



ISEC HEALTHCARE LTD.



Eye on the
REGION

2019 ANNUAL
REPORT

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

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

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

CORPORATE PROFILE

ISEC Healthcare Ltd. ("**ISEC Healthcare**" and together with its subsidiaries, the "**Group**") is an established regional provider of a comprehensive suite of medical eye care services with ambulatory surgical centres.

Backed by more than 10 years of track record, the ISEC brand possesses strong brand equity and is recognised for its world-class and high quality eye care services. In Malaysia, the Group operates medical eye care centres in Kuala Lumpur, Malacca, Penang and Sibul. In Singapore, ISEC Eye Pte. Ltd. ("**ISEC Eye**") provides specialist medical ophthalmology services to Asia Pacific Eye Centre (formerly known as "**Lee Hung Ming Eye Centre**") located in Gleneagles Hospital, Singapore. The Group expanded into the Myanmar market with the commencement of operations by ISEC Myanmar Company Limited in 2019.

Led by a team of specialist doctors, who are also opinion leaders in their respective sub-specialty fields, the Group provides patients with attentive and advanced treatments at its well-equipped eye centres that are fitted with state-of-the-art ophthalmic equipment and facilities. Besides investing in the latest medical technologies, its doctors undergo continuous professional development and medical education to offer patients the highest standards of ophthalmic care.

In 2016, the Group expanded its healthcare services to include general medical services and aesthetic treatment services, with the acquisition of JLM Companies¹ comprising four clinics located in the heartlands of Singapore. The Group further expanded this business segment in 2018 with the acquisition of a 25.0% stake in I Medical & Aesthetics Pte. Ltd., increasing its portfolio of general practitioner clinics from 4 to 5.

In 2019, ISEC Healthcare became a subsidiary of Aier Eye International (Singapore) Pte. Ltd. ("**Aier Eye**") following the latter's acquisition of a 56.53% stake in ISEC Healthcare². Aier Eye is a wholly-owned subsidiary of Aier Eye Hospital Group Co., Ltd., a company incorporated in the People's Republic of China, listed on the Shenzhen Stock Exchange.

ISEC Healthcare was listed on the Catalyst board of the Singapore Exchange Securities Trading Limited on 28 October 2014.

¹ JLM Companies consist of JL Medical (Bukit Batok) Pte. Ltd., JL Medical (Sembawang) Pte. Ltd., JL Medical (Woodlands) Pte. Ltd. and JL Medical (Yew Tee) Pte. Ltd.

² Based on 532,348,544 Shares in issue excluding 386,400 treasury shares as at 20 December 2019.



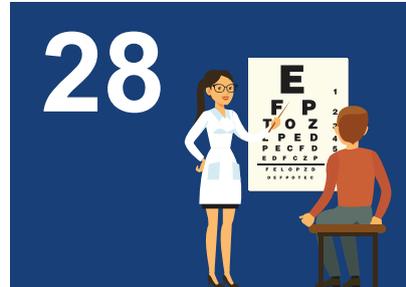
ISEC BY THE NUMBERS

For the financial year ended 31 December 2019

NO. OF EYE CARE CENTRES



NO. OF OPHTHALMOLOGISTS



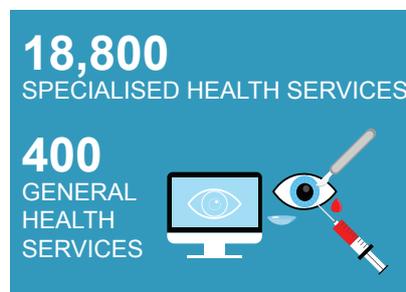
NO. OF ANESTHESIOLOGISTS



NO. OF PATIENTS VISITS



NO. OF PROCEDURES PERFORMED



NO. OF PROCEDURES PERFORMED⁽²⁾ UNDER



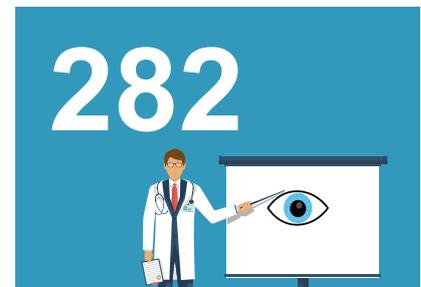
CONFERENCES ATTENDED BY ISEC SPECIALIST DOCTORS/ GENERAL PRACTITIONERS



CONFERENCES WHERE ISEC SPECIALIST DOCTORS WERE INVITED AS SPEAKERS



TEACHING ACTIVITIES, CLINICAL ATTACHMENTS AND OBSERVERSHIPS IN ISEC



NO. OF GENERAL PRACTITIONER CLINICS IN SINGAPORE⁽³⁾



NO. OF GENERAL PRACTITIONERS⁽⁴⁾



(1) Asia Pacific Eye Centre (formerly known as Lee Hung Ming Eye Centre) in Gleneagles Hospital, Singapore

(2) Procedures performed in medical eye care centres in Malaysia

(3) Comprises 4 clinics from JLM Companies and 1 clinic from an associated company – I Medical & Aesthetics Pte. Ltd.

(4) Comprises 4 general practitioners from JLM Companies and 2 general practitioners from an associated company – I Medical & Aesthetics Pte. Ltd.

MESSAGE TO SHAREHOLDERS



ISEC Myanmar

EYE ON THE REGION

DEAR SHAREHOLDERS

There are interesting times ahead for ISEC Healthcare and companies within our Group. Several events that took place in financial year ended 31 December 2019 (“FY2019”) have set the stage for the Group’s next chapter and we are looking forward to our future with an eye on the region.

Late last year, Aier Eye, a wholly-owned subsidiary of China-based, Shenzhen Stock Exchange-listed Aier Eye Hospital Group Co., Ltd., (“Aier”), became our majority shareholder when it completed a mandatory cash offer for 56.53%¹ equity interest in the Group.

This is a significant milestone for the Group as it paved the way for us to be part of a large conglomerate, which shares complementary business operations and synergistic strengths with us. Aier is one of the leading eye care groups in the world by number of hospitals and by market capitalisation. It 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.

We are eager to share best practices and eye care medical know-how with our new partners to strengthen our own capabilities. Following the completion of the transaction, we appointed two new Directors to our Board on 27 December 2019 and subsequently another director on 25 March 2020. Do join me to warmly welcome Mr Chen Bang, Ms Zhang Yongmei and Mr Li Li, as our new Non-Executive and



Dr Wong Jun Shyan, Dr Daw Pyae Pyae Thein and Dr Lee Hung Ming officiating the opening of ISEC Myanmar.

Non-Independent Directors. Mr Chen is also Chairman and co-founder of Aier, Ms Zhang is Aier’s Global Strategy and Business Development Director, and Mr Li is the Vice-Chairman and Chief Executive Officer of Aier.

CORPORATE DEVELOPMENTS & OUTLOOK

The Group continues to expand its network in Malaysia steadily. In April 2019, ISEC (Penang) Sdn. Bhd. (“**ISEC Penang**”) became a wholly-owned subsidiary of our Group when we acquired the remaining 49% equity at fair value consideration of approximately RM15.7 million. The Group has had a majority stake in ISEC Penang since its incorporation in 2012 and in view of the stable increase in its income and profit track record for the last four financial years, we decided to acquire the remaining 49% equity when the opportunity arose. We hope that ISEC Penang would be able to provide the Group with a growing stream of recurring revenue and cash flow in Penang where the demand for specialised and quality medical eye care services is expected to increase.

Going into 2020, the Group wasted no time in executing its regional expansion plans and had announced the proposed acquisition of Indah Specialist Eye Centre Sdn. Bhd. (“**Indah Specialist**”) in Johor Bahru where the demand for specialised and quality medical eye care services is expected to increase, thus providing the Group with a growing and recurring stream of income and cash flow. The proposed acquisition is at an aggregate consideration of approximately RM37.4 million to be satisfied by approximately RM17.9 million in cash and the remainder by allotment and issuance of 17,950,913 new shares at the agreed price of S\$0.356 per share. We had fully utilised all the net proceeds raised from our IPO upon completion of the said acquisition on 27 February 2020.

¹ Based on 532,348,544 Shares in issue (excluding 386,400 treasury shares) as at 20 December 2019, being the day of the close of the offer.

MESSAGE TO SHAREHOLDERS

We will continue to seek suitable opportunities in the markets in China, Indonesia, Myanmar and Vietnam while expanding our existing operations in Singapore, Malaysia and Myanmar. With Aier being the majority shareholder of the Company, there may be opportunities for us to tap into their significant global network and resources to pursue our vision to strengthen our regional presence in Southeast Asia.

We believe the region's ageing population as well as increasing awareness about the benefits of seeking early treatment for ophthalmic conditions will continue to drive the demand for the specialised services that we provide. At the same time, we are also monitoring the COVID-19 outbreak and its impact on our clinic operations in the foreseeable future. Besides putting in precautionary measures to screen all patients for symptoms, we are also mindful of managing our costs efficiently in case the situation carries on for a prolonged period of time.

In FY2020, we hope to widen and deepen our talent pool, while keeping ahead of the curve by driving innovation and adopting cutting edge procedures and technology in ophthalmology services. We believe that as we continue to hone our skills and build a solid reputation for providing quality care, we will strengthen the brand name of ISEC Healthcare and attract more patients.

PERFORMANCE REVIEW

In FY2019, the Group generated a revenue increase of 6% year-on-year ("YOY") to S\$42.9 million mainly due to more business activities from our Specialised Health Services business segment, which include provision of medical care, consultancy, treatment and surgery in the field of ophthalmology.

By geography, Malaysia continues to be our main revenue contributor, generating 77% of total revenue because of its more extensive operations, while Singapore contributed 22% and the remainder was from our Myanmar operations, which commenced the provision of eye checks and consultations in the second quarter of 2019. ISEC Myanmar carries out full ophthalmology services with a business license from the Ministry of Health and Sports in Myanmar obtained in late 2019. We continue to believe in Myanmar as a slowly emerging market and will monitor our activities there closely.

During the year, our overall expenses went up, mainly because of both increased business activities and impairment loss for goodwill in relation to certain clinics under our General Health Services segment. As a result, net profit declined 16% YOY to S\$7.2 million.

DIVIDEND

As part of our commitment to shareholders, the Group is pleased to share our earnings with shareholders.

Our Board of Directors has proposed a final dividend of 0.50 Singapore cents per share, which together with the interim dividend² of 0.30 Singapore cents per share, brings total dividend to 0.80 Singapore cents per share for FY2019. The final dividend is subject to shareholders' approval at the upcoming Annual General Meeting to be held on 24 June 2020.

APPRECIATION

On behalf of the Group, I would like to thank the many stakeholders who have contributed to our success over the years. These include our patients who continue to believe in our ability to provide them with the best care possible and to our vendors, associates and business partners for your ongoing support.

We also want to thank our specialist doctors and clinical staff for your dedication to your work especially during the COVID-19 outbreak.

Sincere thanks to my fellow Directors on the Board, for your commitment towards best practices in corporate governance and for contributing your invaluable experience to guide the Group, and also the management team for your clear execution of our corporate goals.

Lastly, I want to thank the shareholders for your unwavering support. We look forward to embarking on this next chapter with you.

SITOH YIH PIN

Non-Executive Chairman and Independent Director

² The interim dividend of 0.30 Singapore cents per share was declared for the three months ended 30 June 2019 and paid on 28 August 2019.

FINANCIAL REVIEW

INCOME STATEMENT

The Group registered a 6% rise in revenue to S\$42.9 million in FY2019 compared to S\$40.4 million in FY2018, supported by an increase in business activities from the Group's specialised health services business segment.

Gross profit for the year edged up 3% to S\$20.0 million, while gross profit margin declined 1.3 percentage points to 46.8% from 48.1% in FY2018 as the increase in cost of sales exceeded that of the revenue.

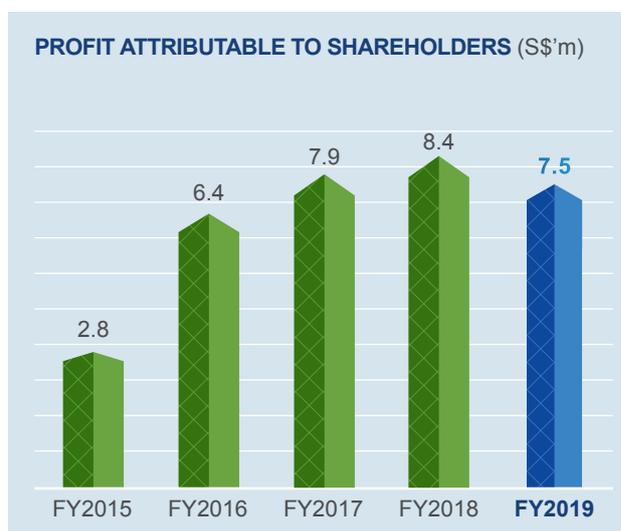
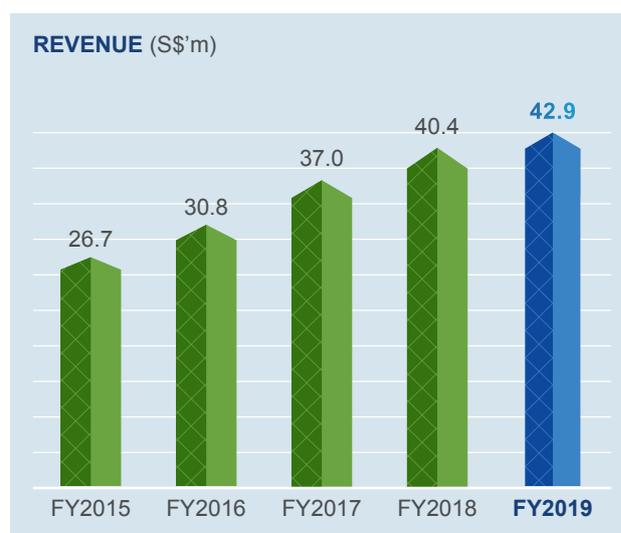
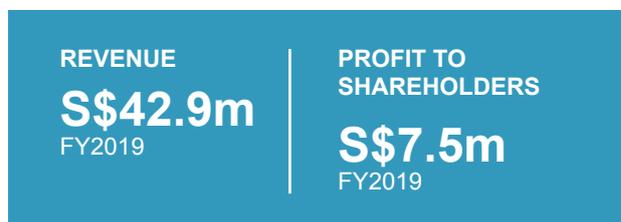
Administrative expenses increased 6% to S\$8.7 million in FY2019 compared to S\$8.2 million in FY2018, largely due to higher professional expenses in relation to the mandatory cash offer by Aier Eye International (Singapore) Pte. Ltd., a wholly-owned subsidiary of Aier Eye Hospital Group Co., Ltd.. Other expenses rose to S\$1.8 million in FY2019 from S\$0.7 million in FY2018, mainly attributable to impairment loss for goodwill of S\$0.8 million relating to JL Medical (Sembawang) Pte. Ltd. ("JLMSB") and S\$0.4 million relating to JL Medical (Woodlands) Pte. Ltd. ("JLMW"), recorded under the general health services business segment.

