interim dividend in respect of the financial year ending 31 December 2019.

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Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623 up to 5.00 p.m. on 19 August 2019 will be registered to determine shareholders' entitlements to the interim tax exempt (one-tier) dividend. Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with the Company's shares at 5.00 p.m. on 19 August 2019 will be entitled to the interim tax exempt (one-tier) dividend.

12. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

Not applicable.

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

The Company did not obtain a general mandate from shareholders for IPTs.

There was no IPT of S$100,000 and above for 2Q2019.

14. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)

The Company confirms that undertakings have been procured from the Board of Directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

15. Use of IPO proceeds

As at the date of this announcement, the status on the use of the IPO net proceeds is as follows:

	Amount allocated S$'000	Amount allocated pursuant to reallocation of unutilised listing expenses S$'000	Amount utilised S$'000	Balance S$'000
Business expansion in the Asia Pacific region (including Malaysia and Singapore)	13,800	300	(13,317)[(1)]	783
General working capital	2,500	-	(2,500)[(2)]	-
Total	16,300	300	(15,817)	783

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(1) Utilised for the acquisition of Southern Specialist Eye Centre Sdn. Bhd. ("SSEC") and JL Medical (Bukit Batok) Pte. Ltd., JL Medical (Sembawang) Pte. Ltd., JL Medical (Woodlands) Pte. Ltd. and JL Medical (Yew Tee) Pte. Ltd. ("JLM Companies"), joint venture into ISEC Myanmar and subscription of shares in I Medical & Aesthetics:

	Acquisition of SSEC	Acquisition of the JLM Companies	Joint venture into ISEC Myanmar	Subscription of shares in I Medical & Aesthetics	Total
	(S$'000)	(S$'000)	(S$'000)	(S$'000)	(S$'000)
Cash consideration	5,204	6,971	416	250	12,841
Administrative expenses	122	268	85	1	476
Total	5,326	7,239	501	251	13,317

(2) Utilised for general working capital:

	S$'000
Cost of sales	1,028
Administrative expenses	1,378
Selling and distribution expenses	94
	2,500

16. Negative Confirmation by the Board Pursuant to Rule 705(5)

The Board of Directors of the Company confirms, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial results for the 3-month and 6-month financial period ended 30 June 2019 to be false or misleading in any material aspect.

17. Subsequent Events

(a) Holding Announcement on 2 July 2019

On 2 July 2019, the Company released an announcement providing that the Board of Directors (the "Board") of the Company has received a notification from Dr Wong Jun Shyan (Executive Director and Chief Executive Officer of the Company) ("Dr Wong") for himself and on behalf of certain shareholders of the Company who are also employees of the Company and/or its subsidiaries, including Dr Lee Hung Ming (Executive Vice-Chairman of the Company) (together, the "Notifying Shareholders"). Based on information available to the Company, the Notifying Shareholders have, in aggregate, a majority interest in the shares of the Company.

The Notifying Shareholders have informed the Board that they are at an advanced stage of negotiations with a third party purchaser independent of the Notifying Shareholders for the sale of part of their shares of the Company (the "Potential Transaction") and that based on the current proposed terms, the Potential Transaction, if completed, is likely to lead to an offer for the shares of the Company (the "Offer") in due course.

(b) Update Announcement on 2 August 2019

On 2 August 2019, the Company released an announcement providing that the Board understands

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from Dr Wong, one of the Notifying Shareholders, that the Notifying Shareholders remain at an advanced stage of negotiations with a third party purchaser independent of the Notifying Shareholders in respect of the Potential Transaction and that based on the current proposed terms, the Potential Transaction, if completed, is likely to lead to an Offer in due course.

As at 2 August 2019, no definitive sale and purchase agreement has been entered into in respect of the Potential Transaction.

The Singapore Code on Take-Overs and Mergers
The unaudited results for the 3-month and 6-month period ended 30 June 2019 have been reported on in accordance with The Singapore Code on Take-overs and Mergers.

Auditors' Consent
Ernst & Young LLP, named as the auditors of the Company in the Unaudited Condensed Interim Financial Statements for the 3-month and 6-month period ended 30 June 2019 (the "Interim Financial Information"), has given and has not withdrawn its written consent to the release of its review report dated 7 August 2019 on the Interim Financial Information of the Group for the purpose of attachment to the Company's announcement on its unaudited results for the 3-month and 6-month period ended 30 June 2019, and all references to its name in the form and context in which they appear herein.

BY ORDER OF THE BOARD

Dr Wong Jun Shyan
Executive Director and Chief Executive Officer
7 August 2019

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 Catalist.

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.

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 Email: sponsorship@ppcf.com.sg*).*

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ASUDI/61164332/TPY

The Board of Directors
ISEC Healthcare Ltd.
101 Thomson Road
#09-04 United Square
Singapore 307591

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying unaudited consolidated interim condensed financial statements of ISEC Healthcare Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the interim statements of financial position of the Group and the Company as at 30 June 2019, the interim consolidated statements of comprehensive income for the three-month and six-month period ended 30 June 2019, the interim statements of changes in equity of the Group and the Company and the interim consolidated statement of cash flows of the Group for the six-month period then ended, and a summary of significant accounting policies and explanatory notes ("Interim Financial Information").

Management is responsible for the preparation and presentation of this Interim Financial Information in accordance with Singapore Financial Reporting Standards (International) 1-34 *Interim Financial Reporting* (SFRS(I) 1-34). Our responsibility is to express a conclusion on this Interim Financial Information based on our review.

Scope of review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of the Interim Financial Information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Interim Financial Information is not prepared, in all material respects, in accordance with SFRS(I) 1-34.

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Other matters

The comparative information for the condensed statements of financial position of the Group and the Company is based on the audited financial statements as at 31 December 2018. The Interim Financial Information for the three-month and six-month period ended 30 June 2018 included as comparative figures in this Interim Financial Information has not been audited or reviewed. The Interim Financial Information for the three-month and six-month period ended 30 June 2018 is the responsibility of the management and directors.

Restriction of use

Our report is provided on the basis that it is solely for the information of the directors of the Company to enable the directors of the Company to fulfill their responsibilities under Rule 25 of the Singapore Code on Take-overs and Mergers and the requirements of the Listing Rules of the Singapore Exchange Securities Trading Limited. Our report should not be quoted or referred to, in whole or in part, without our prior written permission, for any other purpose. Our report is included in the Company's announcement of its unaudited results for the quarter ended 30 June 2019, for the information of its members. We do not assume responsibility to anyone other than the Company for our work, for our report, or for the conclusions we have reached in our report.

Ernst & Young LLP

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

7 August 2019

12 November 2019

The Board of Directors
ISEC Healthcare Ltd.
101 Thomson Road
#09-04 United Square
Singapore 307591

Dear Sirs

MANDATORY CONDITIONAL CASH OFFER BY CEL IMPETUS CORPORATE FINANCE PTE LTD FOR AND ON BEHALF OF AIER EYE INTERNATIONAL (SINGAPORE) PTE. LTD. FOR ISEC HEALTHCARE LTD.

On 25 October 2019, CEL Impetus Corporate Finance Pte. Ltd. announced, for and on behalf of Aier Eye International (Singapore) Pte. Ltd. (the "**Offeror**"), that in accordance with Rule 14 of the Singapore Code on Take-overs and Mergers (the "**Code**"), the Offeror will make a mandatory conditional cash offer for all the issued and paid-up ordinary shares in the capital of the Company other than those already owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with the Offeror.

We refer to the Company's announcement dated 7 August 2019 in relation to its unaudited consolidated financial statements for the three-month period ended 30 June 2019 (the "**2QFY2019 Results**"). The 2QFY2019 Results are solely the responsibility of the directors of the Company (the "**Directors**").

We have examined the 2QFY2019 Results and have discussed the same with the management of the Company who are responsible for its preparation. We have also considered the independent auditor's review report dated 7 August 2019 issued by the Company's auditors, Ernst & Young LLP, in relation to their review of the 2QFY2019 Results.

Based on the above, we are of the opinion that the 2QFY2019 Results have been stated by the Directors after due and careful enquiry.

For the purpose of rendering our opinion in this letter, we have relied on and assumed the accuracy and completeness of all information provided to us and/or discussed with us by the Company. Save as provided in this letter, we do not express any other opinion or view on the 2QFY2019 Results.

This letter is provided to the Directors solely for the purpose of complying with Rule 25 of the Code and not for any other purpose. We do not accept any responsibility to any person(s), other than the Directors, in respect of, arising out of, or in connection with this letter.

Yours faithfully
For and on behalf of
CIMB BANK BERHAD, SINGAPORE BRANCH

YEE CHIA HSING	TAN CHER TING
HEAD, CATALIST	DIRECTOR
MANAGING DIRECTOR	INVESTMENT BANKING, SINGAPORE
INVESTMENT BANKING, SINGAPORE	

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Unaudited Financial Statement and Dividend Announcement
For the Third Quarter Ended 30 September 2019

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

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

	Group 3 Months Ended			Group 9 Months Ended		
	30 September 2019 (Unaudited) S$'000	30 September 2018 (Unaudited) S$'000	Change %	30 September 2019 (Unaudited) S$'000	30 September 2018 (Unaudited) S$'000	Change %
Revenue	10,826	9,908	9%	31,255	29,952	4%
Cost of sales	(5,978)	(5,259)	14%	(16,660)	(15,567)	7%
Gross profit	4,848	4,649	4%	14,595	14,385	1%
Other item of income						
Other income	143	125	14%	439	391	12%
Other items of expense						
Selling and distribution expenses	(12)	(6)	100%	(36)	(18)	100%
Administrative expenses	(2,163)	(2,150)	1%	(6,266)	(6,222)	1%
Other expenses	(444)	(227)	96%	(1,629)	(507)	NM
Finance costs	(59)	(1)	NM	(191)	(3)	NM
Share of results of associate	(6)	(11)	-45%	(32)	(11)	NM
Profit before income tax	2,307	2,379	-3%	6,880	8,015	-14%
Income tax expense	(633)	(552)	15%	(1,891)	(1,774)	7%
Profit for the financial period	**1,674**	**1,827**	**-8%**	**4,989**	**6,241**	**-20%**

NM – Not meaningful

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	Group 3 Months Ended			Group 9 Months Ended		
	30 September 2019 (Unaudited) S$'000	30 September 2018 (Unaudited) S$'000	Change %	30 September 2019 (Unaudited) S$'000	30 September 2018 (Unaudited) S$'000	Change %
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss:						
Foreign currency translation differences - foreign operations	208	(601)	NM	4	68	-94%
Other comprehensive income for the financial period, net of tax	208	(601)	NM	4	68	-94%
Total comprehensive income for the financial period	1,882	1,226	54%	4,993	6,309	-21%
Profit attributable to:						
Owners of the parent	1,762	1,768	0%	5,121	6,079	-16%
Non-controlling interests	(88)	59	NM	(132)	162	NM
Profit for the financial period	1,674	1,827	-8%	4,989	6,241	-20%
Total comprehensive income attributable to:						
Owners of the parent	1,969	1,181	67%	5,128	6,151	-17%
Non-controlling interests	(87)	45	NM	(135)	158	NM
Total comprehensive income for the financial period	1,882	1,226	54%	4,993	6,309	-21%

NM – Not meaningful

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1(a)(ii) Notes to Consolidated Statement of Comprehensive Income

Profit before income tax is arrived after charging/(crediting) the following:

	Group 3 Months Ended			Group 9 Months Ended		
	30 September 2019 (Unaudited) S$'000	30 September 2018 (Unaudited) S$'000	Change %	30 September 2019 (Unaudited) S$'000	30 September 2018 (Unaudited) S$'000	Change %
Depreciation of plant and equipment - cost of sales	177	146	21%	488	455	7%
Depreciation of plant and equipment - cost of sales (right-of-use assets)	106	-	NM	291	-	NM
Depreciation of plant and equipment – administrative expenses	103	95	8%	292	279	5%
Depreciation of plant and equipment – administrative expenses (right-of-use assets)	267	-	NM	821	-	NM
Amortisation of intangible assets – other expenses	140	140	0%	420	420	0%
Amortisation of intangible assets – administrative expenses	15	19	-21%	47	52	-10%
Interest income	(115)	(116)	-1%	(376)	(318)	18%
(Gain)/loss on exchange differences - net	(88)	70	NM	(2)	54	NM
Loss/(Gain) on disposal of plant and equipment	-	-	NM	3	(24)	NM
Allowance for/(write back of) doubtful debts, net	6	(5)	NM	3	16	NM
Write back of provisions/accruals	-	(10)	NM	-	(10)	NM
Plant and equipment written-off	-	37	NM	18	37	-51%
Impairment loss for goodwill	380	-	NM	1,180	-	NM

NM – Not meaningful

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

	Group		Company	
	30 September 2019 (Unaudited) S$'000	31 December 2018 (Audited) S$'000	30 September 2019 (Unaudited) S$'000	31 December 2018 (Audited) S$'000
ASSETS				
Non-current assets				
Plant and equipment	4,112	3,735	30	53
Right-of-use assets	4,598	-	62	-
Intangible assets	36,538	38,182	-	1
Investment in subsidiaries	-	-	52,669	48,386
Investment in associate	188	220	-	-
Net investment of sublease	196	-	-	-
Deferred tax assets	29	-	-	-
	45,661	42,137	52,761	48,440
Current assets				
Inventories	1,120	1,115	-	-
Trade and other receivables	2,572	2,984	8,429	13,159
Prepayments	243	190	29	14
Net investment of sublease	59	-	-	-
Tax receivable	54	43	-	-
Cash and cash equivalents	22,508	27,105	5,218	7,943
	26,556	31,437	13,676	21,116
TOTAL ASSETS	72,217	73,574	66,437	69,556
EQUITY AND LIABILITIES				
Equity				
Share capital	64,741	59,673	64,741	59,673
Treasury share reserve	(105)	-	(105)	-
Other reserves	(7,499)	(3,012)	-	-
Retained earnings	4,185	10,196	1,383	9,512
Equity attributable to owners of Company	61,322	66,857	66,019	69,185
Non-controlling interests	563	745	-	-
TOTAL EQUITY	61,885	67,602	66,019	69,185
LIABILITIES				
Non-current liabilities				
Provisions	161	224	20	20
Lease liabilities	3,546	-	-	-
Deferred tax liabilities	474	564	-	-
	4,181	788	20	20
Current liabilities				
Trade and other payables	3,854	4,184	324	320
Lease liabilities	1,585	-	65	-
Current income tax payable	712	1,000	9	31
	6,151	5,184	398	351
TOTAL LIABILITIES	10,332	5,972	418	371
TOTAL EQUITY AND LIABILITIES	72,217	73,574	66,437	69,556

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1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 30 September 2019		As at 31 December 2018	
Secured S$'000	Unsecured S$'000	Secured S$'000	Unsecured S$'000
-	1,585[(1)]	-	-

Amount repayable after one year

As at 30 September 2019		As at 31 December 2018	
Secured S$'000	Unsecured S$'000	Secured S$'000	Unsecured S$'000
-	3,546[(1)]	-	-

(1) As a result of adoption of SFRS(I) 16 *Leases* on 1 January 2019. Please refer to Section 5 for details.

Details of any collateral

Not applicable. The Group did not have any secured borrowings or debts securities as at 30 September 2019 and 31 December 2018.

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

Consolidated Statement of Cash Flows

	Group 3 Months Ended		Group 9 Months Ended	
	30 September 2019 (Unaudited) S$'000	30 September 2018 (Unaudited) S$'000	30 September 2019 (Unaudited) S$'000	30 September 2018 (Unaudited) S$'000
Cash flows from operating activities				
Profit before income tax	2,307	2,379	6,880	8,015
Adjustments for:				
Allowance for/(write back of) doubtful debts, net	6	(5)	3	16
Amortisation of intangible assets	155	159	467	472
Depreciation of plant and equipment	653	241	1,892	734
Interest income	(115)	(116)	(376)	(318)
Interest expense	59	1	191	3
Impairment loss for goodwill	380	-	1,180	-
Loss/(gain) on disposal of plant and equipment	-	-	3	(24)
Plant and equipment written-off	-	37	18	37
Share of results of associate	6	11	32	11
Write-back of provisions/accruals	-	(10)	-	(10)
Operating cash flows before working capital changes	3,451	2,697	10,290	8,936

ISEC HEALTHCARE LTD.
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	Group 3 Months Ended		Group 9 Months Ended	
	30 September 2019 (Unaudited) S$'000	30 September 2018 (Unaudited) S$'000	30 September 2019 (Unaudited) S$'000	30 September 2018 (Unaudited) S$'000
Working capital changes:				
- Inventories	9	126	(5)	35
- Trade and other receivables	534	288	425	(319)
- Prepayments	(7)	(61)	(53)	(56)
- Trade and other payables	258	(162)	(395)	4
Cash generated from operations	4,245	2,888	10,262	8,600
Income tax paid	(1,061)	(766)	(2,272)	(1,763)
Net cash from operating activities	3,184	2,122	7,990	6,837
Investing activities				
Purchase of plant and equipment	(729)	(101)	(1,112)	(585)
Purchase of intangible assets	-	-	-	(4)
Proceeds from disposal of plant and equipment	-	-	16	24
Subscription of shares in associate	-	(250)	-	(250)
Interest received	109	110	354	307
Net cash used in investing activities	(620)	(241)	(742)	(508)
Financing activities				
Dividends paid to shareholders	(1,597)	(4,033)	(10,966)	(7,653)
Share issue expenses	-	-	(15)	-
Purchase of shares in subsidiary from non-controlling interest	-	-	(80)	-
Purchase of treasury shares	-	-	(105)	-
Subscription of shares in subsidiaries by non-controlling interests	270	19	651	170
Principal element of lease liabilities	(397)	-	(1,136)	-
Interest paid	(61)	-	(181)	-
Net cash used in financing activities	(1,785)	(4,014)	(11,832)	(7,483)
Net increase/(decrease) in cash and cash equivalents	779	(2,133)	(4,584)	(1,154)
Cash and cash equivalents at beginning of financial period	21,671	26,020	27,105	24,824
Effects of exchange rate changes on cash and cash equivalents	58	(229)	(13)	(12)
Cash and cash equivalents at end of financial period	22,508	23,658	22,508	23,658

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

Statements of Changes in Equity

	Attributable to owners of the company								
Group (Unaudited) (Restated)	**Share capital**	**Treasury share reserve**	**Foreign currency translation reserve**	**Merger reserve**	**Capital reserve**	**Retained earnings**	**Equity attributable to owners of the company**	**Non-controlling interests**	**Total equity**
	S$'000	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**
At 1 January 2019									
As previously reported	59,673	-	529	(3,572)	31	10,196	66,857	745	67,602
Effect of adoption of SFRS(I) 16	-	-	-	-	-	(166)	(166)	(29)	(195)
As restated	**59,673**	**-**	**529**	**(3,572)**	**31**	**10,030**	**66,691**	**716**	**67,407**
Profit for the financial period	-	-	-	-	-	3,359	3,359	(44)	3,315
Other comprehensive income									
Foreign currency translation	-	-	(200)	-	-	-	(200)	(4)	(204)
Total comprehensive income for the financial period	**-**	**-**	**(200)**	**-**	**-**	**3,359**	**3,159**	**(48)**	**3,111**
Transactions with owners of the Company									
Issuance of ordinary shares[(1)]	5,083	-	-	-	-	-	5,083	-	5,083
Shares issue expenses	(15)	-	-	-	-	-	(15)	-	(15)
Purchase of treasury shares	-	(105)	-	-	-	-	(105)	-	(105)
Dividends	-	-	-	-	-	(9,369)	(9,369)	-	(9,369)
Total transactions with owners of the Company	**5,068**	**(105)**	**-**	**-**	**-**	**(9,369)**	**(4,406)**	**-**	**(4,406)**
Transactions with non-controlling interests									
Subscription of shares in subsidiary by non-controlling interests[(2)]	-	-	-	-	-	-	-	381	381
Acquisition of non-controlling interests' shares without a change in control[(1)]	-	-	-	-	(4,494)	-	(4,494)	(669)	(5,163)
Total transactions with non-controlling interests	**-**	**-**	**-**	**-**	**(4,494)**	**-**	**(4,494)**	**(288)**	**(4,782)**
At 30 June 2019	**64,741**	**(105)**	**329**	**(3,572)**	**(4,463)**	**4,020**	**60,950**	**380**	**61,330**

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Statements of Changes in Equity

Group (Unaudited) (Restated)	Attributable to owners of the company								
	Share capital	Treasury share reserve	Foreign currency translation reserve	Merger reserve	Capital reserve	Retained earnings	Equity attributable to owners of the company	Non-controlling interests	Total equity
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
At 1 July 2019	**64,741**	**(105)**	**329**	**(3,572)**	**(4,463)**	**4,020**	**60,950**	**380**	**61,330**
Profit for the financial period	-	-	-	-	-	1,762	1,762	(88)	1,674
Other comprehensive income									
Foreign currency translation	-	-	207	-	-	-	207	1	208
Total comprehensive income for the financial period	**-**	**-**	**207**	**-**	-	**1,762**	**1,969**	**(87)**	**1,882**
Transaction with owners of the Company									
Dividends	-	-	-	-	-	(1,597)	(1,597)	-	(1,597)
Total transaction with owners of the Company	**-**	**-**	**-**	**-**	**-**	**(1,597)**	**(1,597)**	**-**	**(1,597)**
Transaction with non-controlling interests									
Subscription of shares in subsidiary by non-controlling interests(2)	-	-	-	-	-	-	-	270	270
Total transaction with non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**270**	**270**
At 30 September 2019	**64,741**	**(105)**	**536**	**(3,572)**	**(4,463)**	**4,185**	**61,322**	**563**	**61,885**

(1) On 23 April 2019, the Company, through its wholly-owned subsidiary, ISEC Sdn. Bhd. ("ISEC KL"), completed the acquisition of the remaining 49% shareholding in ISEC (Penang) Sdn. Bhd. ("ISEC Penang"), by way of the allotment and issuance of 15,639,275 consideration shares, equivalent to fair value consideration of S$5,083,000 to the non-controlling interests.

(2) During the 6 months ended 30 June 2019, ISEC Myanmar Company Limited ("ISEC Myanmar"), a 51% owned indirect subsidiary of the Company, undertook three rounds of share capital injection, resulting in an increase from S$39,000 (equivalent to US$28,500) to S$815,000 (equivalent to US$600,000), through issuance of shares allotted to the existing shareholders of the subsidiary in equal proportion to their existing shareholdings.