The impairment loss for goodwill on JLMSB was due to the resident doctor being on an extended medical leave of absence, which affected JLMSB's revenue growth despite there being a replacement doctor; while the impairment loss for goodwill on JLMW was due to continued decline in patient visits following the relocation of the clinic, although it is still in the same vicinity.

As a result, the Group reported a 16% decline in net profit to S\$7.2 million in FY2019 compared to S\$8.7 million in FY2018.

BALANCE SHEET

The Group's total assets as at 31 December 2019 expanded to S\$75.2 million from S\$73.6 million as at 31 December 2018. Non-current assets increased S\$2.8 million to S\$44.9 million mainly on recognition of right-of-use assets of S\$5.6 million at cost and additions to plant and equipment of S\$1.3 million at cost arising from the new ISEC Myanmar clinic. The increase was partially offset by depreciation expenses of right-of-use assets of S\$1.5 million; impairment loss for goodwill of S\$1.2 million; depreciation expenses of plant and equipment of S\$1.0 million; and amortisation expenses of intangible assets of S\$0.6 million.



The Group's total liabilities increased to S\$11.1 million as at 31 December 2019 from S\$6.0 million as at 31 December 2018. Non-current liabilities increased S\$3.0 million to S\$3.8 million due to the recognition of lease liabilities of S\$3.2 million in relation to future rental of medical equipment, clinic and office premises, payable after 12 months from 31 December 2019, as a result of the adoption of SFRS(I) 16. This was partially offset by utilisation of deferred tax impact on amortisation of intangible assets of S\$0.1 million.

FINANCIAL REVIEW

Similarly for current liabilities, due to the adoption of SFRS(I) 16, there was a recognition of S\$1.5 million on lease liabilities and together with an increase in trade and other payables of S\$0.6 million, current liabilities for the year increased S\$2.1 million to S\$7.3 million.

CASH FLOW STATEMENT

As at 31 December 2019, the Group's cash and cash equivalents stood at S\$25.7 million compared to S\$27.1 million a year ago.

In FY2019, the Group generated net cash from operating activities of S\$11.7 million, which comprised operating cash flows before working capital changes of S\$14.0 million and changes in working capital inflow of S\$0.4 million attributable to higher purchases and accrued costs arising from increased business activities of the Group, less income tax of S\$2.8 million.

Net cash used in investing activities amounted to S\$0.9 million in FY2019 largely due to the purchase of fixed assets of S\$1.4 million during the year. The cash outflow was offset by S\$0.5 million of interest income received by the Group.

The S\$12.2 million net cash used in financing activities was largely for dividend payment of S\$11.0 million, repayment of lease liabilities and its corresponding finance costs of S\$1.7 million, and share buyback of S\$0.1 million. The cash outflow was partially offset by cash inflow of S\$0.7 million arising from additional capital injection by the non-controlling interests in ISEC Myanmar.

BOARD OF DIRECTORS



MR SITOH YIH PIN, 56
INDEPENDENT AND
NON-EXECUTIVE CHAIRMAN

Mr Sitoh, who is residing in Singapore, was first appointed to the Board as our Non-Executive Chairman and Independent Director of the Company on 29 September 2014, and was last re-elected on 25 April 2018. He is also the Chairman of our Audit Committee and a member of both the Nominating and Remuneration Committees. Mr Sitoh does not hold any shares in the Company or any of its subsidiaries.

Mr Sitoh is a Chartered Accountant. He is the Member of Parliament for Potong Pasir constituency.

Mr Sitoh is also an Independent and Non-Executive Director of Talkmed Group Limited and Yeo Hiap Seng Ltd.

Mr Sitoh was formerly a director of Lian Beng Group Ltd, Allied Technologies Limited and United Food Holdings Limited in the last five years.

Mr Sitoh holds a Bachelor of Accountancy (Honours) degree from the National University of Singapore and is a Fellow member of both the Institute of Singapore Chartered Accountants and Chartered Accountants Australia and New Zealand.

His other current principal commitments include the following:

Directorships in Companies within his own accounting practice:

- Nexia TS Pte Ltd
- TSA Capital Pte Ltd
- TSA Recruitment Consultants Pte Ltd
- NTS Asia Advisory Pte Ltd
- Nexia China Pte Ltd
- Nexia TS Public Accounting Corporation
- Nexia TS Risk Advisory Pte Ltd
- Nexia TS Tax Services Pte Ltd
- Nexia TS Technology Pte Ltd
- Nexia TS Advisory Pte Ltd
- NTS Asia Advisory Sdn Bhd
- NTS Myanmar Company Limited

Other directorships and appointments:

- Potong Pasir Grassroots Organisations – Advisor
- PAP Community Foundation – Director
- Jalan Besar Town Council – Vice Chairman
- Central Community Development Council – Council Member
- People's Action Party – Member of Central Executive Committee
- China Taiping Insurance (Singapore) Pte. Ltd. – Director
- Government Parliamentary Committee for Ministry of Transport – Chairman
- Government Parliamentary Committee for Ministries of Law & Home Affairs – Member



DR LEE HUNG MING, 56
EXECUTIVE VICE-CHAIRMAN

Dr Lee Hung Ming, who is residing in Singapore, was appointed on 2 January 2014 as an Executive Vice-Chairman and was last re-elected on 24 April 2019. Dr Lee has been an ex-officio member of our Medical Board, and Centre Director of the Asia Pacific Eye Centre (formerly known as Lee Hung Ming Eye Centre) at Gleneagles Hospital since 2007.

Dr Lee is a Senior Consultant Ophthalmologist and has been spearheading Asia Pacific Eye Centre since 2007. He is a renowned LASIK and cataract specialist and is considered a key opinion leader in his fields of subspecialty, namely cornea, external eye diseases and refractive surgery, cataract and implant surgery. As the Executive Vice-Chairman of the Company, Dr Lee oversees the Group's Singapore operations and also spearheads the Group's overseas mergers and acquisitions ("M&A").

Dr Lee sits on the board of various professional medical associations and has also received various awards, including the A.C.E. Award in 2003 for excellence in the training and education of eye surgeons in the Asia Pacific region by the Asia Pacific Society of Cataract and Refractive Surgery and the International Gold Medal in 2011 by the Indian Intraocular Implant and Refractive Society for outstanding contribution in the field of ophthalmology.

Dr Lee graduated from the National University of Singapore with a Bachelor of Medicine and Bachelor of Surgery in 1989. He also obtained his Master of Medicine in Ophthalmology from the Graduate School of Medical Studies, National University of Singapore, FRCS Fellowship from the Royal College of Edinburgh Scotland and FAMS (Ophth) Fellowship from the Academy of Medicine, Singapore.

Dr Lee is the spouse of Dr Lee Yeng Fen, a substantial shareholder of the Company and an employee of the Group.

Dr Lee's other current principal commitments include the following:

Directorships within the Group Companies:

- JL Medical (Bukit Batok) Pte. Ltd.
- JL Medical (Sembawang) Pte. Ltd.
- JL Medical (Woodlands) Pte. Ltd.
- JL Medical (Yew Tee) Pte. Ltd.
- International Specialist Eye Centre Pte. Ltd.
- ISEC Global Pte. Ltd.
- ISEC Eye Pte. Ltd.
- ISEC Sdn. Bhd.
- ISEC Myanmar Co., Ltd.

Directorships within Other Companies:

- Edinburgh International Pte. Ltd.
- Glasgow Capital Pte. Ltd.
- Oxford Capital Pte. Ltd.
- Toronto Capital Pte. Ltd.
- Vancouver Capital Pte. Ltd.

BOARD OF DIRECTORS



DR WONG JUN SHYAN, 54
EXECUTIVE DIRECTOR AND
CHIEF EXECUTIVE OFFICER

Dr Wong Jun Shyan, who is residing in Malaysia, was appointed on 2 January 2014 as an Executive Director and Chief Executive Officer and was last re-elected on 25 April 2018. Dr Wong is an ex-officio member of our Medical Board and is also one of the founding members of ISEC KL. He has been a Consultant Ophthalmologist at ISEC KL since 2007. Dr Wong is considered a key opinion leader in his fields of subspecialty and is an Honorary Part-Time Lecturer for the Department of Optometry, Faculty of Allied Health Sciences in Universiti Kebangsaan Malaysia.

Dr Wong previously sat on the boards of various professional associations and ad hoc National Ophthalmic Committees. He was also a recipient of the American Academy of Ophthalmology Leadership Development Programme in 2006. Dr Wong has been a Fellow of the Royal College of Surgeons of Edinburgh since 1996 and a member of The Retina Society of the USA since 2007. He was awarded the APAO Outstanding Services in Prevention of Blindness Award for his contributions to the community by the Asia Pacific Academy of Ophthalmology in 2017.

Dr Wong graduated from the National University of Singapore with a Bachelor of Medicine and Bachelor of Surgery in 1991 and obtained his Master of Medicine (Ophthalmology) in 1996. He completed his residency as Chief Resident in Ophthalmology at the National University Hospital Singapore and continued as Registrar and was a Retina Fellow at the Singapore National Eye Centre. Dr Wong then pursued clinical fellowships in vitreoretinal (VR) disease at The Royal Victorian Eye and Ear Hospital, University of Melbourne, the Beetham Eye Institute of Joslin Diabetes Centre, Boston, the Department of Ophthalmology at Harvard Medical School and the Massachusetts Eye and Ear Infirmary, Beth Israel Deaconess Medical Centre and Brigham and Women's Hospital.

Dr Wong's other current principal commitments include executive responsibilities and board representation in relation to companies within the Group.

Directorships within the Group Companies:

- JL Medical (Bukit Batok) Pte. Ltd.
- JL Medical (Sembawang) Pte. Ltd.
- JL Medical (Woodlands) Pte. Ltd.
- JL Medical (Yew Tee) Pte. Ltd.
- International Specialist Eye Centre Pte. Ltd.
- ISEC Global Pte. Ltd.
- ISEC Eye Pte. Ltd.
- ISEC Sdn. Bhd.
- ISEC (Penang) Sdn. Bhd.
- Southern Specialist Eye Centre Sdn. Bhd.
- ISEC (Sibu) Sdn. Bhd.
- Indah Specialist Eye Centre Sdn. Bhd.
- ISEC Myanmar Co., Ltd.



**PROFESSOR LOW
TECK SENG, 65**
INDEPENDENT
NON-EXECUTIVE DIRECTOR

Professor Low Teck Seng, who is residing in Singapore, was appointed to the Board as an Independent Director on 29 September 2014 and was last re-elected on 26 April 2017. He is also the Chairman of the Nominating Committee and a member of both the Audit and Remuneration Committees.

Professor Low is currently the Chief Executive Officer of the National Research Foundation, Singapore. He is also currently a tenured Professor at the National University of Singapore and Nanyang Technological University, and serves as an Independent Director in Excelpoint Technology Ltd, and Chip Eng Seng Corporation Ltd, both of which are public-listed companies in Singapore. He is also an Independent Director of Key ASIC Berhad and UCrest Berhad, both of which are public-listed companies in Malaysia. Professor Low is also a director on the board of SGInnovate.

Prior to his appointment at the National Research Foundation, Professor Low was the Managing Director of A*STAR from 2009 to 2012. Between 2008 and 2009, Professor Low was Group Senior Vice-President and Chief Executive Officer of Parkway Education (a subsidiary of Parkway Health Group). He also sat on the Board of the Health Science Authority in Singapore from 2004 to 2010.

Professor Low graduated with First Class Honours in Electrical & Electronic Engineering in 1978 from Southampton University and subsequently received his PhD from the same university in 1982.

BOARD OF DIRECTORS



MR LIM WEE HANN, 53
INDEPENDENT
NON-EXECUTIVE DIRECTOR

Mr Lim Wee Hann, who is residing in Singapore, was appointed to the Board as an Independent Director on 29 September 2014 and was last re-elected on 24 April 2019. He is also the Chairman of the Remuneration Committee and a member of both the Audit and Nominating Committees.

Mr Lim practises as an advocate and solicitor and is an equity partner, Co-Head of the Mergers & Acquisitions Practice Group at Rajah & Tann Singapore LLP and Executive Committee Member of Rajah & Tann LCT Lawyers. He is also called to the Malaysian Bar and is an equity partner of Messrs Christopher & Lee Ong, the Malaysian member firm of Rajah & Tann Asia. Mr Lim was a partner of Kamilah & Chong (Malaysia) from January to July 2013.

Mr Lim has over 29 years of experience in the legal sector and specialises in cross-border investments, private mergers and acquisitions and other corporate transactions, labour and employment law, and also has significant biotechnology, health and pharmaceutical practice background.

Mr Lim also sits on the Board of A. Menarini Asia-Pacific Holdings Pte. Ltd., part of Menarini group, a leading Italian pharmaceutical company and R&T Vietnam LLC. Mr Lim is a member of the Law Society of Singapore, the Singapore Academy of Law and the Bar Council of Malaysia. He graduated from the National University of Singapore with a Bachelor of Law (Honours) in 1990.



MR CHEN BANG, 55
NON-EXECUTIVE AND
NON-INDEPENDENT
DIRECTOR

Mr Chen Bang was appointed to the Board as a Non-Executive and Non-Independent Director on 27 December 2019.

Mr Chen is seeking re-election pursuant to Article 118 of the Company's constitution and the additional information required under Appendix 7F – Announcement of Appointment of the Catalyst Rules are set out in this profile. The re-election of Mr Chen as Non-Executive and Non-Independent Director was recommended by the Nominating Committee and approved by the Board, after taking into consideration his qualifications, expertise and past experiences.