In August 2019, ISEC Myanmar increased its share capital from S$815,000 (equivalent to US$600,000) to S$1,365,000 (equivalent to US$1,000,000), through issuance of shares allotted to the existing shareholders of the subsidiary in equal proportion to their existing shareholdings

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Statements of Changes in Equity

	Share capital	Foreign currency translation reserve	Merger reserve	Capital reserve	Retained earnings	Equity attributable to owners of the company	Non-controlling interests	Total equity
	Attributable to owners of the company							
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Group (Unaudited) (Restated)								
At 1 January 2018								
As previously reported	59,673	(1,233)	(3,572)	31	11,177	66,076	309	66,385
Cumulative effects of adopting SFRS(I)	-	1,735	-	-	(1,735)	-	-	-
As restated	**59,673**	**502**	**(3,572)**	**31**	**9,442**	**66,076**	**309**	**66,385**
Profit for the financial period	-	-	-	-	4,311	4,311	103	4,414
Other comprehensive income								
Foreign currency translation	-	659	-	-	-	659	10	669
Total comprehensive income for the financial period	**-**	**659**	**-**	-	**4,311**	**4,970**	**113**	**5,083**
Transaction with owners of the Company								
Dividends	-	-	-	-	(3,620)	(3,620)	-	(3,620)
Total transaction with owners of the Company	-	-	-	-	**(3,620)**	**(3,620)**	**-**	**(3,620)**
Transaction with non-controlling interests								
Subscription of shares in subsidiaries by non-controlling interests[1]	-	-	-	-	-	-	151	151
Total transaction with non-controlling interests	-	-	-	-	-	-	**151**	**151**
At 30 June 2018	**59,673**	**1,161**	**(3,572)**	**31**	**10,133**	**67,426**	**573**	**67,999**

(1) In March 2018, ISEC (Sibu) Sdn. Bhd., a 55% owned indirect subsidiary of the Company, increased its share capital from S$637,000 (equivalent to RM2,000,000) to S$973,000 (equivalent to RM3,000,000) through issuance of shares allotted to the existing shareholders of the subsidiary in equal proportion to their existing shareholdings.

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Statements of Changes in Equity

	Attributable to owners of the company							
	Share capital	Foreign currency translation reserve	Merger reserve	Capital reserve	Retained earnings	Equity attributable to owners of the company	Non-controlling interests	Total equity
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Group (Unaudited) (Restated)								
At 1 July 2018	**59,673**	**1,161**	**(3,572)**	**31**	**10,133**	**67,426**	**573**	**67,999**
Profit for the financial period	-	-	-	-	1,768	1,768	59	1,827
Other comprehensive income								
Foreign currency translation	-	(587)	-	-	-	(587)	(14)	(601)
Total comprehensive income for the financial period	**-**	**(587)**	**-**	-	**1,768**	**1,181**	**45**	**1,226**
Transaction with owners of the Company								
Dividends	-	-	-	-	(4,033)	(4,033)	-	(4,033)
Total transaction with owners of the Company	-	-	-	-	**(4,033)**	**(4,033)**	**-**	**(4,033)**
Transaction with non-controlling interests								
Subscription of shares in subsidiaries by non-controlling interests(1)	-	-	-	-	-	-	19	19
Total transaction with non-controlling interests	-	-	-	-	-	-	**19**	**19**
At 30 September 2018	**59,673**	**574**	**(3,572)**	**31**	**7,868**	**64,574**	**637**	**65,211**

(1) In August 2018, the Company, through its wholly-owned subsidiary, ISEC Global Pte. Ltd. ("ISEC Global"), incorporated ISEC Myanmar Company Limited ("ISEC Myanmar"), and 51% of the total shareholding is held by ISEC Global. The initial issued and paid-up share capital of ISEC Myanmar was S$39,000 (equivalent to US$28,500).

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Statements of Changes in Equity

	Share capital S$'000	Treasury share reserve S$'000	Retained earnings S$'000	Total equity S$'000
Company (Unaudited)				
At 1 January 2019				
As previously reported	59,673	-	9,512	69,185
Effect of adoption of SFRS(I) 16	-	-	(3)	(3)
As restated	**59,673**	**-**	**9,509**	**69,182**
Profit for the financial period, representing total comprehensive income for the financial period	-	-	2,802	2,802
Transactions with owners of the Company				
Issuance of ordinary shares	5,083	-	-	5,083
Shares issue expenses	(15)	-	-	(15)
Purchase of treasury shares	-	(105)	-	(105)
Dividends	-	-	(9,369)	(9,369)
Total transactions with owners of the Company	**5,068**	**(105)**	**(9,369)**	**(4,406)**
At 30 June 2019	**64,741**	**(105)**	**2,942**	**67,578**
At 1 July 2019	**64,741**	**(105)**	**2,942**	**67,578**
Profit for the financial period, representing total comprehensive income for the financial period	-	-	38	38
Transaction with owners of the Company				
Dividends	-	-	(1,597)	(1,597)
Total transaction with owners of the Company	**-**	**-**	**(1,597)**	**(1,597)**
At 30 September 2019	**64,741**	**(105)**	**1,383**	**66,019**
At 1 January 2018	**59,673**	**-**	**3,763**	**63,436**
Profit for the financial period, representing total comprehensive income for the financial period	-	-	4,037	4,037
Transaction with owners of the Company				
Dividends	-	-	(3,620)	(3,620)
Total transaction with owners of the Company	**-**	-	**(3,620)**	**(3,620)**
At 30 June 2018	**59,673**	**-**	**4,180**	**63,853**
At 1 July 2018	**59,673**	**-**	**4,180**	**63,853**
Profit for the financial period, representing total comprehensive income for the financial period	-	-	164	164
Transaction with owners of the Company				
Dividends	-	-	(4,033)	(4,033)
Total transaction with owners of the Company	**-**	-	**(4,033)**	**(4,033)**
At 30 September 2018	**59,673**	**-**	**311**	**59,984**

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

Issued Share Capital

	Number of ordinary shares	**Issued and paid-up share capital S$'000**
At 30 June 2019 and 30 September 2019	532,734,944	64,741

As at 30 September 2019, the number of ordinary shares in issue was 532,734,944 of which 386,400 were held by the Company as treasury shares. There were no treasury shares as at 30 September 2018.

Outstanding Convertibles

The Company did not have any outstanding options or convertibles as at 30 September 2019 and 30 September 2018. There have been no options and share awards granted pursuant to the Company's employee share options scheme and performance share plan.

Treasury Shares

There were 386,400 treasury shares representing 0.073% of the Company's 532,348,544 ordinary shares (excluding treasury shares) as at 30 September 2019. There were no treasury shares as at 30 September 2018.

Subsidiary Holdings

There were no subsidiary holdings as at 30 September 2019 and 30 September 2018.

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

	30 September 2019	**31 December 2018**
Total number of issued shares (excluding treasury shares)	532,348,544	517,095,669

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

Not applicable. There were no sales, transfers, cancellation and/or use of treasury shares during and as at the end of the current financial period reported on.

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

Not applicable. There were no subsidiary holdings during and as at the end of the current financial period reported on.

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

Certain financial information set out in sections 1, 4, 5, 6, 11 and 12 of this announcement has been extracted from the interim financial information which has been reviewed by the Company's independent auditors in accordance with Singapore Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*.

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

Please refer to the attached review report.

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

Except as disclosed in paragraph 5 below, the accounting policies and methods of computation adopted in the financial statements for the current financial reporting period are consistent with those disclosed in the audited financial statements for the financial year ended 31 December 2018.

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

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for the financial period beginning on or after 1 January 2019. On the adoption of SFRS(I) 16 *Leases*, the Group has recognised right-of-use assets of S$4.58 million, net investment in sublease of S$0.30 million and lease liabilities of S$5.18 million for its leases previously classified as operating leases, with corresponding decrease in the opening retained earnings of S$0.17 million and its related tax impact as of 1 January 2019.

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

	Group		Group	
	3 months ended		9 months ended	
	30 September 2019	30 September 2018	30 September 2019	30 September 2018
Earnings per share ("EPS")	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit attributable to owners of the parent (S$'000)	1,762	1,768	5,121	6,079
Weighted average number of ordinary shares in issue (excluding treasury shares)	532,348,544	517,095,669	525,959,425	517,095,669
Basic and fully diluted basis (Singapore cents) (1)	0.33	0.34	0.97	1.18

(1) There were no potentially dilutive ordinary shares in existence during the respective financial periods.

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

	Group		Company	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Net asset value attributable to owners of the parent (S$'000)	61,322	66,857	66,019	69,185
Number of ordinary shares in issue (excluding treasury shares)	532,348,544	517,095,669	532,348,544	517,095,669
Net asset value per ordinary share (S$)	0.12	0.13	0.12	0.13

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8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss:-

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of comparative performance of the Group for the 3 months ended 30 September 2019 ("3Q2019") and 30 September 2018 ("3Q2018").

<u>Consolidated Statement of Comprehensive Income</u>

Revenue

The Group recorded revenue of S$10.83 million in 3Q2019, an increase of 9% from S$9.91 million in 3Q2018, mainly due to increased patient visits from the Group's Malaysia operations.

Cost of sales

Cost of sales increased by 14%, or S$0.72 million, to S$5.98 million in 3Q2019 with increased business activities from the Group's Malaysia operations and ISEC Myanmar, which commenced its operations in the second quarter ended 30 June 2019.

Gross profit and gross profit margin

Gross profit increased by 4% to S$4.85 million in 3Q2019 with a decrease in gross profit margin of 2.1 percentage points from 46.9% in 3Q2018 to 44.8% in 3Q2019 as the percentage increase in cost of sales exceeded that in revenue.

Other expenses

Other expenses increased from S$0.23 million in 3Q2018 to S$0.44 million in 3Q2019. This was mainly attributable to impairment loss for goodwill of S$0.38 million recognised in 3Q2019, relating to JL Medical (Woodlands) Pte. Ltd. ("JLMW"), belonging to the general health services segment. The impairment arose as the operations had been affected by the relocation of clinic premise, though it was still operating in the same vicinity, the patient visits had decreased thus resulting in decreased revenue.

Depreciation expenses

Depreciation expenses increased by S$0.41 million from S$0.24 million in 3Q2018 to S$0.65 million in 3Q2019 mainly due to the depreciation charge on right-of-use assets of S$0.37 million arising from the adoption of SFRS(I) 16.

Finance costs

Finance costs increased by S$0.06 million in 3Q2019, which arose from the unwinding of lease liabilities from the adoption of SFRS(I) 16.

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Income tax expense

The effective tax rates of the Group in 3Q2018 and 3Q2019 were 23% and 27% respectively. Had the impairment loss for goodwill been excluded, effective tax rate of the Group in 3Q2019 would have been 24%. The statutory corporate tax rates are 17% in Singapore, 24% in Malaysia and 25% in Myanmar.

Profit after tax

Net profit of the Group in 3Q2019 was S$1.67 million, a decrease of S$0.15 million compared to S$1.83 million in 3Q2018, mainly due to the above-mentioned factors.

Review of comparative financial position of the Group for the 9 months ended 30 September 2019 and 31 December 2018.

Consolidated Statement of Financial Position

Non-current assets

Non-current assets increased by S$3.52 million to S$45.66 million as at 30 September 2019 mainly due to the following:

1) Recognition of right-of-use assets of S$5.68 million at cost, comprising rental of clinic and office premises, as well as rental of medical equipment;
2) Net investment of sublease of S$0.20 million arising from the adoption of SFRS(I) 16, which relates to the co-sharing of a clinic premise with a third party; and
3) Additions to plant and equipment of S$1.18 million at cost, mainly for the clinic operating under ISEC Myanmar.

The increase in non-current assets was partially offset by the following:

1) Impairment loss for goodwill of S$1.18 million;
2) Depreciation expenses of right-of-use assets of S$1.11 million;
3) Depreciation expenses of plant and equipment of S$0.78 million; and
4) Amortisation expenses of S$0.47 million.

Non-current liabilities

Non-current liabilities increased by S$3.39 million to S$4.18 million as at 30 September 2019 mainly due to recognition of lease liabilities of S$3.55 million arising from the adoption of SFRS(I) 16, relating to future rental payment of medical equipment, clinic and office premises for period more than 12 months.

Current liabilities

Current liabilities increased by S$0.97 million to S$6.15 million as at 30 September 2019 mainly as a result of recognition of lease liabilities of S$1.59 million arising from the adoption of SFRS(I) 16, relating to future rental payment of medical equipment, clinic and office premises within the next 12 months. The increase in current liabilities was partially offset by payments made for operating expenses and to tax authorities.

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Review of cash flows of the Group for 3Q2019.

Consolidated Statement of Cash Flows

As at 30 September 2019, the Group had cash and cash equivalents of S$22.51 million, as compared to S$23.66 million of cash and cash equivalents as at 30 September 2018.

Cash flows from operating activities

In 3Q2019, net cash flows from operating activities was S$3.18 million. This comprised operating cash flows before working capital changes of S$3.45 million, and changes in working capital inflow of S$0.79 million largely from increase in trade and other receivables of S$0.53 million and trade and other payables of S$0.26 million in tandem with increased business activities, less income tax paid of S$1.06 million.

Cash flows used in investing activities

Net cash used in investing activities in 3Q2019 amounted to S$0.62 million was mainly due to purchase of fixed assets amounting to S$0.73 million by the Group. The cash outflow was offset by interest income received of S$0.11 million.

Cash flows used in financing activities

Net cash used in financing activities was S$1.79 million in 3Q2019, due to dividend of S$1.60 million paid to shareholders of the Company, and repayment of lease liabilities and its corresponding finance costs which aggregated to S$0.46 million. The cash outflow was offset by cash inflow of S$0.27 million, due to additional capital injection by the non-controlling interests in the Company's 51% owned indirect subsidiary, ISEC Myanmar.

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

No forecast or prospect statement has been previously disclosed to shareholders.

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

CEL Impetus Corporate Finance Pte. Ltd. ("CICF"), for an on behalf of Aier Eye International (Singapore) Pte. Ltd. (the "Offeror"), had on 25 October 2019 announced (the "Offer Announcement") that the Offeror had on 25 October 2019 completed the acquisition of an aggregate of 186,321,991 shares (the "Sale Shares") representing 35% of the total issued and paid-up ordinary shares in the capital of the Company (the "Shares"[(1)]), held by Dr Lee Hung Ming ("Dr Lee"), Dr Wong Jun Shyan ("Dr Wong"), Dr Choong Yee Fong, Dr Michael Law Sie Haur, Dr Fang Seng Kheong, Dr Lim Kian Seng and Dr Yeo Kim Chuan (the "Sellers") at the price of S$0.36 per Sale Share, for a total

(1) References to the total number of issued Shares are based on 532,348,544 Shares in issue (excluding 386,400 treasury shares) as at 25 October 2019.

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consideration of S$67,075,916.76 fully satisfied in cash (the "Acquisition"). Accordingly, as a result of the completion of the Acquisition, the Offeror has made a mandatory conditional cash offer (the "Offer") in accordance with Rule 14 of the Singapore Code on Take-overs and Mergers (the "Code") for all the issued and paid-up ordinary shares in the capital of the Company other than those already owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with the Offeror (the "Offer Shares"). Shareholders can refer to the offer document dated 8 November 2019 (the "Offer Document") issued by CICF, for and on behalf of the Offeror, on SGXNET for further details relating to the Offer.

ISEC Myanmar had commenced the provision of eye checks and consultations since the second quarter ended 30 June 2019. The Group continues to seek suitable opportunities in the markets in China, Indonesia, Myanmar and Vietnam, while we strengthen our existing presence in our core markets of Singapore and Malaysia. The Company will also continue to pursue investment opportunities which are in line with the Group's business strategies as and when they arise.

The Group continues to widen and deepen our talent pool, while we continue keeping ourselves abreast of the ophthalmology services industry by driving innovation and adopting cutting-edge procedures and technology. Our doctors also contribute to community education by participating in seminars and conducting eye checks.

11. Dividend

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

No dividend has been declared or recommended for the current reporting period.

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

No dividend has been declared or recommended for the current reporting period.

(ii) Previous corresponding period (cents)

No dividend has been declared or recommended for 3Q2018.

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

Not applicable.

(d) The date the dividend is payable.

Not applicable.

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(e) The date on which Registrable Transfers received by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

No dividend has been declared or recommended for 3Q2019 as the Company will be reviewing the decision at a later date.

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

The Company did not obtain a general mandate from shareholders for IPTs.

There was no IPT of S$100,000 and above for 3Q2019.

14. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)

The Company confirms that undertakings have been procured from the Board of Directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

15. Use of IPO proceeds

As at the date of this announcement, the status on the use of the IPO net proceeds is as follows:

	Amount allocated S$'000	Amount allocated pursuant to reallocation of unutilised listing expenses S$'000	Amount utilised S$'000	Balance S$'000
Business expansion in the Asia Pacific region (including Malaysia and Singapore)	13,800	300	(13,597)[(1)]	503
General working capital	2,500	-	(2,500)[(2)]	-
Total	16,300	300	(16,097)	503

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(1) Utilised for the acquisition of Southern Specialist Eye Centre Sdn. Bhd. ("SSEC") and JL Medical (Bukit Batok) Pte. Ltd., JL Medical (Sembawang) Pte. Ltd., JL Medical (Woodlands) Pte. Ltd. and JL Medical (Yew Tee) Pte. Ltd. ("JLM Companies"), joint venture into ISEC Myanmar and subscription of shares in I Medical & Aesthetics Pte. Ltd. ("I Medical & Aesthetics"):

	Acquisition of SSEC (S$'000)	Acquisition of the JLM Companies (S$'000)	Joint venture into ISEC Myanmar (S$'000)	Subscription of shares in I Medical & Aesthetics (S$'000)	Total (S$'000)
Cash consideration	5,204	6,971	696	250	13,121
Administrative expenses	122	268	85	1	476
Total	5,326	7,239	781	251	13,597

(2) Utilised for general working capital:

	S$'000
Cost of sales	1,028
Administrative expenses	1,378
Selling and distribution expenses	94
	2,500

16. Negative Confirmation by the Board Pursuant to Rule 705(5)

The Board of Directors of the Company confirms, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial results for the 3-month and 9-month financial period ended 30 September 2019 to be false or misleading in any material aspect.

17. Subsequent Event

(a) Mandatory Conditional Cash Offer Announcement on 25 October 2019

On 25 October 2019, CICF, for and on behalf of the Offeror, released the Offer Announcement providing that the Offeror had on 25 October 2019 completed the Acquisition. Accordingly, as a result of the completion of the Acquisition, the Offeror has made the Offer in accordance with Rule 14 of the Code for all the Offer Shares.

The Company released an announcement on 25 October 2019, stating that CIMB Bank Berhad, Singapore Branch had been appointed as the independent financial adviser (the "IFA") to advise the directors of the Company who are considered independent for the purposes of the Offer (the "Independent Directors"). An offeree circular containing, amongst others, the advice of the IFA and the recommendation of the Independent Directors on the Offer will be sent to shareholders of the Company within 14 days from the date of the despatch of the Offer Document.

ISEC HEALTHCARE LTD.
(Company Registration No.201400185H)

(b) Despatch of Offer Document on 8 November 2019

On 8 November 2019, CICF announced, for and on behalf of the Offeror, that the Offer Document, together with the accompanying relevant forms of acceptance for the Offer has been despatched on 8 November 2019 to all Shareholders.

The Singapore Code on Take-Overs and Mergers
The unaudited results for the 3-month and 9-month period ended 30 September 2019 have been reported on in accordance with the Code.

Auditors' Consent
Ernst & Young LLP, named as the auditors of the Company in the Unaudited Condensed Interim Financial Statements for the 3-month and 9-month period ended 30 September 2019 (the "Interim Financial Information"), has given and has not withdrawn its written consent to the release of its review report dated 12 November 2019 on the Interim Financial Information of the Group for the purpose of attachment to the Company's announcement on its unaudited results for the 3-month and 9-month period ended 30 September 2019, and all references to its name in the form and context in which they appear herein.

Independent Financial Adviser's Consent
CIMB Bank Berhad, Singapore Branch, the independent financial adviser to the directors of the Company who are considered independent for the purposes of the Offer, has given and has not withdrawn its written consent to the release of its letter dated 12 November 2019 in relation to the Interim Financial Information of the Group for purpose of attachment to the Company's announcement on its unaudited results for the 9-month period ended 30 September 2019, and all references to its name in the form and context in which they appear herein.

BY ORDER OF THE BOARD

Dr Wong Jun Shyan
Executive Director and Chief Executive Officer
12 November 2019

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 Catalist.

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.

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 Email: sponsorship@ppcf.com.sg*).*

Building a better working world

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ASUDI/61164332/TPY

The Board of Directors
ISEC Healthcare Ltd.
101 Thomson Road
#09-04 United Square
Singapore 307591

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying unaudited consolidated interim condensed financial statements of ISEC Healthcare Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the interim statements of financial position of the Group and the Company as at 30 September 2019, the interim consolidated statements of comprehensive income for the three-month and nine-month period ended 30 September 2019, the interim statements of changes in equity of the Group and the Company and the interim consolidated statement of cash flows of the Group for the nine-month period then ended, and a summary of significant accounting policies and explanatory notes ("Interim Financial Information").

Management is responsible for the preparation and presentation of this Interim Financial Information in accordance with Singapore Financial Reporting Standards (International) 1-34 *Interim Financial Reporting* (SFRS(I) 1-34). Our responsibility is to express a conclusion on this Interim Financial Information based on our review.

Scope of review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of the Interim Financial Information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Interim Financial Information is not prepared, in all material respects, in accordance with SFRS(I) 1-34.

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Other matters

The comparative information for the condensed statements of financial position of the Group and the Company is based on the audited financial statements as at 31 December 2018. The Interim Financial Information for the three-month and nine-month period ended 30 September 2018 included as comparative figures in this Interim Financial Information has not been audited or reviewed. The Interim Financial Information for the three-month and nine-month period ended 30 September 2018 is the responsibility of the management and directors.

Restriction of use

Our report is provided on the basis that it is solely for the information of the directors of the Company to enable the directors of the Company to fulfill their responsibilities under Rule 25 of the Singapore Code on Take-overs and Mergers and the requirements of the Listing Rules of the Singapore Exchange Securities Trading Limited. Our report should not be quoted or referred to, in whole or in part, without our prior written permission, for any other purpose. Our report is included in the Company's announcement of its unaudited results for the quarter ended 30 September 2019, for the information of its members. We do not assume responsibility to anyone other than the Company for our work, for our report, or for the conclusions we have reached in our report.

Ernst & Young LLP

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

12 November 2019

CIMB

12 November 2019

The Board of Directors
ISEC Healthcare Ltd.
101 Thomson Road
#09-04 United Square
Singapore 307591

Dear Sirs

MANDATORY CONDITIONAL CASH OFFER BY CEL IMPETUS CORPORATE FINANCE PTE LTD FOR AND ON BEHALF OF AIER EYE INTERNATIONAL (SINGAPORE) PTE. LTD. FOR ISEC HEALTHCARE LTD.

On 25 October 2019, CEL Impetus Corporate Finance Pte. Ltd. announced, for and on behalf of Aier Eye International (Singapore) Pte. Ltd. (the "**Offeror**"), that in accordance with Rule 14 of the Singapore Code on Take-overs and Mergers (the "**Code**"), the Offeror will make a mandatory conditional cash offer for all the issued and paid-up ordinary shares in the capital of the Company other than those already owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with the Offeror.