Mr Chen is a director of a substantial shareholder of the Company, Aier Eye International (Singapore) Pte. Ltd..

In relation to Mr Chen's working experience and occupation, Mr Chen is the Chairman and controlling shareholder of Aier Eye Hospital Group Co., Ltd. ("Aier") since 2003 whose main business is similar to the Group. As at the date of this Annual Report, Aier Group has no business in Southeast Asia, other than those carried out by our Group.

His country of principal residence is the People's Republic of China.

Mr Chen has over 20 years of experience in the eye care sector. He co-founded Aier in 2003, and was instrumental in leading it to become the largest eye care group in the world by number of hospitals and by market capitalisation. Aier is listed on the Shenzhen Stock Exchange.

Mr Chen Bang is also the Chairman of Clínica Baviera, S.A. which is a Spain-based company listed on the Madrid Stock Exchange engaged in the healthcare sector and focuses on providing services within the field of ophthalmic medicine.

He has been widely recognised for his entrepreneurship and was awarded "Most Respected Chairman of Chinese Listed Company" in 2011 and 2012 and named "EY Entrepreneur of The Year" in 2014 and "China Most Influential Listed Company Leader" in both 2014 and 2015.

For his philanthropic work, Mr Chen was given the "Hunan Charity Award" in 2015. He graduated from Hunan University with an MBA in 2007.

Please refer to pages 10 to 12 for Mr Chen's other principal commitments including directorships.

For information on Mr Chen's shareholding interest in the Company and its subsidiaries, please refer to the Directors' Statement on pages 37 to 39.

Mr Chen has submitted undertaking (in the form set out in Appendix 7H) under Rule 720(1) of the Catalyst Rules to the Company.

Mr Chen has responded negative to items (a) to (k) listed in Appendix 7F of the Catalyst Rules.

BOARD OF DIRECTORS



MS ZHANG YONGMEI, 40
NON-EXECUTIVE AND
NON-INDEPENDENT
DIRECTOR

Ms Zhang Yongmei was appointed to Board as a Non-Executive and Non-Independent Director on 27 December 2019.

Ms Zhang is seeking re-election pursuant to Article 118 of the Company's constitution and the additional information required under Appendix 7F – Announcement of Appointment of the Catalyst Rules are set out in this profile. The re-election of Ms Zhang as Non-Executive and Non-Independent Director, and member of the Audit Committee, Nominating Committee and Remuneration Committee, was recommended by the Nominating Committee and approved by the Board, after taking into consideration her qualifications, expertise and past experiences.

Ms Zhang is a director of a substantial shareholder of the Company, Aier Eye International (Singapore) Pte. Ltd..

Ms Zhang is a member of the management of Aier Eye Hospital Group Co., Ltd. ("Aier") and its subsidiaries (collectively, the "Aier Group") whose main business is similar to the Company. As at the date of this Annual Report, Aier Group has no business in Southeast Asia, other than those carried out by our Group.

Her country of principal residence is the People's Republic of China. Ms Zhang is a non-practising member of The Chinese Institute of Certified Public Accountants (CICPA) and has extensive experience in corporate finance and M&A. She joined Aier Eye Hospital Group Co., Ltd. in 2014 as Global Strategy and Business Development Director. From 2012 to 2014, she was Corporate Development Senior Manager in Best Buy Corporation and in charge of the development strategy and execution of projects for new ventures. From 2011 to 2012, she was Strategy & Business Development (M&A) Senior Manager and led the M&A team covering the healthcare value chain. From 2007 to 2011, she was Transaction Services & Global Health Senior Manager in PricewaterhouseCoopers and carried out financial due diligence in M&A projects and healthcare strategy advisory.

Ms Zhang is also a director of Clínica Baviera, S.A., which is a Spain-based company listed on the Madrid Stock Exchange engaged in the healthcare sector and focuses on providing services within the field of ophthalmic medicine.

She graduated from Tongji University with a Bachelor of Science degree in 2002 and Fudan University with an MBA in 2013.

Please refer to pages 10 to 12 for Ms Zhang's other principal commitments including directorships.

Ms Zhang has submitted undertaking (in the form set out in Appendix 7H) under Rule 720(1) of the Catalyst Rules to the Company.

Ms Zhang has responded negative to items (a) to (k) listed in Appendix 7F of the Catalyst Rules.



MR LI LI, 55
NON-EXECUTIVE AND
NON-INDEPENDENT
DIRECTOR

Mr Li Li was appointed to the Board as our Non-Executive and Non-Independent Director on 25 March 2020.

Mr Li is seeking re-election pursuant to Article 118 of the Company's Constitution and the additional information required under Appendix 7F of the Catalyst Rules are set out in this profile. The re-election of Mr Li as Non-Executive and Non-Independent Director was recommended by the Nominating Committee and approved by the Board, after taking into consideration his qualifications, expertise and past experiences.

Mr Li was nominated to be appointed as a Director by a substantial shareholder of the Company, Aier Eye International (Singapore) Pte. Ltd..

In relation to Mr Li's working experience and occupation, Mr Li is the Vice-Chairman of Aier Eye Hospital Group Co., Ltd. ("Aier") since 2003 whose main business is similar to the Company. As at the date of this Annual Report, Aier Group has no business in Southeast Asia, other than those carried out by our Group.

His country of principal residence is the People's Republic of China.

Mr Li was one of the co-founders of Aier in 2003 and played a key role in spearheading Aier into the largest eye care group in the world by number of hospitals and market capitalisation. With over 20 years of experience in the eye care sector, he is the Vice-Chairman and CEO of Aier and sits on the Board of Clínica Baviera, S.A., which is a Spain-based company listed on the Madrid Stock Exchange engaged in the healthcare sector and focuses on providing services within the field of ophthalmic medicine.

Mr Li was recognised for his outstanding entrepreneurship and leadership in 2018 with the "Outstanding Entrepreneur Award" by Changsha High-Tech Zone. He is also a strong advocate of education, having established AIER School of Ophthalmology, AIER School of Optometry, AIER Ophthalmology Institute, AIER Institute of Optometry and others, since 2015. He is also the dean of AIER Management School, honorary lifetime supervisor of Eye Care Foundation, Vice Chairman of Chinese non-government Medical Institution Association and group leader of Ophthalmic Management.

Please refer to pages 10 to 12 for Mr Li's other principal commitments including directorships.

For information on Mr Li's shareholding interest in the Company and its subsidiaries, please refer to the Directors' Statement on pages 37 to 39.

Mr Li has submitted undertaking (in the form set out in Appendix 7H) under Rule 720(1) of the Catalyst Rules to the Company.

Mr Li has responded negative to items (a) to (k) listed in Appendix 7F of the Catalyst Rules.

BOARD OF DIRECTORS

Principal commitments including directorships

	Mr Chen Bang, 55	Ms Zhang Yongmei, 40	Mr Li Li, 55
	Non-Executive and Non-Independent Director	Non-Executive and Non-Independent Director	Non-Executive and Non-Independent Director
Present	<p>Aier Eye International (Singapore) Pte. Ltd.</p> <p>Clínica Baviera, S.A.</p> <p>Aier (U.S.A) International Holdings Inc.</p> <p>Aier Eye International (Hongkong) Limited</p> <p>Asia Medicare Group Limited</p> <p>Asia Medicare (HK) Limited</p> <p>Asia Eye Care Limited</p> <p>Beijing Aier Yingzhi Eye Hospital Co., Ltd.</p> <p>Aier Medical Investment Group Co., Ltd</p> <p>Aier Eye Hospital Group Co., Ltd.</p> <p>Zhongchuang Qianhai Capital Co., Ltd.</p> <p>Lhasa Liangshi Venture Capital Co., Ltd.</p> <p>Changchun Aier Eye Hospital Co., Ltd.</p> <p>Jilin Aier Eye Hospital Co., Ltd.</p> <p>Nanchang Aier Eye Hospital Co., Ltd.</p> <p>Wuhan Aier Eye Hanyang Hospital Co., Ltd.</p> <p>Shenzhen Aier Eye Hospital Co., Ltd.</p> <p>Huizhou Aier Eye Hospital Co., Ltd.</p> <p>Hunan Aier Property Investment Development Co., Ltd.</p> <p>Taiyuan Aier Eye Hospital Co., Ltd.</p> <p>Shenzhen Liangjing Investment Co., Ltd.</p> <p>Xiangyang Aier Eye Hospital Co., Ltd.</p> <p>Guangzhou Aier Eye Hospital Co., Ltd.</p> <p>Wuzhou Liangjing Investment Co., Ltd.</p> <p>Shaoyang Aier Eye Hospital Co., Ltd.</p> <p>Shenyang Aier Optometry Hospital Co., Ltd.</p> <p>Wuhan Jinxing Investment Management Co., Ltd.</p> <p>Lanzhou Aier Eye Hospital Co., Ltd.</p> <p>Yueyang Aier Eye Hospital Co., Ltd.</p>	<p>Aier Global Vision Care Management Co. Limited</p> <p>Aier-Rimonci Vision Technology Incubation Limited</p> <p>Aier Eye International (Singapore) Pte. Ltd.</p> <p>ClínicaBaviera, S.A.</p> <p>Aier Eye International (Europe), S.L.U.</p> <p>Binzhou Hubin Aier Eye Hospital Co., Ltd</p> <p>Aier (U.S.A) International Holdings Inc.</p> <p>Yunnan Huashan Medical Investment Co., Ltd</p> <p>Asia Medicare (HK) Ltd.</p> <p>Asia Eye Care Ltd.</p>	<p>Aier Global Vision Care Management Co. Limited</p> <p>Clínica Baviera, S.A.</p> <p>Aier (U.S.A) International Holdings Inc.</p> <p>Asia Medicare Group Limited</p> <p>Aier Eye Hospital Group Co., Ltd.</p> <p>Beijing Sading Investment Co., Ltd.</p> <p>Yongzhou Aier Eye Hospital Co., Ltd.</p> <p>Chongqing Aier Eye Hospital Co., Ltd.</p> <p>Yicheng Aier Eye Hospital Co., Ltd.</p> <p>Harbin Aier Eye Hospital Co., Ltd.</p> <p>Foshan Aier Eye Hospital Co., Ltd.</p> <p>Jingzhou Aier Eye Hospital Co., Ltd.</p> <p>Changsha Xiangjiang Aier Eye Hospital Co., Ltd.</p> <p>Huaihua Aier Eye Hospital Co., Ltd.</p> <p>Chenzhou Aier Eye Hospital Co., Ltd.</p> <p>Zhengzhou Aier Eye Hospital Co., Ltd.</p> <p>Xiaogan Aier Eye Hospital Co., Ltd.</p> <p>Wuhan Hankou Aier Eye Hospital Co., Ltd.</p> <p>Xvchang Aier Eye Hospital Co., Ltd.</p> <p>Wuhan Qingshan Aier Eye Clinic Co., Ltd.</p> <p>Shijiazhuang Aier Eye Hospital Co., Ltd.</p> <p>Qingyuan Aier Eye Hospital Co., Ltd.</p> <p>Wuhan Huangpi Aier Eye Clinic Co., Ltd.</p> <p>Ningbo Aier Bright Eye Hospital Co., Ltd.</p> <p>Wuhan Jiangxia Aier Eye Clinic Co., Ltd.</p> <p>Chongqing Aier Mega Eye Hospital Co., Ltd.</p> <p>Changde Aier Eye Hospital Co., Ltd.</p> <p>Ningbo Haishu Aier Bright Eye Clinic Co., Ltd.</p>

BOARD OF DIRECTORS

	Mr Chen Bang, 55	Ms Zhang Yongmei, 40	Mr Li Li, 55
	Non-Executive and Non-Independent Director	Non-Executive and Non-Independent Director	Non-Executive and Non-Independent Director
	Shaoguan Aier Eye Hospital Co., Ltd. Shanghai Liangjing Medical Investment Management Co., Ltd. Hengyang Aier Eye Hospital Co., Ltd. Nanjing Aier Eye Hospital Co., Ltd. Beijing Licheng Gongchuang Consulting Co., Ltd. Hefei Aier Eye Hospital Co., Ltd. Shenyang Liangjing Investment Management Co., Ltd. Shanghai Aier Eye Hospital Co., Ltd. Hunan Jiaying Investment Property Co., Ltd. Hunan Jishihulian Technology Co., Ltd Hunan Aier Healthcare Industrial Development Co., Ltd.		Nanning Aier Eye Hospital Co., Ltd. Wuhan Aier Eye Hospital Co., Ltd. Kunming Aier Eye Hospital Co., Ltd. Zhuzhou 331 Aier Eye Hospital Co., Ltd. Dongguan Aier Eye Hospital Co., Ltd. Huanggang Aier Eye Hospital Co., Ltd. Chengdu Aier Eye Hospital Co., Ltd. Yiyang Aier Eye Hospital Co., Ltd. Yichang Aier Eye Hospital Co., Ltd. Shanxi Aier Eye Hospital Co., Ltd. Dashiqiao Aier Eye Hospital Co., Ltd. Huzhou Aier Eye Hospital Co., Ltd. Chaoyang Aier Optometry Clinic Co., Ltd. Gejiu Aier Eye Hospital Co., Ltd. Tianjin Aier Eye Hospital Co., Ltd. Xianning Aier Eye Hospital Co., Ltd. Huangshi Aier Eye Hospital Co., Ltd. Jingmen Aier Eye Hospital Co., Ltd. Chaoyang Aier Eye Hospital Co., Ltd. Nanchong Aier Mega Eye Hospital Co., Ltd. Wuhan Caidian Aier Eye Clinic Co., Ltd. Jiujiang Aier Zhongshan Eye Hospital Co., Ltd. Hunan Aier Healthcare Industrial Development Co., Ltd. Jiangling Aier Eye Clinic Co., Ltd. Guangzhou Aier Eye Hospital Co., Ltd. Shaoguan Aier Eye Hospital Co., Ltd. Shenzhen Sading Hengshun Investment Co., Ltd. Beijing Aier Yingzhi Eye Hospital Co., Ltd. Shanghai Aier Eye Hospital Co., Ltd.