On 12 November 2019, the Company announced its unaudited consolidated financial statements for the three-month period ended 30 September 2019 (the "**3QFY2019 Results**"). The 3QFY2019 Results are solely the responsibility of the directors of the Company (the "**Directors**").

We have examined the 3QFY2019 Results and have discussed the same with the management of the Company who are responsible for its preparation. We have also considered the independent auditor's review report dated 12 November 2019 issued by the Company's auditors, Ernst & Young LLP, in relation to their review of the 3QFY2019 Results.

Based on the above, we are of the opinion that the 3QFY2019 Results have been stated by the Directors after due and careful enquiry.

For the purpose of rendering our opinion in this letter, we have relied on and assumed the accuracy and completeness of all information provided to us and/or discussed with us by the Company. Save as provided in this letter, we do not express any other opinion or view on the 3QFY2019 Results.

This letter is provided to the Directors solely for the purpose of complying with Rule 25 of the Code and not for any other purpose. We do not accept any responsibility to any person(s), other than the Directors, in respect of, arising out of, or in connection with this letter.

Yours faithfully
For and on behalf of
CIMB BANK BERHAD, SINGAPORE BRANCH

YEE CHIA HSING
HEAD, CATALIST
MANAGING DIRECTOR
INVESTMENT BANKING, SINGAPORE

TAN CHER TING
DIRECTOR
INVESTMENT BANKING, SINGAPORE

CIMB Bank Berhad (13491-P)
(Incorporated in Malaysia)
50 Raffles Place #09-01 Singapore Land Tower Singapore 048623
Telephone (65) 6337 5115 Facsimile (65) 6337 5335 www.cimb.com

CIMB-LH/001/11

The provisions in the Constitution relating to the rights of Shareholders in respect of capital, dividends and voting have been reproduced below.

All capitalised terms used in the following extracts shall have the same meanings ascribed to them in the Constitution and/or the Companies Act, a copy of which is available for inspection at the registered office of the Company at 101 Thomson Road, #09-04 United Square, Singapore 307591 during normal business hours for the period during which the Offer remains open for acceptance.

" ***SHARES***

Issue of shares

6) *Subject to the Act, no shares may be issued by the Directors without the prior approval of the Company in general meeting but subject thereto and to Article 67, and to any special rights attached to any shares for the time being issued, the Directors may issue, allot or grant options over or otherwise deal with or dispose of the same to such persons on such terms and conditions and at such time and subject or not to the payment of any part of the amount thereof in cash as the Directors may think fit. Any such shares may be issued with such preferential, deferred, qualified or special rights, privileges or conditions as the Directors may think fit. Preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors Provided always that the rights attaching to shares of a class other than ordinary shares shall be expressed in the resolution creating the same.*

Treasury shares

7) *Notwithstanding anything in these Articles, a treasury share shall be subject to such rights and restrictions as may be prescribed in the Act and may be dealt with by the Company in such manner as may be permitted by, and in accordance with, the Act. For the avoidance of doubt, save as expressly permitted by the Act, the Company shall not be entitled to any rights of a Member under these Articles.*

Creation of special rights

8) *Without prejudice to any special rights or privileges attached to any then existing shares, any new shares may be issued upon such terms and conditions, and with such rights and privileges attached thereto, as the Company by Ordinary Resolution may direct, or, if no such direction be given, as the Directors shall determine, and in particular such shares may be issued with preferential, qualified or deferred right to dividends and in the distribution of assets of the Company, and with a special or restricted right of voting, and any preference share may be issued on the terms that it is, or at the option of the Company is, to be liable to be redeemed. The rights attached to any such shares issued upon special conditions shall be clearly defined in these Articles.*

Rights attached to preference shares

9) *(1) Preference shares may be issued subject to such limitation thereof as may be prescribed by law or by the listing rules of the Exchange. Preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance sheets and attending general meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the*

capital or winding up or sanctioning a sale of the undertaking of the Company or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six (6) months in arrears. In the event of preference shares being issued, the total number of issued preference shares shall not at any time exceed the total number of issued ordinary shares.

(2) The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares from time to time already issued or about to be issued. *Issue of further preference shares*

10) If at any time the share capital is divided into different classes, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of the Act, whether or not the Company is being wound up, be varied or abrogated either with the consent in writing of the holders of three-quarters of the issued shares of the class or with the sanction of a Special Resolution passed at a separate general meeting of the holders of shares of the class and to every such Special Resolution the provisions of Section 184 of the Act shall with such adaptations as are necessary apply. To every such separate general meeting, the provisions of these Articles relating to general meetings shall mutatis mutandis apply, *Variation of rights of shares*

Provided always that:

a) the necessary quorum shall be two persons at least holding or representing by proxy or by attorney one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy or by attorney may demand a poll, but where the necessary majority for such a Special Resolution is not obtained at the meeting, consent in writing if obtained from the holders of three-fourths of the issued shares of the class concerned within two months of the meeting shall be as valid and effectual as a Special Resolution carried at the meeting; and

b) where all the issued shares of the class are held by one person, the necessary quorum shall be one person and such holder of shares of the class present in person or by proxy or by attorney may demand a poll.

11) The repayment of preference capital other than redeemable preference capital or any other alteration of preference shareholders' rights may only be made pursuant to a Special Resolution of the preference shareholders concerned. Provided always that where the necessary majority for such a Special Resolution is not obtained at a meeting, consent in writing if obtained from the holders of three-fourths of the preference shares concerned within two (2) months of the meeting, shall be as valid and effectual as a Special Resolution carried at the meeting. *Variation of rights of preference shareholders*

Issue of further shares affecting special rights

12) *The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class or by these Articles, be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects pari passu therewith but in no respect in priority thereto.*

Payment of instalments

13) *If by the conditions of allotment of any shares the whole or any part of the amount of the issue price thereof shall be payable by instalments every such instalment shall, when due, be paid to the Company by the person who for the time being shall be the registered holder of the share or his personal representatives, but this provision shall not affect the liability of any allottee who may have agreed to pay the same.*

Payment of commission

14) *The Company may pay commissions or brokerage on any issue of shares at such rate or amount and in such manner as the Directors deem fit. Such commissions or brokerage may be paid in whole or in part in cash or fully or partly paid shares of the Company. The Company may, in addition to, or in lieu of, such commission, in consideration of any person so subscribing or agreeing to subscribe, or of his procuring or agreeing to procure subscriptions, for any shares in the Company, confer on any such person an option call within a specified time for a specified number of shares in the Company at a specified price or on such other terms and conditions as the Directors may deem fit.*

Power to charge interest on capital

16) *Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a lengthened period, the Company may pay interest on so much of that share capital as is for the time being paid up for the period (except treasury shares), and, subject to the conditions and restrictions mentioned in the Section 78 of the Act, may charge the same to capital as part of the cost of the construction of the works or building or the provision of the plant.*

Company need not recognise trust

17) *Except as required by law, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as by these Articles or by law otherwise provided) any other rights in respect of any share, except an absolute right to the entirety thereof in the person (other than the Depository or its nominee, as the case may be) entered in the Register of Members as the registered holder thereof or (where the person entered in the Register of Members as the registered holder of a share is the Depository) the person whose name is entered in the Depository Register in respect of that share.*

TRANSFER OF SHARES

23) Subject to the restrictions of these Articles any Member may transfer all or any of his shares, but every instrument of transfer of the legal title in shares must be in writing and in the usual common form, or in any other form which the Directors and the Exchange may approve, and must be left at the Office for registration, accompanied by the certificate of the shares to be transferred, and such other evidence (if any) as the Directors may require to prove the title of the intending transferor, or his right to transfer the shares. *Form of transfer*

24) Shares of different classes shall not be comprised in the same instrument of transfer. *Different classes of shares*

25) The instrument of transfer of a share shall be signed by or on behalf of the transferor and the transferee, provided that an instrument of transfer in respect of which the transferee is the Depository or its nominee (as the case may be) shall not be ineffective by reason of it not being signed or witnessed by or on behalf of the Depository or its nominee (as the case may be). The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register of Members in respect thereof; Provided Always That the Directors may dispense with the execution of the instrument of transfer by the transferee in any case in which they think fit in their discretion so to do. *Transferor and transferee to execute transfer*

26) All instruments of transfer which shall be registered shall be retained by the Company, but any instrument of transfer which the Directors may refuse to register shall (except in any case of fraud) be returned to the party presenting the same. *Retention of transfer*

28) Subject to any legal requirements to the contrary, the Company shall be entitled to destroy all instruments of transfer which have been registered at any time after the expiration of six (6) years from the date of registration thereof and all dividend mandates and notifications of change of address at any time after the expiration of six (6) years from the date of recording thereof and all share certificates which have been cancelled at any time after the expiration of six (6) years from the date of the cancellation thereof and it shall be conclusively presumed in the favour of the Company that every entry in the Register of Members purporting to have been made on the basis of an instrument of transfer or other documents so destroyed was duly and properly made and every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and every share certificate so destroyed was a valid and effective certificate duly and properly cancelled and every other document hereinbefore mentioned so destroyed was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company, *Destruction of transfer*

Provided always that:

a) the provisions aforesaid shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document might be relevant;

b) nothing herein contained shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any circumstances which would not attach to the Company in the absence of this Article; and

c) references herein to the destruction of any document include references to the disposal thereof in any manner.

29) (1) Subject to these Articles, the Act or as required by the Exchange, there shall be no restriction on the transfer of fully paid up shares (except where required by law or the rules, bye-laws or listing rules of the Exchange) but the Directors may in their discretion decline to register any transfer of shares upon which the Company has a lien and in the case of shares not fully paid up may refuse to register a transfer to a transferee of whom they do not approve. *Directors' power to decline to register*

(2) The Directors may decline to recognise any instrument of transfer of shares unless:

a) a fee not exceeding S$2/- (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by any stock exchange upon which the shares may be listed) as the Director may from time to time require, is paid to the Company in respect thereof; *Payment of fee and deposit of transfer*

b) the amount of proper duty (if any) with which each instrument of transfer of shares is chargeable under any law for the time being in force relating to stamp duty is paid;

c) the instrument of transfer is deposited at the Office or such other place as the Directors may appoint and is accompanied by a certificate of payment of stamp duty (if any), the certificate of the shares to which the transfer relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer, and where the instrument is executed by some other person on his behalf, the authority of the person so to do; and

d) the instrument of transfer is in respect of only one class of shares.