BOARD OF DIRECTORS

	Mr Chen Bang, 55	Ms Zhang Yongmei, 40	Mr Li Li, 55
	Non-Executive and Non-Independent Director	Non-Executive and Non-Independent Director	Non-Executive and Non-Independent Director
Past (Within the past 5 years)	<p>Xian Aier Gucheng Eye Hospital Co., Ltd.</p> <p>Jinan Aier Eye Hospital Co., Ltd.</p> <p>Heze Aier Eye Hospital Co., Ltd.</p> <p>Shenyang Aier Excellence Eye Hospital Co., Ltd.</p> <p>Shenyang Aier Eye Hospital Co., Ltd.</p> <p>Hunan Liangjing Medical Management Co., Ltd.</p> <p>Shaoxing Aier Eye Hospital Co., Ltd.</p>	None	<p>Xian Aier Eye Hospital Co., Ltd.</p> <p>Binzhou Hubin Aier Eye Hospital Co., Ltd.</p> <p>Taian Bright Aier Eye Hospital Co., Ltd.</p> <p>Guiyang Aier Eye Hospital Co., Ltd.</p> <p>Xiangtan Aier Eye Hospital Co., Ltd.</p> <p>Loudi Aier Eye Hospital Co., Ltd.</p> <p>Huaibei Aier Eye Hospital Co., Ltd.</p> <p>Shuangfeng Aier Eye Hospital Co., Ltd.</p> <p>Foshan Chancheng Aier Eye Clinic Co., Ltd.</p> <p>Chengdu Mega Eye Center Co., Ltd.</p> <p>Foshan Chancheng Aier Eye Outpatient Co., Ltd.</p>

EXECUTIVE OFFICERS

DR FANG SENG KHEONG CHAIRMAN OF MEDICAL BOARD

Dr Fang Seng Kheong is the Chairman of our Medical Board and is one of the founding members of ISEC KL, who has been a Consultant Ophthalmologist in our Group since 2007. Dr Fang is currently a Committee member of the Malaysian Society of Ophthalmology (MSO), as well as being a Council member of the Asia-Pacific Academy of Ophthalmology (APAO), of which Dr Fang is the Chairman for the Young Ophthalmologist Standing Committee of the APAO. Dr Fang is also the Editorial Board member of the International Glaucoma Review, Asia-Pacific Journal of Ophthalmology, Ocular Surgery News, Asia-Pacific Edition, Asian Journal of Ophthalmology, Eye SEA Journal and EyeWorld Asia Pacific.

Prior to joining our Group, Dr Fang was a Consultant Ophthalmologist and Glaucoma Specialist at The Tun Hussein Onn National Eye Hospital in Petaling Jaya, Selangor from 1999 to 2007. Between 1995 and 1999, he was a Consultant Ophthalmologist and Chief of Glaucoma Service at Hospital Kuala Lumpur.

Dr Fang has been a life member of the Malaysian Medical Association since 1992 and is also a member of numerous medical associations including the College of Surgeons Malaysia, College of Ophthalmologist, Academy of Medicine Malaysia, and Asia-Pacific Glaucoma Society where he has been the Honorary Secretary since 2012. He is also a founding member of the Malaysian Society of Ophthalmology. He has received Distinguished Service Award from APAO in 2007, the Asian Angle Closure Glaucoma Club in 2012, MSO in 2017, Asian Economic Community Ophthalmology Meeting in 2018, and Achievement award from the APAO in 2016.

Dr Fang graduated with a Bachelor of Medicine and Bachelor of Surgery from University of Malaya in 1986. In 1994, he obtained his Masters in Surgery (Ophthalmology) from the National University of Malaysia (Universiti Kebangsaan Malaysia). He did his fellowship in Glaucoma with Prof Ivan Goldberg in Sydney, Australia in 1995.

DR CHOONG YEE FONG KUALA LUMPUR CENTRE DIRECTOR

Dr Choong Yee Fong is one of the founding members of ISEC KL and is the Medical Director of our Kuala Lumpur Centre. He has been a Consultant Ophthalmologist in our Group since 2007 and is a Visiting Consultant Ophthalmologist at Gleneagles Kuala Lumpur, Malaysia.

A key opinion leader in the subspecialty fields of adult strabismus and paediatric ophthalmology and refractive cataract surgery, Dr Choong received the British High Commissioner's Award, a prestigious academic scholarship for medical studies in 1990. Therefrom, he continued to receive various awards and recognition throughout his medical studies and was awarded the Welsh Office Research and Development Grant by the Government of Wales in 2001.

Dr Choong is currently a member of the Academy of Medicine Malaysia, the Malaysia Medical Association and a founding member of the World Society of Paediatric Ophthalmology and Strabismus.

Dr Choong graduated with a Bachelor of Medicine and Bachelor of Surgery from the University of Leeds, United Kingdom in 1995. He has been a Fellow of the Royal College of Ophthalmologists, London, United Kingdom since 1998.

DR ALAN ANG PENANG CENTRE DIRECTOR

Dr Alan Ang joined our Group in October 2012 and is the Medical Director of our Penang Centre. He specialises in both cataract and vitreoretinal surgery and is considered a key opinion leader in his field of subspecialty.

Prior to joining us, Dr Ang was a Consultant Vitreoretinal Surgeon at the Royal Hollamshire Hospital in Sheffield, United Kingdom. Between 2004 and 2005, Dr Ang completed his Vitreoretinal Fellowship at Addenbrooke's Hospital in Cambridge and Oxford Radcliffe Infirmary.

Dr Ang graduated with a Bachelor of Medicine, Bachelor of Surgery and Bachelor of Obstetrics from Queen's University of Belfast, United Kingdom in 1996.

He has been a Fellow of the Royal College of Ophthalmologists, London, United Kingdom since 1999 where he received his Certificate of Specialist Training in Ophthalmology in 2004.

EXECUTIVE OFFICERS

DR ROBERT YEO KIM CHUAN MALACCA CENTRE DIRECTOR

Dr Robert Yeo is the Medical Director and the founder of our Malacca Centre, Southern Specialist Eye Centre Sdn. Bhd. ("SSEC"). He was appointed as Malacca Centre Director of the Group on 25 January 2017. Dr Yeo started his ophthalmology practice in K.C. Yeo Eye Specialist Clinic Sdn. Bhd. in the year 2006, which was then subsequently acquired under SSEC following an internal restructuring exercise in 2014. Dr Yeo plays a pivotal role in charting the course and direction of our Malacca Centre.

Before starting his own practice, Dr Yeo served in various medical and surgical capacities including ophthalmology postings at Melaka Hospital and University Hospital, Kuala Lumpur, as well as a brief stint with the Singapore National Eye Centre and two years in the United Kingdom.

In 1995, he returned to Malaysia to take up the post of Clinical Specialist in the Eye Department of Hospital Kuala Lumpur, and was assigned to Hospital Kuala Terengganu as Consultant and Head of the Eye Department. From 1996 to 2005, Dr Yeo served as Consultant Eye Surgeon with Southern Hospital Melaka and Mahkota Medical Centre.

Dr Yeo obtained his MBBS from the University of Malaya in 1987 and completed his FRCS Fellowship from the Royal College of Edinburgh, Scotland and Masters of Medicine, Singapore (Ophthalmology) in 1993.

MS ELYSE LOW CHIEF FINANCIAL OFFICER

Ms Elyse Low joined the Group in September 2014 as a Finance Manager, and was appointed as Chief Financial Officer in February 2020. She is responsible for overseeing the Group's accounting, finance, and regulatory compliance functions including corporate governance, internal controls and sustainability reporting.

Prior to joining the Group, Ms Low was an Audit Manager with KPMG Singapore. Ms Low has over seven years of experience in audit and assurance, working as an auditor in Singapore and in Norway. Her professional experience includes providing audit and assurance services to companies from a wide range of industries, including public listed companies on the Singapore and Oslo stock exchanges.

Ms Low graduated from Nanyang Technological University with a Bachelor of Accountancy degree. She is also a member of the Institute of Singapore Chartered Accountants and CPA Australia.



CORPORATE SOCIAL RESPONSIBILITY

As ISEC Healthcare advances to become one of the established providers of medical eye care services in the region, we are keeping abreast with how the Group's business practices may impact the environment and the community in which the Group operates in.

The Group published its inaugural Sustainability Report for the financial year ended 31 December 2017 in 2018, and in 2019 we published our second Sustainability Report for the financial year ended 31 December 2018 ("**FY2018 SR**"). Both reports were prepared in accordance with the Global Reporting Initiative ("**GRI**") Standards – "Core" reporting requirements. Both reports, which covered Environmental, Social and Governance ("**ESG**") matters that are of particular importance to our business, is available on our corporate website at <http://isechealthcare.com/investor-relations-overview/>.

Specifically for the FY2018 SR, the reporting scope covers ISEC KL's performance in these matters for the period of 1 January 2018 to 31 December 2018 and the areas of focus identified by the Group included providing world-class service to patients, developing a high-performing workforce, corporate governance and caring for the environment. We are pleased to have performed well across all matters including ensuring and maintaining patient confidentiality with zero leaks, offering free eye screening to more patients as compared to the previous year and having zero work-related accidents. The Group also maintained zero reportable cases of non-compliance in relation to the Code of Corporate Governance practices (on a comply-or-explain basis), as well as other regulatory requirements.

Please refer to the published sustainability reports for more details of the Group's sustainability practices. ISEC Healthcare is taking progressive steps to improve its data collection systems and expand the scope of its sustainability report to include other clinics as its reporting matures. We expect to release our third sustainability report in May 2020.

COMMITMENT TO PATIENTS

All our doctors and healthcare professionals participate actively in community events as part of our commitment to corporate social responsibility. They volunteer their expertise at community and charity events by giving eye screening to the needy with eye-related ailments as well as conducting talks and conferences to educate the public about proper eye care. It is our hope that through such talks, patients can recognise symptoms and seek treatment early.

In addition, ISEC Healthcare is committed to uphold the highest standards of eye care practices. Our doctors regularly attend conferences and seminars, either as speakers to share their expertise or as attendees to upgrade their skills and keep abreast of latest healthcare technologies and trends. The Group also has an internal Medical Board to implement and govern the compliance of the code of ethics of our specialist doctors, to oversee patients' interests, administer internal disciplinary matters, manage research and training of medical staff, as well as monitor medical outcome and audit programmes.

In August 2019, ISEC KL organised the "ISEC Primary Care Ophthalmology Symposium" in Kuala Lumpur attended by 242 participants. 10 of our specialist doctors shared their expertise at the event as part of our Group's commitment to impart knowledge to the fellow medical professionals, and to nurture medical students.

We are proud to be one of few eye centres to be appointed by Alcon Laboratories ("**Alcon**") to be part of its postgraduate teaching and preceptorship programme to young ophthalmologists from the region. This means that our specialist doctors will now have the opportunity to mentor young ophthalmologists in the region and influence their passion in learning the advanced science and art of ophthalmology. ISEC KL was also named "Centre of Excellence" by Alcon in 2019.

For its commitment to excellence, ISEC Malaysia was named "Ophthalmology Service Provider of the Year in Asia Pacific" at the Global Health & Travel Awards in April 2019, which recognises companies who have pushed boundaries of delighting their customers at every stage and in every interaction. The Group has won this award for the third consecutive year since 2017.



Charity screening at Ti Ratana Welfare Society.

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REPORT ON CORPORATE GOVERNANCE

The Board of Directors (the “**Board**”) and the management (the “**Management**”) of ISEC Healthcare Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) are committed to maintain a high degree of corporate governance and transparency for the benefit of all its stakeholders. For the financial year ended 31 December 2019 (“**FY2019**”), the Board and the Management are pleased to confirm that the Company has adhered to the principles and provisions of the Code of Corporate Governance 2018 (the “**Code**”) where applicable, pursuant to Rule 710 of Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”) issued by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”).

This report outlines the Company’s corporate governance practices, processes and structure that were in place during FY2019, with specific reference to the principles and provisions of the Code and the disclosure guide developed by the SGX-ST in January 2015 (the “**Guide**”). Where there is a deviation from the Code, proper explanation of the reason for variation and how the practices it had adopted are consistent with the intent of the relevant principle have been explicitly stated in the annual report.

BOARD MATTERS

The Board’s Conduct of its Affairs

Principle 1 – The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.

The Board oversees the corporate policy and overall strategy for the Group. The principal roles and responsibilities of the Board include:

- Overseeing the overall strategy formulation including sustainability and environmental issues as part of its strategy formulation, strategic human resources framework, and financial objectives of the Group; and
- Overseeing and safeguarding shareholders’ interest and the Company’s assets through a robust system of effective internal controls, risk management, financial reporting and compliance.

The Board is the highest authority of approval and specific functions of the Board are either carried out by the Board or through various committees established by the Board, namely, the Audit Committee (the “**AC**”), the Nominating Committee (the “**NC**”) and the Remuneration Committee (the “**RC**”) (collectively, the “**Board Committees**”). Each committee has the authority to examine issues relevant to their terms of reference which have been approved by the Board, and to make fair, proper and appropriate recommendations to the Board when required. The terms of reference in relation to the responsibilities and functions of the Directors in each Board Committee are provided in this report. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board. While the Board does not have a formal Board Charter, the Board has also adopted a risk governance and internal controls framework manual which sets out the Board’s approval guidelines. Matters that require the Board’s approval include, amongst others, the following:

- Board authorisation limits;
- Interested persons transactions exceeding S\$100,000;
- Bank mandates and facilities;
- Appointment and re-election of Directors at any time;
- Salaries and benefits/allowances of the members of the Board and key management personnel;
- Share options and performance share schemes;
- Investments, mergers and acquisitions (“**M&A**”) transactions and divestments;
- Independent valuation reports prior to making any investments, M&A transactions and divestments decision;
- Annual business strategy and the financial budget;
- Significant capital expenditure and purchase of major assets;
- Public announcements and responses to the SGX-ST/regulators;
- Dividend decisions;

REPORT ON CORPORATE GOVERNANCE

- Audited financial statements if deemed satisfactory and are true and fair after review; and
- Composition of the Medical Board.

The Board conducts scheduled meetings on a quarterly basis. Additional meetings are convened as and when circumstances warrant. The Constitution of the Company (the “**Constitution**”) allows Board meetings to be conducted via any form of audio or audio-visual communication. The Directors are free to discuss any information or views presented by any member of the Board and the Management. Directors facing conflicts of interest recuse themselves from meetings, discussions and decisions involving the issues of conflict.

The Company adopts a policy which welcomes Directors to request for further explanations, briefings or informal discussions on any aspect of the Group’s operations or business from the Management. The CEO updates the Board prior to each meeting on business and strategic developments of the Group, where applicable. The Board has separate and independent access to the Management, the Company Secretary and external advisers (where necessary) at the Company’s expense. The appointment and removal of the Company Secretary is a decision of the Board as a whole.

When necessary or appropriate, members of the Board exchange views outside the formal environment of Board meetings. Each Board member is expected to objectively discharge his or her duties and responsibilities in good faith at all times as fiduciaries in the best interest of the Company and are obliged to exercise reasonable due diligence and independent judgment when making decisions.

The attendance record of each Director at meetings of the Annual General Meeting (“**AGM**”), Board and Board Committees during the FY2019 is disclosed below:

Number of meetings held in FY2019	AGM	Board	AC	NC	RC
	1	6	4	1	1
Name of Director	Number of meetings attended in FY2019				
Sitoh Yih Pin	1	6	4	1	1
Dr Lee Hung Ming	1	6	–	–	–
Dr Wong Jun Shyan ⁽¹⁾	1	6	–	–	–
Professor Low Teck Seng ⁽²⁾	1	6	4	1	1
Lim Wee Hann	1	6	4	1	1
Chen Bang ⁽³⁾	–	–	–	–	–
Zhang Yongmei ⁽³⁾	–	–	–	–	–
Li Li ⁽³⁾	–	–	–	–	–

Notes:

- (1) Dr Wong Jun Shyan will retire pursuant to Article 114 of the Constitution at this AGM and will not be seeking re-election.
- (2) Professor Low Teck Seng will retire pursuant to Article 114 of the Constitution at this AGM and will not be seeking re-election.
- (3) Mr Chen Bang, Ms Zhang Yongmei and Mr Li Li will retire pursuant to Article 118 of the Constitution and are subject to re-election as Directors at this AGM.

Mr Chen Bang and Ms Zhang Yongmei were appointed as Non-Independent and Non-Executive Directors on 27 December 2019, and Mr Li Li was appointed on 25 March 2020. Hence, they did not attend any of the meetings in FY2019.

Newly appointed directors will be given briefings and orientation by the Executive Directors and the Management to familiarise them with the businesses and operations of the Group. The newly appointed directors will also be provided with an opportunity to conduct a site visit at the Group’s medical centres. Upon appointment, the Director will receive a letter of appointment setting out his/her duties and responsibilities.

The Company will arrange and fund the requisite training as prescribed by the SGX-ST under Rule 406(3)(a) and Practice Note 4D of the Catalist Rules within one year from the date of appointment for any newly appointed directors who do not possess any prior experience as a director of a Singapore public listed company.

REPORT ON CORPORATE GOVERNANCE

In relation to the “Post Offer Board Arrangement” as stated in the Pre-Conditional Offer Announcement dated 26 August 2019, issued by CEL Impetus Corporate Finance Pte. Ltd., for and on behalf of Aier Eye (the “Offeror”), a direct wholly-owned subsidiary of Aier, the Offeror had nominated two directors to the board of directors of the Company. Accordingly, Mr Chen Bang and Ms Zhang Yongmei were appointed as Non-Independent and Non-Executive Directors on 27 December 2019.

Mr Li Li was appointed as Non-Independent and Non-Executive Director on 25 March 2020.

The Board values on-going professional development and recognises that it is important that all Directors receive regular training so as to be able to serve effectively on and contribute to the Board. While there is currently no formal continuous professional development policy in place, the Management monitors the availability of on-going relevant courses and seminars and keeps the Directors apprised accordingly and will make the arrangements for Directors who are keen to attend any such courses or seminars.

The Directors may join institutes and group associations of specific interests, and attend relevant training seminars or informative talks from time to time so that they are in a better position to discharge their duties. The Company encourages the Directors to attend courses in areas of Directors’ duties and responsibilities, corporate governance, changes in financial reporting standards, insider trading, changes in the Companies Act, Chapter 50 of Singapore (the “Companies Act”) and industry-related matters, to develop themselves professionally, at the Company’s expense.

The Board is regularly briefed on recent updates and changes in relation to accounting standards, amendments to the Companies Act and Catalyst Rules, and other applicable regulatory updates or amendments to relevant laws, rules and regulations from time to time.

For FY2019, briefings, updates and trainings for the Directors included:

- briefing by the external auditor (“EA”) on changes to accounting standards at the AC meetings; and
- updates by the Company Secretary on amendments to the Companies Act and Catalyst Rules, from time to time.

Board Composition and Guidance

Principle 2 – The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

As at 31 December 2019, the Board comprises seven Directors, as set out below. There are two Executive Directors namely, Dr Lee Hung Ming, who is an Executive Vice Chairman of the Company, and Dr Wong Jun Shyan, who is an Executive Director and Chief Executive Officer of the Company. The Independent Non-Executive Directors comprise Mr Sitoh Yih Pin, Professor Low Teck Seng and Mr Lim Wee Hann and the Non-Independent and Non-Executive Directors comprise Mr Chen Bang and Ms Zhang Yongmei.

Mr Li Li was appointed as Non-Independent and Non-Executive Director on 25 March 2020, leading to current Board comprising eight Directors as at the date of this Annual Report.

Details of the Directors’ qualifications and experiences are set out on pages 6 to 12 of this Annual Report.

In accordance with the Companies Act requirements, Directors are required to and will declare any personal interest in transactions or contracts involving the Group; and other directorships or shareholdings in other companies. In addition, Directors are also required to declare any corporate developments relating to their external appointments which may affect their independence. This ensures that Directors continually meet the stringent requirements of independence under the Code.

The NC evaluates on an annual basis whether or not a Director is independent in accordance with Rule 406(3)(d) of the Catalyst Rules and the Code bearing in mind the Code’s definition of an “Independent Director” and guidance as to the relationships, the existence of which would deem a Director not to be independent. Under the Code, an Independent Director is one who is independent in conduct, character and judgment, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers, that could interfere, or be reasonably perceived to interfere, with the exercise of the Director’s independent business judgment in the best interests of the Company. Under the Catalyst Rules, a Director will not be deemed independent if he is employed by the Company or its related corporations for the current or any of the past three financial years, or if he has an immediate family member who is employed or has been employed by the Company or its related corporations for the past three financial years, and whose remuneration is determined by the Company’s RC.

REPORT ON CORPORATE GOVERNANCE

The Directors complete an annual declaration of independence, whereby they are required to assess their independence, after taking into account the above requirements, which is then put to the NC for review. The Directors are mindful, however, that the relationships identified in the annual confirmation of independence are only indicators of possible situations where independent judgment may be impaired, but are not in themselves conclusive, and they are also required to disclose any relationship with the Company, its related corporations or its officers which may interfere with, the exercise of their independent business judgment in the best interests of the Company, or would otherwise deem them to be not independent.

The Board and the NC have ascertained that for FY2019, three out of its seven Directors are independent.

For FY2019, the Group had incurred fees in excess of S\$200,000 to Rajah & Tann Singapore LLP (“**R&T**”) and its Malaysia member firm Christopher & Lee Ong (“**CLO**”) for legal services rendered to the Group. Mr Lim Wee Hann, an Independent Director of the Company, is a partner of R&T and CLO. Notwithstanding, the NC with the concurrence of the Board (save for Mr Lim Wee Hann), is of the opinion that Mr Lim Wee Hann remains independent after taking into consideration the following representation from Mr Lim Wee Hann:

- (1) Mr Lim Wee Hann is a partner in R&T and CLO but does not have a 10% or more stake in each of R&T and CLO;
- (2) Mr Lim Wee Hann is neither the managing partner nor part of the executive committee of R&T and is not involved in the management of R&T. Mr Lim Wee Hann is also not involved in the management of CLO;
- (3) Mr Lim Wee Hann’s roles in R&T and CLO are non-executive in nature and he is not involved in the day-to-day conduct of the business of R&T and CLO;
- (4) Mr Lim Wee Hann was not involved in the provision of legal services by R&T and CLO to the Group and was not involved in the negotiations, deliberations and the delivery of services by R&T and CLO to the Group;
- (5) The partners in charge of the Group’s projects at R&T are not related to Mr Lim Wee Hann and do not report to him;
- (6) The partners in charge of the Group’s projects at CLO are not related to Mr Lim Wee Hann and do not report to him;
- (7) The fees charged by the respective R&T and CLO to the Group were on arm’s length basis and were based on normal commercial terms;
- (8) Mr Lim Wee Hann had not previously provided any legal services to the Group; and
- (9) Mr Lim Wee Hann had abstained and will abstain from and will not be involved in any discussions, deliberations or decisions of the Board of Directors in relation to the negotiation of fees payable to R&T and CLO.

The NC (save for Mr Lim Wee Hann who abstained from deliberation in this matter) also took into account Mr Lim’s actual performance and valuable contributions on the Board and Board Committees and the outcome of the recent assessment of individual Directors’ performance. It agreed that Mr Lim Wee Hann had at all times discharged his duties with professionalism and objectivity and exercised strong independent judgment in the best interests of the Company and should therefore continue to be deemed an independent Director.

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

For FY2019, the NC had reviewed the size and composition of the Board for effective decision making, taking into account factors such as the scope and nature of the operations of the Group and the core competencies of Board members in the fields of medical, accounting and finance, and professional legal services. The Non-Executive Directors are able to constructively challenge and assist in the development of the business strategies and in reviewing and monitoring of the Management’s performance against set targets.

The Non-Executive Directors and/or the Independent Directors may at any time meet separately without the presence of the Management. For FY2019, the Independent Directors have met without the presence of the Management.

REPORT ON CORPORATE GOVERNANCE

The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender and age. Currently and for FY2019, the Board composition provides a diversity of skills, experience, and knowledge to the Company as follows:

Balance and Diversity of the Board (As at 31 December 2019)		
	Number of Directors	Proportion of Board
Core Competencies		
– Accounting or finance-related	2	29%
– Business and management experience	7	100%
– Engineering & research and development	2	29%
– Legal or corporate governance	5	71%
– Relevant industry knowledge	4	57%
– Strategic planning experience	7	100%

Balance and Diversity of the Board (Current)		
	Number of Directors	Proportion of Board
Core Competencies		
– Accounting or finance-related	2	25%
– Business and management experience	8	100%
– Engineering & research and development	3	38%
– Legal or corporate governance	6	75%
– Relevant industry knowledge	5	63%
– Strategic planning experience	8	100%

The Board has taken the following steps to maintain or enhance its balance and diversity:

- Annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and
- Annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board.

The NC has considered the results of these exercises in its recommendation for the appointment of new Directors and/or the re-appointment of incumbent Directors.

Chairman and Chief Executive Officer

Principle 3 – There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

The roles of the Chairman and Chief Executive Officer (“CEO”) in the Company are separated. Mr Sitoh Yih Pin is the Non-Executive Chairman of the Board and is also the Independent Director. Dr Wong Jun Shyan is our CEO. The Chairman and the CEO are not related to each other nor of the same immediate family.

The CEO has the executive responsibility for the day-to-day operations of the Group whilst the Chairman provides overall leadership to the Board. The Chairman, with the help of the Company Secretary, ensures that Board meetings are held as and when necessary and sets the meeting agenda in consultation with the CEO and fellow Directors and other executives, and if warranted, with professional advisors.

The Board has not appointed a Lead Independent Director as the Chairman and the CEO are already separate persons, are not related to each other and the Chairman is not involved in the day-to-day running of the Company's business and operations. The Chairman is independent from the Management and business relationships with the Company and its subsidiaries. He is also independent of the Management and performs an effective check and balance on the Management.

REPORT ON CORPORATE GOVERNANCE

The NC has deliberated and is of the view that the appointment of a Lead Independent Director is not necessary given that the Chairman is independent, and that the current Board comprises majority Non-Executive Directors. As part of its continuous assessment of corporate governance standards, the Board will appoint a Lead Independent Director when the Board situation warrants it.

Board Membership

Principle 4 – The Board has a formal and transparent process for the appointment and re-appointment of Directors, taking into account the need for progressive renewal of the Board.

The Company has established the NC to make recommendations to the Board on all Board appointments and re-appointments. The key terms of reference of the NC include:

- (a) making recommendations to the Board on relevant matters relating to (i) the review of Board succession plans for Directors, in particular, the Chairman, CEO and any other key management personnel, (ii) the process and criteria for evaluation of the performance of the Board, its Board Committees and its Directors, (iii) the review of training and professional development programs for the Board and its Directors; and (iv) the appointment and re-appointment of Directors (including alternate Directors, if applicable);
- (b) reviewing and determining annually, and as and when circumstances require, if a Director is independent, in accordance with the Catalist Rules, the Code and any other salient factors;
- (c) reviewing the composition of the Board annually to ensure that the Board and its committees comprise Directors who as a group provide an appropriate balance and diversity of skills, expertise, gender, age and knowledge of the Group and provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience and knowledge; and
- (d) where a Director has multiple board representations, deciding whether the Director is able to and has been adequately carrying out his duties as a Director, taking into consideration the Director's number of listed company board representations and other principal commitments.

The current NC comprises three Directors, all of whom including the Chairman, are non-executive and independent. The current NC members are:

- Professor Low Teck Seng (Chairman)
- Sitoh Yih Pin
- Lim Wee Hann

Professor Low Teck Seng will be retiring by rotation pursuant to Article 114 of the Constitution at this AGM and will not be seeking re-election and will also concurrently cease to be Chairman of the NC.

The NC (save for Mr Lim Wee Hann who had abstained from deliberation in this matter) had reviewed and recommended the appointment of Mr Lim Wee Hann as Chairman of the NC upon Professor Low Teck Seng's retirement which the Board has approved. The NC had also reviewed and recommended the appointment of Ms Zhang Yongmei as a member of the NC upon Professor Low Teck Seng's retirement and the Board approved. The Company will make the relevant announcement on the changes in the composition of the Board and Board Committees at the appropriate time.