30) *If the Directors refuse to register a transfer of any shares, they shall within ten (10) Market Days after the date on which the transfer was lodged with the Company (or such period of time as may be prescribed by the listing rules of the Exchange) give to the transferor and to the transferee notice of their refusal to register as required by the Act.* *Notice of refusal to register*

31) *The Register of Members and the Depository Register may be closed at such times and for such period as the Directors may from time to time determine; Provided Always That it shall not be closed for more than thirty (30) days in any year (in aggregate) and during such periods the Directors may suspend the registration of transfers. Further Provided Always That the Company shall give prior notice of such closure to the Exchange (as may be required by the listing rules of the Exchange) stating the period and purpose or purposes for which the closure is to be made.* *Closure of Register of Members*

32) *Nothing in these Articles shall preclude the Directors from recognising a renunciation of the allotment of any share by the allottee in favour of some other person.* *Renunciation of allotment*

33) *Neither the Company nor its Directors nor any of its officers shall incur any liability for registering or acting upon a transfer of shares apparently made by relevant parties, although the same may, by reason of any fraud or other cause not known to the Company or its Directors or other officers, be legally inoperative or insufficient to pass the property in the shares proposed or professed to be transferred, and although the transfer may, as between the transferor and transferee, be liable to be set aside, and notwithstanding that the Company may have notice that such instrument of transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee or the particulars of the shares transferred, or otherwise in defective manner. In every such case, the person registered as transferee, his executors, trustees, administrators and assigns, alone shall be entitled to be recognised as the holder of such shares and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto.* *Indemnity against wrongful transfer*

CONVERSION OF SHARES INTO STOCK

62) *The Company may from time to time by Ordinary Resolution convert any paid up shares into stock and may from time to time by like resolution reconvert such stock into paid up shares.* *Conversion from share to stock and back to share*

63) *When any shares have been converted into stock, the several holders of such stock may transfer their respective interests therein or any part of such interests in such manner as the Company in general meeting shall direct, but in the absence of such direction, the respective interests may be transferred in the same manner and subject to the same regulations as the shares from which the stock arose would have been transferred prior to conversion or as near thereto as circumstances will admit. But the Directors may if they think fit from time to time fix the minimum number of stock units transferable.* *Transfer of stock*

64) *The holders of stock shall, according to the number of stock units held by them, have the same rights, privileges and advantages as regards dividend, return of capital, voting and other matters as if they held the shares from which the stock arose, but no such privilege or advantage (except as regards dividend and return of capital and the assets on winding up) shall be conferred by the number of stock units which would not, if existing in shares, have conferred that privilege or advantage, and no such conversion shall affect or prejudice any preference or other special privileges attached to the shares so converted.* *Rights of stock-holders*

65) *All such provisions of these Articles as are applicable to paid up shares shall apply to stock and in all such provisions the words 'share' and 'shareholder' shall include 'stock' and 'stockholder'.* *Interpretation*

ALTERATIONS OF CAPITAL

66) *Subject to any special rights for the time being attached to any existing class of shares, any new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the general meeting resolving upon the creation thereof shall direct, and if no direction be given, as the Directors shall determine, and in particular, such new shares may be issued with a preferential or qualified right to dividends and in the distribution of the assets of the Company and with a special or restricted right of voting.* *Rights and privileges of new shares*

67) *(1) The Company may from time to time by Ordinary Resolution increase its capital by such sum to be divided into shares of such amounts as the resolution shall prescribe.* *Power to increase capital*

(2) Subject to any direction to the contrary that may be given by the Company in general meeting or except as permitted under the listing rules of the Exchange, all new shares shall before issue be offered to such Members as are, at the date of the offer, entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the number of the existing shares to which they are entitled or hold. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined. After the expiration of that time or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares), in the opinion of the Directors, cannot be conveniently offered under this Article. *Issue of new shares*

(3) Notwithstanding Article 67(2), the Company may by Ordinary Resolution in General Meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the Ordinary Resolution, to:–

a) (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, 'Instruments') that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares; and

b) notwithstanding that the authority conferred by the Ordinary Resolution may have ceased to be in force, issue shares in pursuance of any Instrument made or granted while the Ordinary Resolution was in force,

provided that:–

(1) the aggregate number of shares to be issued pursuant to the Ordinary Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the Ordinary Resolution) shall be subject to such limits and manner of calculation as may be prescribed by the Exchange;

(2) in exercising the authority conferred by the Ordinary Resolution, the Company shall comply with the provisions of the listing rules of the Exchange for the time being in force (unless such compliance is waived by the Exchange) and these Articles; and

(3) (unless revoked or varied by the Company in General Meeting) the authority conferred by the Ordinary Resolution shall not continue in force beyond the conclusion of the Annual General Meeting of the Company next following the passing of the Ordinary Resolution, or the date by which such Annual General Meeting of the Company is required by law to be held, or the expiration of such other period as may be prescribed by the Act (whichever is the earliest).

68) Notwithstanding Article 67 above but subject to the Act, the Directors shall not be required to offer any new shares or make or grant any Instruments to Members to whom by reason of foreign securities laws such offer of shares or making or granting of Instruments may not be made without registration of the shares or Instruments or a prospectus or other document, but may, at their absolute discretion and on such terms and conditions as the Directors deem fit, sell the entitlements to the new shares on behalf of such Members in such manner as they think most beneficial to the Company.

Capital raised deemed original capital

69) Subject to any directions that may be given in accordance with the powers contained in the Memorandum of Association of the Company or these Articles, any capital raised by the creation of new shares shall be considered as part of the original capital as consisting of ordinary shares and shall be subject to the same provisions with reference to the payment of calls, transfer, transmission, forfeiture, lien and otherwise as if it had been part of the original capital.

Power to consolidate, cancel and subdivide shares

70) (1) The Company may by Ordinary Resolution:

a) consolidate and divide all or any of its shares;

b) subdivide its shares or any of them (subject nevertheless to the provisions of the Act) provided always that in such subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived;

c) cancel any shares which, at the date of the passing of the resolution, have not been taken, or agreed to be taken, by any person or which have been forfeited and diminish the amount of its capital by the amount of the shares so cancelled; or

d) subject to the provisions of these Articles and the Act, convert any class of paid-up shares into any other class of paid-up shares.

Power to purchase or acquire shares

(2) Subject to and in accordance with the provisions of the Act, the listing rules of the Exchange and any applicable legislation or regulation, the Company may authorise the Directors in general meeting to purchase or otherwise acquire ordinary shares, stocks, preference shares, options, debentures, debenture stocks, bonds, obligations, securities, and all other equity, derivative, debt and financial instruments issued by it on such terms on such terms as the Company may think fit and in the manner prescribed by the Act. The Company may deal with any such share which is so purchased or acquired by the Company in such manner as may be permitted by, and in accordance with, the Act (including without limitation, to hold such share as a treasury share).

Reduction of share capital

71) The Company may reduce its share capital or any undistributable reserve in any manner, subject to any requirements and consents required by law. Without prejudice to the foregoing, upon cancellation of shares purchased or otherwise acquired by the Company pursuant to these Articles and the Act, the number of issued shares of the Company shall be diminished by the number of shares so cancelled, and where any such cancelled shares were purchased or acquired out of the capital of the Company, the amount of the share capital of the Company shall be reduced accordingly.

NOTICE OF GENERAL MEETINGS

76) *Any general meeting at which it is proposed to pass Special Resolutions or (save as provided by the Statutes) a resolution of which special notice has been given to the Company pursuant to the Act, shall be called by at least twenty-one (21) clear days' notice in writing. An annual general meeting or any other general meeting shall be called by at least fourteen (14) clear days' notice in writing. The notice must specify the place, the day and the hour of the meeting, and in the case of special business the general nature of such business. Such notice shall be given in the manner hereinafter mentioned to all Members other than those who are not under the provisions of these Articles and the Act entitled to receive such notices from the Company. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given. So long as the shares of the Company are listed on the Exchange, at least fourteen (14) days' notice of every general meeting shall be given by advertisement in the daily press and in writing to the Exchange and to each stock exchange upon which the Company is listed.* *Length of notice* *Contents of notice*

Subject to the provisions of the Act, notwithstanding that it has been called by a shorter notice than that specified above, a general meeting shall be deemed to have been duly called if it is agreed: *Shorter notice*

a) *in the case of an annual general meeting by all the Members entitled to attend and vote thereat; and*

b) *in the case of an extraordinary general meeting by a majority in number of the Members having a right to attend and vote thereat, being a majority together holding not less than ninety-five per cent (95%) of the total voting rights of all the Members having a right to vote at that meeting.*

Provided also that the accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at the meeting. *Accidental omission*

77) *Notice of every general meeting shall be given in any manner authorised by these Articles to:* *Form of notice and to whom to be given*

a) *every Member holding shares conferring the right to attend and vote at the meeting who at the time of the convening of the meeting shall have paid all calls or other sums presently payable by him in respect of shares;*

b) *every person entitled to a share in consequence of the death or bankruptcy or otherwise of a Member who but for the same would be entitled to receive notice of the meeting;*

c) *every Director;*

d) the Auditors, without prejudice to Article 180; and

e) the Exchange.

No other person shall be entitled to receive notices of general meetings; Provided Always That if the meeting is called for the alteration of the objects of the Company, the notice shall comply with the provisions of Section 33 of the Act regarding notices to debenture holders.

78) There shall appear with reasonable prominence in every such notice a statement that a Member entitled to attend and vote is entitled to appoint a proxy to attend and to vote instead of him and that such proxy need not be a Member. *Notice to state that Member can appoint proxy*

79) Routine business shall mean and include only business transacted at an annual general meeting of the following classes, that is to say: *All business deemed special business*

a) Receiving and adopting the accounts, the reports (if any) of the Directors and Auditors and other documents required to be attached or annexed to the accounts;

b) appointing or re-appointing Directors to fill vacancies arising at the meeting on retirement whether by rotation or otherwise;

c) fixing of the fees of Directors proposed to be passed under Article 106(1);

d) the declaration of dividends;

e) re-appointing the retiring Auditors and fixing the remuneration of the Auditors or determining the manner in which such remuneration is to be fixed.

Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution on the Company in respect of such special business. *Statement regarding effect of special business*

80) In the case of any general meeting at which business other than routine business is to be transacted (special business), the notice shall specify the general nature of the special business, and if any resolution is to be proposed as a Special Resolution or as requiring special notice, the notice shall contain a statement to that effect. *Notice to specify nature of special business*

PROCEEDINGS AT GENERAL MEETINGS

81) No business other than the appointment of a chairman shall be transacted at any general meeting unless a quorum of Members is present at the time when the meeting proceeds to business. Except as herein otherwise provided, two (2) Members present in person shall form a quorum. For the purposes of this Article, 'Member' includes a person attending as a proxy *Quorum* *and a corporation being a Member shall be deemed to be personally present if represented in accordance with the provisions of Section 179(3) of the Act. Provided that (i) a proxy representing more than one Member shall only count as one Member for the purpose of determining the quorum; and (ii) where a Member is represented by more than one proxy such proxies shall count as only one Member for the purpose of determining the quorum.*

82) If within half an hour from the time appointed for the holding of a general meeting (or such longer interval as the chairman of the meeting may think fit to allow) a quorum is not present, the meeting if convened on the requisition of Members shall be dissolved. In any other case, it shall stand adjourned to the same day in the next week (or if that day is a public holiday then the next business day following that public holiday) at the same time and place or to such other day and at such other time and place as the Directors may by not less than ten days' notice appoint, and if at such adjourned meeting a quorum is not present within half an hour from the time appointed for holding the meeting, the meeting shall be dissolved. *Adjournment if quorum not present*

83) The Chairman of the Board or, in his absence, the Deputy Chairman (if any) shall preside as Chairman at every general meeting, but if there be no such Chairman or Deputy Chairman, or if at any meeting he shall not be present within fifteen (15) minutes after the time appointed for holding the same, or shall be unwilling to act as Chairman, the Members present shall choose some Director, or if no Director be present, or if all the Directors present decline to take the chair, one of themselves to be Chairman of the meeting. *Chairman*

84) The Chairman of the meeting may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time (or sine die) and from place to place, but no business shall be transacted at any adjourned meeting except business which might lawfully be transacted at the meeting from which the adjournment took place. Where a meeting is adjourned sine die, the time and place for the adjourned meeting shall be fixed by the Directors. When a meeting is adjourned for thirty (30) days or more or sine die, not less than seven days' notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give notice of an adjournment or of the business to be transacted at an adjourned meeting. *Adjournment by chairman*

85) Subject to the listing rules of the Exchange, at any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless, subject to Article 89, a poll is demanded either before or on the declaration of the result by the show of hands: *Method of voting*

a) by the Chairman of the meeting; or

b) by at least two Members present in person or by proxy (where a Member has appointed more than one proxy, any one of such proxies may represent that Member) or attorney or in the case of a corporation by a representative, and entitled to vote thereat; or *c) by any Member or Members present in person or by proxy (where a Member has appointed more than one proxy, any one of such proxies may represent that Member) or attorney or in the case of a corporation by a representative or any number or combination of such Members, holding or representing not less than one-tenth of the total voting rights of all the Members having the right to vote at the meeting; or*

d) by any Member or Members present in person or by proxy (where a Member has appointed more than one proxy, any one of such proxies may represent that Member) or attorney or in the case of a corporation by a representative or any number or combination of such Members, holding or representing shares conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to not less than ten per cent (10%) of the total sum paid up on all the shares conferring that right.