The NC has implemented a process for assessing the effectiveness of the Board as a whole and its committees, and for assessing the contribution of our Chairman and each individual Director to the effectiveness of the Board. The Chairman will act on the results of the performance evaluation of the Board, and in consultation with the NC to propose, where appropriate, any new member to be appointed to the Board or seek the resignation of an existing Director.

At each AGM of the Company, the Constitution requires one-third of the Directors (or, if their number is not a multiple of three, the number nearest to but not less than one-third) to retire from office by rotation, being one-third of those who have been longest in office since their last re-election. All Directors must also submit themselves for re-nomination and re-election at least once every three years under Catalist Rule 720(4). Newly appointed Directors are required to submit themselves for re-election at the next AGM following their appointments. As Mr Chen Bang and Ms Zhang Yongmei were appointed as Non-Independent and Non-Executive Directors of the Company on 27 December 2019, they will be submitting themselves for re-election at this AGM pursuant to Article 118 of the Constitution. Further, as Mr Li Li was appointed as Non-Independent and Non-Executive Director of the Company on 25 March 2020, he will be submitting himself for re-election at this AGM pursuant to Article 118 of the Constitution.

REPORT ON CORPORATE GOVERNANCE

Both Professor Low Teck Seng and Dr Wong Jun Shyan will retire pursuant to Article 114 of the Constitution at this AGM and will not be seeking re-election.

The NC had reviewed and recommended that Mr Chen Bang, Ms Zhang Yongmei and Mr Li Li, who will retire pursuant to Article 118 of the Constitution, being eligible and having consented, be nominated for re-election as Directors at this AGM, and subject to being duly re-elected.

The detailed information of Mr Chen Bang, Ms Zhang Yongmei and Mr Li Li, including information as required under Appendix 7F of the Catalist Rules can be found in the Board of Directors' Profiles of this Report.

Mr Chen Bang, Ms Zhang Yongmei and Mr Li Li will, upon re-election as Directors of the Company, remain as Non-Independent and Non-Executive Directors.

These Directors had abstained from participating in the discussion and recommendation on their respective nominations.

Following the appointments of Mr Chen Bang, Ms Zhang Yongmei and Mr Li Li, and the retirement of Professor Low Teck Seng and Dr Wong Jun Shyan by rotation pursuant to Article 114 of the Constitution upon the conclusion of the AGM, the Board will comprise of six members, two of whom are Independent and Non-Executive, three of whom are Non-Independent and Non-Executive and one of whom is Non-Independent and Executive. As the Chairman of the Board (Mr Sitoh Yih Pin) is an Independent Director, and that Non-Executive Directors make up majority of the Board, the Company continues to comply with Provision 2.2 and 2.3 of the Code.

In assessing and recommending a candidate for appointment to the Board, the NC takes into consideration the background, qualifications, experience and knowledge that the candidate brings and which could benefit the Board. Other important issues to be considered as part of the process for the selection, appointment and re-appointment of Directors include the composition and progressive renewal of the Board and each Director's competencies, commitment, contribution and performance (e.g. attendance, preparedness, participation and candor), if applicable, as an Independent Director.

The NC may also engage external search consultants to search for new Directors at the Company's expense. New Directors are appointed by way of a board resolution after the NC recommends the appointment for approval by the Board.

As a broad-based NC policy, the board nomination process for evaluating an Executive Director vis-a-vis a Non-Executive or Independent Director is different. For an Executive Director, the nomination process would in general be tied to his ability to contribute through his acumen and thinking process of the businesses. As for a Non-Executive or Independent Director, his nominations are hinged on myriad of criteria whereby he should possess the independence of mind despite confirmation via in writing, as evaluated by the NC. The existing Independent Directors were selected from contacts as recommended to the Management, where the Management had in their opinion, deemed that these professionals will be able to give an independent view to take the Group's businesses to a higher level as the Executive Directors do not have listed company directorship experience apart from their current directorship in the Company.

Furthermore, the NC also had considered, and is of the opinion, that based on the following considerations evaluated, they had not impeded any Director's performance for FY2019 from carrying out their duties to the Company:

- (a) expected and/or competing time commitments of each Director;
- (b) number of board representation held by each Director;
- (c) size and composition of the Board; and
- (d) nature and scope of the Group's operations and size.

For FY2019, the Board did not set any cap on the number of listed company directorships given that all Directors were able to dedicate their time to the business of the Company. Nevertheless, if the Board finds that time commitment is lacking from any particular Director, they may consider imposing a cap in future.

The Company currently has no alternate director. Alternate directors will be appointed as and when the Board deems necessary. Circumstances which warrant such appointments may include health, age-related concerns as well as the Management succession plans. The proposed appointment of alternate directors, if any, shall be subject to rigorous review and recommendation of the NC on a case-by-case basis, before it is recommended to the Board for approval.

REPORT ON CORPORATE GOVERNANCE

The following key information regarding Directors are set out on the following pages of this Annual Report:

- (a) Pages 6 to 12 – Academic and professional qualifications, date of first appointment as Director, if any, directorships or chairmanships both present and those held over the preceding three years in other listed companies and other major appointments, whether the appointment is executive or non-executive, or considered by the NC to be independent; and
- (b) Page 38 – Shareholdings, if any, in the Company and its subsidiaries.

Board Performance

Principle 5 – The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual Directors.

The NC is responsible for assessing the effectiveness of the Board as a whole, the Board Committees and each individual Director. The NC decides how the Board's performance may be evaluated and proposes objective performance criteria that are approved by the Board.

The criteria for evaluation of the performance of individual Directors include qualitative and quantitative factors such as performance of principal functions and fiduciary duties, Director's attendance at meetings and his contribution and performance at such meetings. The NC and the Board strives to ensure that each Director, with his contributions, brings to the Board an objective perspective to enable balanced and well-considered decisions to be made.

The NC meets once a year, and as warranted by circumstances, to discharge its functions. One NC meeting was held in FY2019.

The NC has in place an annual performance evaluation process for assessing the effectiveness of the Board as a whole and its Board Committees and for assessing the contribution by the Chairman and each individual Director to the effectiveness of the Board. The Company Secretary will collate the Board's, Board Committees' and Directors' evaluations and provide the summary observations to the NC Chairman and the Board Chairman. The NC would then discuss the evaluation and conclude the performance results during the NC meeting.

The NC had at a meeting held in February 2020 assessed the FY2019 performance of the Board, the Board Committees and individual Directors (including the Chairman). The assessment of the Board and the Board Committees is done via a confidential questionnaire, covering areas such as Board composition, Board processes, managing the Group's performance and the effectiveness of the Board in its monitoring role and the effectiveness of the respective Board Committees. The assessment of the individual Directors is done through peer assessments through a confidential questionnaire completed by each Director. The assessment parameters include attendance and contributions during Board and Board Committee meetings as well as commitment to their role as Directors.

The NC, in consultation with the Chairman of the Board, would review the criteria on a periodic basis to ensure that the criteria are able to provide an accurate and effective performance assessment taking into consideration industry standards and the economic climate with the objective to enhance long term shareholders value, thereafter propose amendments, if any, to the Board for approval.

The NC, having reviewed the performance of the Board in terms of its roles and responsibilities and the conduct of its affairs as a whole, is of the view that the Board and the Board Committees have operated effectively and each Director (including the Chairman) has contributed to the overall effectiveness of the Board for FY2019. No external facilitator was used in the evaluation process.

The Management, including the Executive Directors, keeps the Board apprised of the Group's operations and performance through quarterly updates and reports as well as through informal discussions. Key executives who can provide additional insight into the matters at hand would be invited to the Board meeting.

As soon as practicable and before each meeting, the Management would provide the Board members with sufficient relevant information relating to matters to be brought before the Board. The Management also provides the Board with quarterly updates on financial results, operational performance, business development and other important and relevant information. On an ongoing basis, all Board members have separate and independent access to the Management should they have any queries or require additional information on the affairs of the Group.

REPORT ON CORPORATE GOVERNANCE

The Management will also on best endeavours, encrypt documents which bear material price-sensitive information when circulating documents electronically.

The Directors also have access to the Company Secretary who attends all Board and Board Committees' meetings. The Company Secretary also assists the Chairman and the Board to implement and strengthen corporate governance practices and processes. The Board is given the names and contact details of the Company's Management and the Company Secretary to facilitate direct, separate and independent access. The appointment and removal of the Company Secretary is subject to the approval of the Board as a whole.

Where the Directors, either individually or as a group, in the furtherance of their duties, require independent professional advice, assistance is made available to them in obtaining such advice at the Company's expense.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6 – The Board has a formal and transparent procedure for developing policies on Director and executive remuneration, and for fixing the remuneration packages of individual Directors and key management personnel. No Director is involved in deciding his or her own remuneration.

The terms of reference of the RC cover the functions described in the Code including but not limited to, the following:

- (a) reviewing and recommending to the Board, in consultation with the Chairman of the Board for endorsement, a comprehensive remuneration policy framework and guidelines for remuneration of Directors, the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of our Company ("**Key Management Personnel**");
- (b) reviewing and recommending to the Board for endorsement, the specific remuneration packages for each Director and Key Management Personnel;
- (c) reviewing and approving the design of all share option plans, performance share plans and/or other equity-based plans;
- (d) in the case of service contracts, reviewing the Company's obligations arising in the event of termination of the Directors' or Key Management Personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous, with a view to being fair and avoiding the reward of poor performance; and
- (e) approving performance targets for assessing the performance of each of the Key Management Personnel and recommend such targets for each of such Key Management Personnel, for endorsement by the Board.

The current RC comprises entirely Non-Executive Directors, all of whom are independent. The current RC meets at least once a year, and as warranted by circumstances, to discharge its functions. The RC members are:

- Mr Lim Wee Hann (Chairman)
- Mr Sitoh Yih Pin
- Professor Low Teck Seng

Professor Low Teck Seng will be retiring by rotation pursuant to Article 114 of the Constitution at this AGM and will not be seeking re-election and will also concurrently cease to be a member of the RC.

The NC had reviewed and recommended the appointment of Ms Zhang Yongmei as a member of the RC upon Professor Low Teck Seng's retirement and the Board approved. The Company will make the relevant announcement on the changes in the composition of the Board and Board Committees at the appropriate time.

All recommendations made by the RC on remuneration of Directors and Key Management Personnel will be submitted for endorsement by the Board. No member of the RC is involved in setting his own remuneration package. As and when deemed appropriate by the RC, independent expert advice is sought at the Company's expense. The RC shall ensure that existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants.

REPORT ON CORPORATE GOVERNANCE

Level and Mix of Remuneration

Principle 7 – The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the Company.

The RC recommends to the Board the quantum of Directors' fees and the Board in turn endorses the recommendation for shareholders' approval at each AGM. To facilitate timely payment of Directors' fees, the Company has recommended for the Directors' fees amounting to S\$150,000 to be paid on a quarterly basis in arrears for the financial year ending 31 December 2020 once approval is obtained from shareholders at this AGM.

The remuneration packages take into consideration (1) the performance of the Group and individual assessment of each Non-Executive Director, and (2) the level of contribution to the Company and Board, taking into account various factors including but not limited to efforts and time spent, responsibilities and duties of the Directors.

For the Executive Directors and Key Management Personnel, each of their service agreements and/or compensation packages is reviewed by the RC. These service agreements cover the terms of employment and specifically, the salaries and bonuses of the Executive Directors and Key Management Personnel. The Company may terminate a service agreement if, *inter-alia*, the relevant Executive Director or Key Management Personnel is guilty of dishonesty or serious or persistent misconduct, become bankrupt or otherwise act to the Company's prejudice. Executive Directors of the Company are not entitled to any Directors' fees.

The Company has entered into separate service agreements (the "**Service Agreements**") and supplemental service and employment agreements with the Executive Directors, namely, Dr Lee Hung Ming and Dr Wong Jun Shyan. Please refer to our Offer Document dated 14 October 2014 pages 140 and 141 for the details of the Service Agreements and the Offer Document dated 8 November 2019 for the details of the supplemental service and employment agreements.

The RC will ensure that the Independent Directors are not over-compensated to the extent that their independence may be compromised. Non-Executive Directors are able to participate in the ISEC Healthcare Share Option Scheme and the ISEC Healthcare Performance Share Plan and hold shares in the Company so as to better align their interests with the interests of shareholders.

For FY2019, the RC had reviewed the compensation and remuneration packages and believes that the remuneration of Directors and Key Management Personnel commensurate with their respective roles and responsibilities, after taking into consideration the referencing of Directors' and Key Management Personnel's remuneration against comparable benchmarks and giving due regard to prevailing market conditions as well as the financial, commercial health and business needs of the Group. For FY2019, the Company did not engage any external remuneration consultant to assist in the review of compensation and remuneration packages as there is no significant change in the size and scope of the Group's core business. Notwithstanding, the Company shall consider the engagement of external remuneration consultants should the Group's business or operations expand to the extent where expert advice from such external remuneration consultants is deemed more beneficial than its cost.

There are no termination, retirement and post-employment benefits that may be granted to the Directors, the CEO and the top 5 Key Management Personnel.

REPORT ON CORPORATE GOVERNANCE

Disclosure on Remuneration

Principle 8 – The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

The breakdown (in percentage terms) of the remuneration of Directors of the Company for FY2019 is set out below:

Remuneration and Name of Director	Salary and Allowance ⁽¹⁾ (%)	Fixed Bonus ⁽¹⁾ (%)	Variable Bonus ⁽¹⁾ (%)	Directors' Fees ⁽²⁾ (%)	Total (%)
From S\$0 to S\$250,000					
Chen Bang ⁽³⁾	–	–	–	–	–
Zhang Yongmei ⁽³⁾	–	–	–	–	–
Lim Wee Hann	–	–	–	100	100
Professor Low Teck Seng	–	–	–	100	100
Sitoh Yih Pin	–	–	–	100	100
From S\$750,001 to S\$1,000,000					
Dr Lee Hung Ming	68	32	–	–	100
From S\$1,000,001 to S\$1,250,000					
Dr Wong Jun Shyan	100	–	–	–	100

The breakdown (in percentage terms) of the remuneration of the top 5 Key Management Personnel (who are not Directors and the CEO) of the Group for FY2019 is set out below:

Remuneration and Name of Key Management Personnel	Designation	Salary and Allowance ⁽¹⁾ (%)	Variable Bonus ⁽¹⁾ (%)	Consultancy Fees (%)	Directors' Fees ⁽⁴⁾ (%)	Total (%)
From S\$250,001 to S\$500,000						
Macy Thong ⁽⁵⁾	Chief Financial Officer	81	19	–	–	100
From S\$500,001 to S\$750,000						
Dr Fang Seng Kheong	Medical Board Chairman	100	–	–	–	100
Dr Alan Ang Jin Soon	Penang Centre Director	43	57	–	–	100
Dr Robert Yeo Kim Chuan	Malacca Centre Director	76	22	2	–	100
From S\$750,001 to S\$1,000,000						
Dr Choong Yee Fong	Kuala Lumpur Centre Director	97	2	–	1	100

Notes:

- (1) The salary, allowance, fixed and variable bonus amounts shown are inclusive of Central Provident Funds and Employees' Provident Funds contributions respectively.
- (2) The Directors' fees were approved in the previous AGM held on 24 April 2019.
- (3) Chen Bang and Zhang Yongmei were appointed as Non-Independent and Non-Executive Directors on 27 December 2019. Hence, no fees were proposed for FY2019.
- (4) Dr Choong Yee Fong ("Dr Choong") is a Director of the Company's subsidiary, ISEC Sdn. Bhd. ("ISEC KL"). There are Directors' fees payable to Dr Choong from ISEC KL for FY2019. The Directors' fees payable to Dr Choong are not part of the Directors' fees subject to shareholders' approval at this AGM of the Company.
- (5) Macy Thong resigned as Chief Financial Officer on 31 January 2020.

REPORT ON CORPORATE GOVERNANCE

Given the highly competitive conditions due to the niche industry in which the Group operates in, and the sensitive and confidential nature of such information of each Director and Key Management Personnel, the Company believes that the full disclosure of the remuneration as recommended by the Code may not be in the best interest of the Group. Nevertheless, the Company has sought to provide the remuneration in the bands of S\$250,000 and also a breakdown in percentage terms.

In aggregate, the total remuneration paid to the top 5 Key Management Personnel (who are not Directors and the CEO) was S\$3,274,000 for FY2019. Dr Lee Yeng Fen, who is the spouse of Dr Lee Hung Ming, the Group's Executive Vice-Chairman, received a remuneration of between S\$200,001 to S\$250,000 for FY2019. Save for Dr Lee Yeng Fen, there is no family relationship between any of our Directors, CEO and/or Key Management Personnel, and there is no employee who is an immediate family member of a Director and/or CEO whose remuneration exceeded S\$100,000 for FY2019.

The remuneration received by the Executive Directors and Key Management Personnel takes into consideration his or her individual performance and contribution toward the overall performance of the Group for FY2019. Their remuneration is made up of fixed and variable compensations. The fixed compensation consists of an annual base salary and fixed allowance. The variable compensation is determined based on the level of achievement of corporate and individual performance objectives. The RC has reviewed and is satisfied that the Executive Directors and Key Management Personnel have met their performance conditions for FY2019.

SHARE OPTION SCHEME

On 26 September 2014, the shareholders adopted the "ISEC Healthcare Share Option Scheme" (the "**Share Option Scheme**"). The Share Option Scheme has been assigned by the Board of Directors to be administered by a committee comprising members of our Remuneration Committee (the "**Committee**"). At the date of this Annual Report, the RC comprises Mr Lim Wee Hann, Mr Sitoh Yih Pin and Professor Low Teck Seng.

The primary objective of establishing the Share Option Scheme is to provide eligible participants (the "**Participants**") with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty. The Share Option Scheme, which forms an integral and important component of a compensation plan, is designed to primarily reward and retain Directors (including Independent Directors) and employees of the Group whose services are vital to our well-being and success. The other objectives of the Share Option Scheme are as follows:

- to retain key employees and Directors of the Group whose contributions are essential to the long-term growth and prosperity of the Group;
- to instill loyalty to, and a stronger identification by Participants with the long-term prosperity of the Company;
- to attract potential employees with relevant skills to contribute to the Group and to create value for our shareholders; and
- to align the interests of Participants with the interests of our shareholders.

The Share Option Scheme allows for participation by full-time employees of the Group and Directors (including Independent Directors) who have attained the age of 21 years on or before the relevant date of grant of the option, provided that none shall be an undischarged bankrupt or have entered into a composition with his creditors. The aggregate number of shares which may be offered by way of grant of options to the controlling shareholders and their respective associates under the Share Option Scheme shall not exceed 25% of the total number of shares available under the Share Option Scheme, with the number of shares which may be offered by way of grant of options to each controlling shareholder and his respective associate not exceeding 10% of the total number of shares available under the Share Option Scheme.

The total number of shares over which the Committee may grant options on any date, when added to the number of shares issued and issuable in respect of all options granted under the Share Option Scheme (including the PSP (as defined herein) and any other share schemes of our Company) shall not exceed 15% of the number of all issued shares (excluding treasury shares) on the day preceding the date of the relevant grant.

The options that are granted under the Share Option Scheme may have exercise prices that are, at the discretion of the Committee:

- (a) set at a discount to a price equal to the average of the last dealt prices for the shares on the SGX-ST for the five (5) consecutive market days, on which transactions in the shares were recorded, immediately preceding the relevant date of grant of the relevant option (the "**Market Price**") subject to a maximum discount of 20% (the "**Incentive Options**"); or
- (b) fixed at the Market Price (the "**Market Price Options**").

REPORT ON CORPORATE GOVERNANCE

Subject as provided in the Share Option Scheme and any other conditions as may be introduced by the Committee from time to time, a Market Price Option or an Incentive Option, as the case may be, shall be exercisable, in whole or in part, as follows:

- (a) in the case of a Market Price Option, during the period commencing after the first anniversary of the date of grant and expiring on the tenth anniversary of such date of grant (or such shorter period if so determined by the Committee); and
- (b) in the case of an Incentive Option, during the period commencing after the second anniversary of the date of grant and expiring on the tenth anniversary of such date of grant (or such shorter period if so determined by the Committee).

The Share Option Scheme shall continue in operation for a maximum period of 10 years commencing on the date on which the Share Option Scheme is adopted by our Company in general meeting, provided that the Share Option Scheme may continue for any further period thereafter with the approval of our Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

For FY2019, no share options has been awarded under the Share Option Scheme since its adoption.

The Committee had, on 26 February 2020, resolved to grant share options to various Participants at the Market Price exercise price at a date to be determined by the Management.

As at the date of this report, no share options has been awarded under the Share Option Scheme since its adoption.

PERFORMANCE SHARE PLAN

On 28 April 2016, the shareholders adopted the "ISEC Healthcare Performance Share Plan" (the "**PSP**"). The PSP has been assigned by the Board of Directors to be administered by the RC, or such other committee comprising Directors duly authorised, appointed and nominated by the Board to administer the PSP. At the date of this annual report, the RC comprises Mr Lim Wee Hann, Mr Sitoh Yih Pin and Professor Low Teck Seng.

The adoption of the PSP in 2016 was in line with the Company's continuing efforts to increase the Company's flexibility and effectiveness in rewarding, retaining and motivating the Group's employees (including Executive Directors of the Company, its subsidiaries and/or associated companies) as well as Non-Executive Directors whose contributions are essential to the Company's long-term growth and prosperity.

The PSP allows for participation by the Group's employees (including Executive Directors of the Company, its subsidiaries and/or associated companies) as well as Non-Executive Directors, subject to the absolute discretion of the RC, provided that such persons have attained the age of 21 years on or before the relevant date of grant of the award and are not undischarged bankrupts or have not entered into any composition with their creditors. Eligible participants (the "**Participants**") under the PSP will have the opportunity to participate in the equity of the Company, thereby aligning their interests with the interests of the Company and shareholders, motivating them towards long- term growth and profitability of the Group and better performance through increased dedication and incentives.

The PSP gives the Company greater flexibility to align the interest of its key Directors and executives with those of shareholders. The PSP would also incentivise Participants to excel in their performance and encourage greater dedication and loyalty to the Company by introducing a variable component in their remuneration package. The PSP contemplates the award of fully-paid shares after certain pre-determined performance targets have been met (the "**Awards**"). The Company believes that the PSP will be more effective than pure cash bonuses in motivating employees to work towards determined goals.

Under the PSP, the size of the Award granted to a Participant will be determined based on, amongst others, his rank, past performance, length of service, potential for future development and his contribution to the success and development of the Group as determined by the RC prior to the date of grant. The performance period is a period prescribed by the RC during which the performance conditions and targets shall be satisfied. Awards may only be vested, and consequently any shares comprised in such Award shall only be delivered, upon the RC being satisfied, at its absolute discretion, that the Participant has achieved the performance target(s), service conditions and/or such other conditions such as vesting period(s) or vesting schedules applicable for the release of the Award and/or all or any of the Shares or cash equivalent or both to which that Award relates, and/or upon the RC being satisfied that due recognition should be given for good work performance and/or significant contribution to the Company.

REPORT ON CORPORATE GOVERNANCE

The RC shall decide, amongst others, the Participant, date of grant of the Award, the number of shares which are the subject of an Award, the performance target(s), the performance period and vesting period in relation to each Award.

The Company had also obtained the specific approval of shareholders for the participation of Dr Lee Hung Ming, the Executive Vice Chairman and then controlling shareholder of the Company, in the PSP. The aggregate number of shares which may be delivered to Participants who are controlling shareholders and their respective associates under the PSP shall not exceed 25% of the aggregate number of new shares issued and/or issuable under the PSP, the Share Option Scheme and any other share scheme which the Company may implement from time to time, with the number of shares which may be issued pursuant to Awards granted to each controlling shareholder or his respective associate not exceeding 10% of the aggregate number of new shares issued and/or issuable under the PSP, the Share Option Scheme and any other share scheme which the Company may implement from time to time.

The aggregate number of shares which may be issued pursuant to Awards granted under the PSP, when added to the number of new shares issued and issuable in respect of all Awards granted under the PSP, the Share Option Scheme and any other share scheme which the Company may implement from time to time, shall not exceed 15% of the total number of issued shares (excluding treasury shares) of the Company on the day preceding the date of grant of the Award.

Further details on the Company's PSP are set out in the Company's circular to shareholders dated 13 April 2016. As at the date of this report, no share award has been granted under the PSP since its adoption.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9 – The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders.

The Board is responsible for providing a balanced and understandable assessment of the Group's performance, position and prospects, including interim and other price sensitive public information and reports to regulators (if required). The Management provides Directors on a quarterly basis with sufficient relevant information on the Group's financial performance and commentary of the competitive conditions of the industry in which the Group operates. The Company adopts a policy which welcomes Directors to request for further explanations, briefings or informal discussions on any aspect of the Group's operations or business from the Management.

The AC reports to the Board on the financial results for review and approval. The Board approves the financial results after review and authorises the release of the results on SGXNET to the public. The Company also uploads the latest announcement(s) which has been disseminated via SGXNET on its website www.isechealthcare.com.

The Board has the overall responsibility for the Group's risk management and internal controls in safeguarding shareholders' interests and the Group's assets. The Group's internal controls and systems are designed to provide reasonable assurance as to the integrity and reliability of the financial information, and to safeguard and maintain accountability of assets. Procedures are in place to identify major business risks and evaluate potential financial implications, as well as for the authorisation of capital expenditure and investments.

The AC, on behalf of the Board, reviews the adequacy and effectiveness of the Group's system of internal controls, including financial, operational, compliance and information technology controls, and risk management policies and systems established by Management on an annual basis. The Group currently does not have a Board Risk Management Committee but the Board has approved a "Risk Governance and Internal Control Framework Manual" dated May 2017 which sets out the following risk management policies, where the Management is required to strictly adhere to. They are:

- Code of Ethics
- Risk Appetite and Risk Tolerance Guidance
- Authority and Risk Control Matrix
- Key Control Activities
- Key Reporting and Monitoring Activities

Dr Choong Yee Fong, Medical Director of ISEC Sdn Bhd, has been appointed by the CEO as the Group's Chief Risk Officer and he is assisting the AC in overseeing the overall adequacy and effectiveness of the Group's risk management systems and procedures.

REPORT ON CORPORATE GOVERNANCE

The Management also regularly reviews the Group's business and operations to identify areas of significant business risks and controls to mitigate the risks. The Management will highlight all significant matters to the Board and AC.

For FY2019, the AC had received assurance from the CEO and the Chief Financial Officer ("CFO") that:

- accounting and other records have been properly maintained and the Company's risk management and internal control systems are adequate and effective; and
- the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances.

The design, implementation and operation of the accounting and internal control systems are intended to prevent and detect fraud and errors. The Board notes that the system of internal controls provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. The Board also notes that no system of internal controls can provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

Based on the framework of risk management and internal controls established and maintained by the Management, reviews carried out by the respective Board Committees, work performed by the internal auditor and external auditor, and assurance from the CEO and CFO, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems are adequate and effective for FY2019.

AUDIT COMMITTEE

Principle 10 – The Board has an Audit Committee which discharges its duties objectively.