Unless a poll is so demanded (and the demand is not withdrawn), a declaration by the Chairman that a resolution has been carried or carried unanimously or by a particular majority or lost and an entry to that effect in the minute book shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution. A demand for a poll may be withdrawn.

86) In the case of an equality of votes whether on a show of hands or on a poll as aforesaid, the Chairman shall be entitled to a second or casting vote in addition to the vote or votes to which he may be entitled to as a Member or as a proxy of a Member. *Equality of votes*

87) If a poll is demanded as aforesaid, it shall be taken in such manner and at such time and place as the Chairman of the meeting directs and either at once or after an interval or adjournment or otherwise and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. No notice need be given of a poll not taken at once. In case of any dispute as to the admission or rejection of a vote, the Chairman shall determine the same and such determination made in good faith shall be final and conclusive. *Time for taking a poll*

88) If a poll is duly demanded (and the demand is not withdrawn) it shall be taken in such manner (including the use of ballot or voting papers or tickets) as the Chairman may direct and the result of such a poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The Chairman may, and if so requested shall, appoint scrutineers and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll. *Method of taking poll*

89) The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded. *Continuance of business*

90) No poll shall be demanded on the election of a Chairman of a meeting or on a question of adjournment. *No poll*

91) If at any general meeting any votes shall be counted which ought not to have been counted or might have been rejected, the error shall not vitiate the result of the vote unless it is pointed out at the same meeting, and is in the opinion of the Chairman of sufficient magnitude to vitiate the result of the voting. *Error in counting votes*

92) The Members may, if the Directors at their absolute discretion deem fit, participate at a general meeting by telephone or video conference or by means of similar communication equipment whereby all persons participating in the meeting are able to hear and, if applicable, see each other and such participation shall constitute presence in person at such meeting and Members (or their proxy or, in the case of a corporation, their respective corporate representatives) so participating shall be counted in the quorum for the meeting. Such a meeting shall be deemed to take place where the largest group of Members (or their proxy, or in the case of a corporation, their respective corporate representatives) present for purposes of the meeting is assembled or, if there is no such group, where the Chairman of the meeting is present. *Meetings via electronic means*

VOTES OF MEMBERS

93) (1) Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company, each Member entitled to vote may vote in person or by proxy or attorney, and (in the case of a corporation) by a representative. A person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way. *Voting rights of Members*

(2) On a show of hands every Member who is present in person or by proxy or attorney, or in the case of a corporation by a representative, shall have one vote provided that if a Member is represented by two proxies, without prejudice to specific terms of Article 98 only one of the two proxies as determined by their appointor shall vote on a show of hands and in the absence of such determination, only one of the two proxies as determined by the Chairman (or by a person authorised by him) shall vote on a show of hands and on a poll, every Member who is present in person or by proxy, attorney or representative shall have one vote for each share which he holds or represents.

(3) Notwithstanding anything contained in these Articles, a Depositor shall not be entitled to attend any general meeting and to speak and vote thereat unless his name is certified by the Depository to the Company as appearing on the Depository Register not later than 48 hours before that general meeting (the 'cut-off time') as a Depositor on whose behalf the Depository holds shares. For the purpose of determining the number of votes which a Depositor or his proxy may cast on a poll, the Depositor or his proxy shall be deemed to hold or represent that number of shares entered in the

Depositor's Securities Account at the cut-off time as certified by the Depository to the Company, or where a Depositor has apportioned the balance standing to his Securities Account as at the cut-off time between two proxies, to apportion the said number of shares between the two proxies in the same proportion as specified by the Depositor in appointing the proxies; and accordingly no instrument appointing a proxy of a Depositor shall be rendered invalid merely by reason of any discrepancy between the number of shares standing to the credit of that Depositor's Securities Account as at the cut-off time, and the true balance standing to the Securities Account of a Depositor as at the time of the relevant general meeting, if the instrument is dealt with in such manner as aforesaid.

(4) Subject to these Articles and the Statutes, the Board may, at its sole discretion, approve and implement, subject to such security measures as may be deemed necessary or expedient, such voting methods to allow Members who are unable to vote in person at any general meeting the option to vote in absentia, including but not limited to voting by mail, electronic mail or facsimile.

94) If any Member be a lunatic, idiot or non compos mentis he may vote by his committee, curator bonis or other legal curator and such last mentioned persons may give their votes by proxy, but no person claiming to vote pursuant to this Article shall do so unless such evidence as the Directors may require of his authority shall have been deposited at the Office not less than forty-eight (48) hours before the time for holding the meeting at which he wishes to vote.

Voting rights of Members of unsound mind

95) If two (2) or more persons are jointly entitled to a share then in voting upon any question, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other registered holders of the share and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members or the Depository Register (as the case may be). Several executors, trustees or administrators of a deceased Member in whose name any share stands shall for the purpose of this Article be deemed joint holders thereof.

Voting rights of joint holders

96) Save as expressly provided herein or in the Act, no person other than a Member duly registered, and only in respect of shares upon which all calls due to the Company have been paid, shall be entitled to be present or to vote on any question, either personally or by proxy, attorney or representative at any general meeting.

Right to vote

97) Any instrument appointing a proxy shall be in writing in the common form approved by the Directors under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, under seal or under the hand of its attorney duly authorised and the Company shall accept as valid in all respects the form of proxy approved by the Directors for use at the date relevant to the general meeting in question. The instrument appointing a proxy shall be deemed to confer authority generally to act at the meeting for the Member giving the proxy, including authority to demand or join in demanding a poll, to move any resolution or amendment thereto and to speak at the meeting.

Instrument of proxy

98) *(1) A Member may not appoint more than two proxies to attend and vote at the same general meeting. A proxy or attorney need not be a Member.* *Appointment of proxies*

(2) If the Member is a Depositor, the Company shall be entitled:

a) to reject any instrument of proxy lodged if the Depositor is not shown to have any shares entered in its Securities Account as at the cut-off time (as defined in Article 93(3)) as certified by the Depository to the Company; and

b) to accept as validly cast by the proxy or proxies appointed by the Depositor on a poll that number of votes which corresponds to or is less than the aggregate number of shares entered in the Securities Account of that Depositor as at the cut-off time as certified by the Depository to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor.

(3) Where a Member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy. If no such proportion or number is specified the first named proxy may be treated as representing 100% of the shareholding and any subsequent named proxy as an alternate to the earlier named.

(4) Voting right(s) attached to any shares in respect of which a Member has not appointed a proxy may only be exercised at the relevant general meeting by the Member personally or by his attorney, or in the case of a corporation by its representative.

(5) Where a Member appoints a proxy in respect of more shares than the shares standing to his name in the Register of Members, or in the case of a Depositor, standing to the credit of his Securities Account, such proxy may not exercise any of the votes or rights of shares not registered to the name of that Member in the Register of Members or standing to the credit of that Depositor's Securities Account as the case may be, as at the cut-off time.

99) *An instrument appointing a proxy shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates and need not be witnessed.* *Instrument appointing proxy valid at adjourned meeting*

100) *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority shall be deposited at the Office or at such other place within Singapore as is specified for that purpose in the notice convening the meeting at least forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting as the case may be; otherwise the person so named shall not be entitled to vote in respect thereof unless the Directors otherwise determine.* *Deposit of instrument of proxy*

101) *Unless otherwise directed by the Chairman of the meeting, a vote given in accordance with the terms of an instrument of proxy shall be treated as valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed or the transfer of the share in respect of which the proxy is given; Provided Always That no intimation in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by the Company at the Office before the commencement of the meeting or adjourned meeting at which the proxy is used.* *Intervening death or insanity of Member*

102) *Any corporation which is a Member may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of Members and the persons so authorised shall be entitled to exercise the same powers on behalf of the corporation as the corporation could exercise if it were an individual Member. The Company shall be entitled to treat a certificate under the seal of the corporation as conclusive evidence of the appointment or revocation of appointment of a representative under this Article.* *Corporations acting via representative*

103) *No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the meeting whose decision as to its validity shall be final and conclusive.* *Objections*

DIVIDENDS AND RESERVES

159) *Subject to any rights or restrictions attached to any shares or class of shares and except as otherwise permitted by the Act, (a) all dividends shall be declared and paid in proportion to the number of shares held by a Member but where shares are partly paid all dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and (b) all dividends shall be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly. For the purposes of this Article, no amount paid or credited as paid on a share in advance of a call shall be treated as paid on the share.* *Apportionment of dividends*

160) *The Directors may, from time to time, set aside out of the profits of the Company and carry to reserve, such sum or sums as they think proper which shall, at the discretion of the Directors, be applicable for any purpose to which the profits of the Company may properly be applied and pending such application, may either be employed in the business of the Company or be invested. The Directors may divide the reserve fund into such special funds or any parts of any special funds into which the reserve may have been divided. The Directors may also, without placing the same to reserve, carry* *Power to set aside profits as reserve*

forward any profits. In carrying sums to reserve and in applying the same the Directors shall comply with the provisions (if any) of the Statutes.

161) The Directors may, with the sanction of an Ordinary Resolution at a general meeting, from time to time declare dividends, but no such dividend shall (except as by the Statutes expressly authorised) be payable otherwise than out of the profits of the Company. No higher dividend shall be paid than is recommended by the Directors and a declaration by the Directors as to the amount of the profits at any time available for dividends shall be conclusive. *Declaration and payment of dividends*

The Directors may, if they think fit, and if in their opinion the profits of the Company justifies such payment, without any such sanction as aforesaid, from time to time declare and pay fixed dividends on any class of shares carrying a fixed dividend expressed to be payable on a fixed date on the half-yearly or other dates (if any) prescribed for the payment thereof by the terms of issue of the shares, and may also from time to time pay to the holders of any class of shares interim dividends of such amounts and on such dates as they may think fit. *Interim dividends*

162) The Company may upon the recommendation of the Directors by Ordinary Resolution, direct payment of a dividend in whole or in part in specie by the distribution of specific assets (and in particular of paid-up shares or debentures of any other company) and the Directors shall give effect to such resolution. Where difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular, may issue fractional certificates and fix the value for distribution of such specific assets, or any part thereof, and may determine that cash payments shall be made to any Members in terms of the value so fixed, in order to adjust the rights of all parties. The Directors may vest any such specific assets in trustees as may seem expedient to the Directors and no valuation, adjustment or arrangement so made shall be questioned by any Member. *Payment of dividends in specie*

163) (1) Whenever the Directors or the Company in general meeting have resolved or proposed that a dividend (including an interim, final, special or other dividend) be paid or declared on shares of a particular class in the capital of the Company, the Directors may further resolve that members entitled to such dividend be entitled to elect to receive an allotment of shares of that class credited as fully paid in lieu of cash in respect of the whole or such part of the dividend as the Directors may think fit. In such case, the following provisions shall apply: *Scrip Dividends*

a) the basis of any such allotment shall be determined by the Directors;

b) the Directors shall determine the manner in which Members shall be entitled to elect to receive an allotment of shares of the relevant class credited as fully paid in lieu of cash in respect of the whole or such part of any dividend in respect of which the Directors shall have passed such a resolution as aforesaid. The Directors may make such arrangements as to the giving of notice to Members, providing for forms of election for completion by Members (whether in respect of a particular dividend(s) or generally), determining the procedure for *making such elections or revoking the same and the place at which and the latest date and time by which any forms of election or other documents by which elections are made or revoked must be lodged, and otherwise make all such arrangements and do all such things, as the Directors consider necessary or expedient in connection with the provisions of this Article;*

c) *the right of election may be exercised in respect of the whole of that portion of the dividend in respect of which the right of election has been accorded, provided that the Directors may determine, either generally or in specific cases, that such right shall be exercisable in respect of the whole or any part of that portion; and*

d) *the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable in cash on the shares of the relevant class in respect of which the share election has been duly exercised (the "elected shares") and in lieu of cash and in satisfaction thereof shares of the relevant class shall be allotted and credited as fully paid to the holders of the elected shares on the basis of allotment determined as aforesaid. For such purpose, and notwithstanding the provisions of Article 172, the Directors shall (i) capitalise and apply the amount standing to the credit of any of the Company's reserve accounts or any sum standing to the credit of the profit and loss account or otherwise available for distribution as the Directors may determine, such sums as may be required to pay up in full the appropriate number of shares of the relevant class for allotment and distribution to and among the holders of the elected shares on such basis, or (ii) apply the sum which would otherwise have been payable in cash to the holders of the elected shares towards payment of the appropriate number of shares of the relevant class for allotment and distribution to and among the holders of the elected shares on such basis.*

Ranking of shares and other actions

(2) *(a)* *The shares of the relevant class allotted pursuant to the provision of paragraph (1) of this Article shall rank pari passu in all respects with the shares of that class then in issue save only as regards participation in the dividend which is the subject of the election referred to above (including the right to make the election referred to above) or any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneous with the payment or declaration of the dividend which is the subject of the election referred to above, unless the Directors shall otherwise specify.*

(b) *The Directors may do all acts and things considered necessary or expedient to give effect to any capitalisation pursuant to the provisions of paragraph (1) of this Article, with full power to make such provisions as they may think fit in the case of shares of the relevant class becoming distributable in fractions (including, notwithstanding any provision to the contrary in these Articles, provisions whereby, in whole or in part, fractional entitlements are disregarded or rounded up or down, or whereby the benefit of fractional entitlements accrues to the Company rather than the Members).*

(3) The Directors may, on any occasion when they resolve as provided in paragraph (1) of this Article, determine that the rights of election under that paragraph shall not be made available to the persons who are registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register, or in respect of shares the transfer of which is registered, after such date as the Directors may fix subject to such exceptions as the Directors think fit and, in such event, the provisions of this Article shall be read and construed subject to such determination. Record date

(4) The Directors may, on any occasion when they resolve as provided in paragraph (1) of this Article, further determine that:– *Cash in lieu of shares*

(a) no allotment of shares or rights of election for shares under that paragraph shall be made available or made to a Member whose registered addresses entered in the Register of Members (or as the case may be) the Depository Register is outside Singapore or to such other Members or class of Members as the Directors may in their sole discretion decide and, in such event, the only entitlements of the Members aforesaid shall be to receive in cash the relevant dividend resolved or proposed to be paid or declared; and

(b) no allotment of shares or rights of election for shares under paragraph (1) of this Article shall be made available or made to a person, or any persons, if such allotment or rights of election would in the opinion of the Directors cause such person, or such persons, to hold or control voting shares in excess of any shareholding or other limits which may from time to time be prescribed in any Statute, without the approval of the applicable regulatory or other authority as may be necessary.

(5) Notwithstanding the foregoing provisions of this Article, if at any time after the Directors' resolution to apply the provisions of paragraph (1) of this Article in relation to any dividend but prior to the allotment of shares pursuant thereto, the Directors shall consider that, by reason of any event or circumstances (whether arising before or after such resolution) or by reason of any matter whatsoever, it is no longer expedient or appropriate to implement that proposal, the Directors may at their absolute discretion and as they deem fit in the interests of the Company, cancel the proposed application of paragraph (1) of this Article. *Cancellation*

164) No shareholder shall be entitled to receive any dividend or to be present or vote at any meeting or upon a poll, or to exercise any privilege as a Member until he shall have paid all calls for the time being due and payable on every share held by him, whether alone or jointly with any other person, together with interest and expenses (if any). *No right to dividends where calls outstanding*

165) The Directors may deduct from any dividend or other moneys payable to a Member in respect of any share held by such Member, either alone or jointly with any other Member, any or all sums of money as may be due and payable by him, either alone or jointly with any other person in respect of any debts, liabilities or engagements to the Company on account of calls or otherwise towards satisfaction (in whole or in part) of such debts, liabilities or engagements, or any other account which the Company is required by law to deduct.

Deduction from debts due to Company

166) A transfer of a share shall not pass the right to any dividend declared in respect thereof before the transfer has been registered.

Effect of transfer of shares

167) (1) The Directors may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

Retention of dividends on shares subject to lien

(2) The Directors may retain the dividends payable on shares in respect of which any person is under these Articles, as to the transmission of shares, entitled to become a Member, or which any person under these Articles is entitled to transfer, until such person shall become a Member in respect of such shares or shall duly transfer the same.

Retention of dividends on shares pending transmission

168) The waiver in whole or in part of any dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the Member (or the person entitled to the share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Company.

Waiver of dividends

169) (1) Any dividend or other moneys payable in cash in respect of a share may be paid by cheque or warrant sent through the post to the registered address of the Member or person entitled thereto (or, if several persons are registered as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons) or to such person and such address as such persons may in writing direct. Provided that where the Member is a Depositor, the payment by the Company to the Depository of any dividend payable to a Depositor shall to the extent of the payment discharge the Company from any further liability in respect of the payment. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque if purporting to be endorsed or the receipt of any such person shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby.

Dividend paid by cheque or warrant

(2) Notwithstanding the provisions of paragraphs (1) and (3) of this Article, the payment by the Company to the Depository of any dividend payable to a Depositor shall, to the extent of the payment made to the Depository, discharge the Company from any liability to the Depositor in respect of that payment. *Payment to Depository good discharge*

(3) Any resolution declaring a dividend on shares of any class, whether a resolution of the Company in general meeting or a resolution of the Directors, may specify that the same shall be payable to the persons registered as holders of such shares in the Register of Members or (as the case may be) the Depository Register at the close of business on a particular date and thereupon the dividend shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the rights inter se in respect of such dividend of transferors and transferees of any such shares. *Dividend paid by cheque or warrant*

170) The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends unclaimed after being declared may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend unclaimed after a period of six (6) years from the date of declaration of such dividend may be forfeited and if so shall revert to the Company. However, the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the dividend so forfeited to the person entitled thereto prior to the forfeiture. If the Depository returns any such dividend or moneys to the Company, the relevant Depositor shall not have any right or claim in respect of such dividend or moneys against the Company if a period of six (6) years has elapsed from the date of the declaration of such dividend or the date on which such other moneys are first payable. For the avoidance of doubt no Member shall be entitled to any interest, share of revenue or other benefit arising from any unclaimed dividends, howsoever and whatsoever. *Unclaimed dividends*

171) No dividend or other monies payable on or in respect of a share shall bear interest as against the Company. *No interest on dividends*

BONUS ISSUES AND CAPITALISATION OF PROFITS AND RESERVES

172) The Company may, upon the recommendation of the Directors, with the sanction of an Ordinary Resolution (including any Ordinary Resolution passed pursuant to Article 67(3)): *Power to capitalise profits*

a) issue bonus shares for which no consideration is payable to the Company to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on:

(i) the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or

(ii) (in the case of an Ordinary Resolution passed pursuant to Article 67(3)) such other date as may be determined by the Directors,

in proportion to their then holdings of shares; and/or

b) capitalise any part of the amount for the time being standing to the credit of the Company's reserve funds or to the credit of the profit and loss account or otherwise available for distribution, to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on:

(i) the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or

(ii) (in the case of an Ordinary Resolution passed pursuant to Article 67(3)) such other date as may be determined by the Directors),

in proportion to their then holdings of shares and applying such sum on their behalf in paying up in full new shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, new shares of any other class not being redeemable shares) for allotment and distribution credited as fully paid up and amongst them as bonus shares in the proportion aforesaid.

173) The Directors may do all acts and things necessary or expedient to give effect to any such bonus issue and/or capitalisation under Article 172, with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the Members concerned). The Directors may authorise any person to enter on behalf of all the Members entitled thereto into an agreement with the Company providing for any such bonus issue and/or capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all such Members.

Directors to give effect to bonus issues and/or capitalisation

174) In addition and without prejudice to the powers provided for by Article 173 above, the Directors shall have power to issue shares for which no consideration is payable and/or to capitalise any undivided profits or other moneys of the Company not required for the payment or provision of any dividend on any shares entitled to cumulative or non-cumulative preferential dividends (including profits or other moneys carried and standing to any reserve or reserves) and to apply such profits or other moneys in paying up in full new shares, in each case on terms that such shares shall, upon issue, be held by or for the benefit of participants of any share incentive or option scheme or plan implemented by the Company and approved by shareholders in general meeting and on such terms as the Directors shall think fit.

Power to issue free shares and/or to capitalise reserves for employee share-based incentive plans

WINDING UP

188) *If the Company shall be wound up, subject to due provision being made for satisfying the claims of any holders of shares having attached thereto any special rights in regard to the repayment of capital, the surplus assets shall be applied in repayment of the capital paid up or credited as paid up on the shares at the commencement of the winding up.* *Distribution of surplus assets*

189) *If the Company shall be wound up (whether the liquidation is voluntary under supervision or by the Court), the liquidator may, with the sanction of a Special Resolution, divide among the Members in specie or kind the whole or any part of the assets of the Company, whether or not the assets shall consist of property of one kind or shall consist of properties of different kinds, and may for such purpose set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members, but if any division is resolved otherwise than in accordance with such rights, the Members shall have the same right of dissent and consequential rights as if such resolution were a Special Resolution passed pursuant to Section 306 of the Act. A Special Resolution sanctioning a transfer or sale to another company duly passed pursuant to the said Section may in like manner authorise the distribution of any shares or other consideration receivable by the liquidator amongst the Members otherwise than in accordance with their existing rights; and any such determination shall be binding upon all the Members subject to the right of dissent and consequential rights conferred by the said Section.* *Distribution of assets in specie*

190) *The liquidator may, as he thinks fit, vest the whole or any part of the assets in trustees upon such trusts for the benefit of Members and the liquidation of the Company may be closed and the Company dissolved but so that no Member shall be compelled to accept any shares or other securities in respect of which there is a liability.* *Trust of assets*

191) *In the event of a winding up of the Company, every Member who is not for the time being in Singapore shall be bound, within fourteen (14) days after the passing of an effective resolution to wind up the Company voluntarily, or within the like period after the making of an order for the winding up of the Company, to serve notice in writing on the Company appointing some person in Singapore upon whom all summonses, notices, processes, orders and judgments in relation to or under the winding up of the Company may be served, and in default of such nomination the liquidator of the Company shall be at liberty on behalf of such Member to appoint some such person, and service upon any such appointee shall be deemed to be a good personal service on such Member for all purposes, and where the liquidator makes any such appointment he shall with all convenient speed, give notice thereof to such Member by advertisement in any English newspaper widely circulated in Singapore or by a registered letter sent through the post and addressed to such Member at his address as appearing in the Register of Members, and such notice shall be deemed to be served on the day following that on which the advertisement appears or the letter is posted.*" *Service of notice*