The terms of reference of the AC include the following:

- (a) assisting the Board in discharging its statutory responsibilities on financing and accounting matters;
- (b) reviewing significant financial reporting issues and judgments to ensure the integrity of the financial statements and any formal announcements relating to financial performance;
- (c) reviewing the external auditor's audit plan ("**Audit Plan**") and the auditor's report ("**Audit Report**") on the annual financial statements of the Group and the Company before submission to the Board;
- (d) reviewing the adequacy, effectiveness, independence, objectivity of the external audit and the Company's internal audit function;
- (e) reviewing the quarterly relevant financial information, half-yearly and annual financial statements and the Auditor's Report on the annual financial statements of the Company before their submission to the Board (for FY2019, reviewing the quarterly results announcements of the Group and the Company, and annual financial statements and the Auditor's Report on the annual financial statements of the Company before their submission to the Board);
- (f) reviewing the key financial risk areas, the risk management structure and any oversight of the risk management process and activities to mitigate and manage risks at acceptable levels determined by the Board;
- (g) reviewing at least annually, the statements to be included in the annual report concerning the adequacy and effectiveness of the Company's risk management and internal controls systems, including financial, operational, compliance controls, and information technology controls;
- (h) reviewing the assurance from the CEO and CFO on the financial records and financial statements;
- (i) reviewing any interested person transactions and monitoring the procedures established to regulate interested person transactions, including ensuring compliance with the Company's internal control system and the relevant provisions of the Catalist Rules, as well as all conflicts of interests to ensure that proper measures to mitigate such conflicts of interests have been put in place;
- (j) reviewing the policy and arrangement for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on;

REPORT ON CORPORATE GOVERNANCE

- (k) reviewing the internal audit program, scope and reports on a periodic basis and monitor the Management's responsiveness to the findings and recommendations by internal auditor;
- (l) approving the hiring, removal, evaluation and compensation of the head of the internal audit function, or the accounting/auditing firm or corporation to which the internal audit function is outsourced;
- (m) apprising and reporting to the Board on the audits undertaken by the external auditor and internal auditor and the adequacy of disclosure of information;
- (n) making recommendations to the Board on the proposals to shareholders on the appointment, re-appointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor;
- (o) undertaking such other reviews and projects as may be requested by the Board, and report to the same on its findings from time to time on matters arising and requiring the attention of the AC; and
- (p) undertaking generally such other functions and duties as may be required by law or the Catalist Rules, and by amendments made thereto from time to time.

The current members of the AC are:

- Sitoh Yih Pin (Chairman)
- Professor Low Teck Seng
- Lim Wee Hann

Professor Low Teck Seng will be retiring by rotation pursuant to Article 114 of the Constitution at this AGM and will not be seeking re-election and will also concurrently cease to be a member of the AC.

The NC had reviewed and recommended the appointment of Ms Zhang Yongmei as a member of the AC upon Professor Low Teck Seng's retirement and the Board approved. Ms Zhang Yongmei is considered non-independent for the purposes of Rule 704(7) of the Catalist Rules. The Company will make the relevant announcement on the changes in composition of the Board and Board Committees at the appropriate time.

All current members of the AC are independent and non-executive Directors who do not have any management and business relationships with the Company or any substantial shareholder of the Company. None of the current AC members were previous partners or Directors of the Company's external audit firm within the last two years and none of the current AC members hold any financial interest in the external audit firm.

The AC has explicit authority to investigate any matter within its terms of references. It has full access to the Management and full discretion to invite any Director or Key Management Personnel to attend its meetings, and to be provided with reasonable resources to enable it to discharge its functions properly. The Executive Directors and Key Management Personnel were invited to be present at the AC meetings to report and brief the AC members on the financial and operating performance of the Group and to answer any queries from the AC members on any aspect of the operations of the Group.

The external auditor was also, as and when required, invited to be present at AC meetings held for FY2019 to, *inter-alia*, answer or clarify any matter on accounting, audit or internal controls relevant to the audit. The AC meets with the external auditor and the internal auditor in each case without the presence of the Management, at least annually.

The audit and non-audit services that were rendered by the Company's auditors, Ernst & Young LLP Singapore and EY network firms (collectively, "EY"), to the Group and their related fees for FY2019 are as follows:

	\$'000
Audit fees	225
Non-audit fees	43
	<u>268</u>

The AC has reviewed the non-audit services which amounted to 19.1% of total audit fees. The Board, with the concurrence of the AC, is of the opinion that the independence and objectivity of the external auditor have not been affected, taking into account the nature of the non-audit services. In arriving at its opinion, the AC also took into consideration that notwithstanding the non-audit fees as a percentage of audit fees was 19.1%, EY has represented to the AC that it has in place independence safeguards as required by the Singapore Accountants (Public Accountants) Rules and EY had accordingly confirmed it had met the criteria for independence.

REPORT ON CORPORATE GOVERNANCE

The financial statements of the Company and its key subsidiaries are audited by EY. The AC and the Board are of the view that the audit firm is adequately resourced, effective and of appropriate standing within the international affiliation. The AC has reviewed and is satisfied that the appointment of EY as the external auditor would not compromise the standard and effectiveness of the audit of the Company and that the Company has complied with Rules 712 and 715 of the Catalist Rules.

The AC has recommended to the Board the re-appointment of EY as external auditor of the Company at this AGM.

The Company has a whistle-blowing policy whereby staff of the Group and any external parties may, in confidence, raise concerns about possible irregularities in matters of financial reporting or other matters. The policy defines the processes clearly to ensure independent investigation of such matters and permits whistle blowers to report directly via email to the AC Chairman's email account at sitoh@nexiats.com.sg.

The AC has power to conduct or authorise investigations into any matter within the AC's scope of responsibility. No whistle-blowing reports were received for FY2019. Should there be any whistle-blowing cases reported, such cases would be handled in accordance with the Company's whistle blowing policy.

For FY2019, the Board had concluded, with the help of the NC, that the members of the AC are appropriately qualified to discharge their duties and responsibilities. The Board's view is that adequate and reasonable assistance and support has been properly rendered by the Management to the AC and that the AC has effectively and efficiently contributed to the Board and the Group.

For FY2019, the Board is of the view that the AC members have the relevant expertise to discharge the functions of an AC. The AC Chairman is a Chartered Accountant and Professor Low Teck Seng has extensive experience as a director and member of audit committees of other listed companies. Collectively, the AC members have extensive experience in the accounting, financial and investment fields. Reasonable resources have been made available to the AC to enable them to discharge their duties. The AC members also take measures to keep abreast of the changes to accounting standards and issues which have a direct impact on financial statements through attendance at trainings and updates by professionals and external auditor. For FY2019, the AC was provided with information such as updates on the changes to the Singapore Financial Reporting Standards (International) by the external auditor in the course of their report to AC. Following the retirement of Professor Low Teck Seng and the appointment of Ms Zhang Yongmei into the AC, the AC will have at least two members, including the AC Chairman, which has recent and relevant accounting or financial management expertise or experience.

The AC relies on reports from the Management and external and internal auditors on any material non-compliance and internal control weaknesses. Thereafter, the AC oversees and monitors the implementations thereto.

For FY2019, the Group had outsourced its internal audit function to Crowe Horwath Governance Sdn Bhd ("**Crowe Malaysia**"), (the "**IA**" or "**Crowe**"), which reports directly to the AC. The IA has an administrative reporting function to the Management where planning, coordinating, managing and implementing internal audit work cycle are concerned.

The IA will report their audit findings, any material non-compliance or failures in internal control and recommendations for improvements directly to the AC.

The AC has reviewed the report submitted by IA on internal procedures and the internal controls in place and is satisfied that there are adequate and effective internal controls in the Group. The AC will review on an annual basis the independence, adequacy and effectiveness of the internal audit function.

The AC is satisfied that the IA is able to discharge its duties effectively as it:

- is independent, given the IA reports functionally to the AC, who also decides on its appointment, termination and remuneration. The IA also has unrestricted access to the records, personnel and documents within the Company to enable it to discharge its duties effectively.
- is adequately qualified, given that Crowe Malaysia is a corporate member of the Malaysian Institute of Internal Auditors, and the internal audit work carried out by Crowe is guided by The Institute of Internal Auditors Inc. International Professional Practice Framework;
- is adequately resourced as Crowe ensures that the engagement staff possess the relevant qualification and experience to conduct the internal audits; and
- has the appropriate standing in the Company, given, inter alia, its involvement in certain AC meetings and its unfettered access to all the Group's documents, records, properties and personnel, including direct access to the AC.

REPORT ON CORPORATE GOVERNANCE

Based on the above, the AC confirms that the internal audit function is independent, effective, and adequately resourced.

The AC approves the appointment, removal, evaluation and compensation of IA.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11 – The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Engagement with Shareholders

Principle 12 – The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.

MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

Principle 13 – The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.

The Company strives to disclose information on a timely basis to shareholders and ensure any disclosure of price sensitive information is not made to a selective group. The information is communicated to our shareholders via:

- annual reports – the Board strives to include all relevant information about the Group, including future developments and disclosures required by the Companies Act, Singapore Financial Reporting Standards (International) and the Catalist Rules;
- presentation slides accompanying results announcement; and
- SGXNET and press releases on major developments of the Group.

SGXNET disclosures, presentation slides and press releases of the Group are also available on the Company's website at www.isechealthcare.com. A copy of the annual report for FY2019 will also be made available on the Company's website and published via SGXNET.

At this AGM, shareholders will be given the opportunity to air their views and ask the Directors or the Management questions regarding the Company and the Group. The notice of AGM will be sent together with the annual report, released on SGXNET and on the Company's website as well as published in the newspapers to inform shareholders of upcoming meetings.

A polling agent together with independent scrutineers are appointed by the Company for all general meetings of shareholders who will explain the rules, including the voting procedures that govern the general meeting.

The Board, the Management and the external auditor will also be present to address any relevant queries the shareholders may have. At this AGM, the Company Secretary will prepare the minutes of the AGM which would include substantial or relevant comments from shareholders and the minutes of the AGM will be made available to shareholders, upon their request within one month after the general meeting. Notwithstanding that the Company does not publish minutes of general meetings on its corporate website, the Company is of the view that shareholders have the opportunity to understand the Group's performance, position and prospects as the Company makes these minutes available to shareholders upon request and upon authentication of the shareholder's identity.

The Company's Constitution does not allow for abstentia voting at general meetings of shareholders as authentication of shareholder identity information and other related security issues remains a concern. However, the Constitution of the Company does allow a shareholder (who is not a relevant intermediary, as defined in Section 181(6) of the Companies Act) to vote either in person or appoint not more than two proxies to attend and vote in his stead. Such proxy to be appointed need not be a shareholder. Pursuant to the Companies (Amendment) Act 2014, a shareholder of the Company who is a relevant intermediary (as defined in Section 181(6) of the Companies Act), may appoint more than two proxies to attend, speak and vote at the AGM.

REPORT ON CORPORATE GOVERNANCE

Pursuant to Catalist Rule 730A(2), all resolutions will be put to vote by way of a poll at this AGM, and their detailed results will be announced via SGXNET after the conclusion of the general meeting.

Dividend Policy

The Board does not have a fixed dividend policy. The form, frequency and amount of dividends declared each year will take into consideration the Group's actual and projected financial performance, results of business operations, level of cash and retained earnings, projected capital expenditure and other investment plans, the terms of borrowing arrangements (if any), plans for expansions and other factors which the Directors may deem appropriate. The Board has proposed a final tax-exempt (one-tier) dividend of S\$0.005 per ordinary share for FY2019 which will be subject to shareholders' approval at this AGM. The Company had declared and paid a first interim tax-exempt (one-tier) dividend of S\$0.003 per ordinary share for the 3 months ended 30 June 2019.

Sustainability Report

The Company is working towards the issuance of its sustainability report by 31 May 2020 and such report will be made available to shareholders on the SGXNET and the Company's website <http://isechealthcare.com/investor-relations-overview/>.

Such report will highlight the key environmental, social and governance (ESG) factors such as providing world-class service to patients, developing a high-performing workforce, corporate governance and caring for the environment.

DEALINGS IN SECURITIES

The Company has adopted an internal code on dealings in securities, which has been disseminated to all Directors and officers within the Group. The Company will also send a notification via email to notify all its Directors and officers a day prior to the close of window for trading of the Company's securities.

Directors and officers of the Company are reminded not to deal (whether directly or indirectly) in the Company's securities on short-term considerations and be mindful of the law on insider trading as prescribed by the Securities and Futures Act (Chapter 289) of Singapore. The internal code on dealings in securities also makes clear that the Company, its Directors and officers should not deal in the Company's securities, while in possession of unpublished price-sensitive information and prohibits trading as well as in the following periods:

- (a) For FY2019:
 - (i) the period commencing two weeks before the announcement of the Company's financial statements for the first, second and third quarters of its financial year; and
 - (ii) the period commencing one month before the announcement of the Company's financial statements for its full financial year.
- (b) From FY2020 onwards:
 - (i) the period commencing two weeks before the announcement of the Company's relevant financial information for the first and third quarters of its financial year; and
 - (ii) the period commencing one month before the announcement of the Company's financial statements for the half-year and its full financial year.

Each of the above periods will end on the date of the announcement of the relevant financial information or financial results of the Company.

INTERESTED PERSON TRANSACTIONS ("IPT")

The Company has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the AC and that the transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

There were no IPTs with value more than S\$100,000 transacted for FY2019. The Company does not have any IPT general mandate.

REPORT ON CORPORATE GOVERNANCE

USE OF PROCEEDS (CATALIST RULES 1204(5F) AND (22))

As of the date of this report, the Company's IPO net proceeds have been fully utilised 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	(14,100) ⁽¹⁾	–
General working capital	2,500	–	(2,500) ⁽²⁾	–
Total	16,300	300	(16,600)	–

- (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. (collectively, “JLM Companies”), joint venture into ISEC Myanmar Company Limited (“ISEC Myanmar”), subscription of shares in I Medical & Aesthetics Pte. Ltd. (“I Medical & Aesthetics”) and acquisition of Indah Specialist Eye Centre Sdn. Bhd. (“Indah Specialist”):

	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)	Acquisition of Indah Specialist (S\$'000)	Total (S\$'000)
Cash consideration	5,204	6,971	1,041	250	158	13,624
Administrative expenses	122	268	85	1	–	476
Total	5,326	7,239	1,126	251	158	14,100

- (2) Utilised for general working capital:

	S\$'000
Cost of sales	1,028
Administrative expenses	1,378
Selling and distribution expenses	94
	2,500

MATERIAL CONTRACTS

Save for the service agreements entered with the Executive Directors as disclosed on pages 140 and 141 of the Offer Document dated 14 October 2014 and the supplemental service and employment agreements entered with the Executive Directors as disclosed in the Offer Document dated 8 November 2019 in relation to the cash offer, there was no other material contract involving the interests of the CEO, any Director or controlling shareholders of the Company which has been entered into by the Group, which are either still subsisting at the end of FY2019 or if not then subsisting, entered into since the end of the previous financial year.

NON-SPONSOR FEES (CATALIST RULE 1204(21))

The total amount of non-sponsor fees paid/payable to the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd for FY2019 was S\$60,800.

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 2019.

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 2019 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
Chen Bang (appointed on 27 December 2019)
Zhang Yongmei (appointed on 27 December 2019)
Li Li (appointed on 25 March 2020)

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.

DIRECTORS' STATEMENT

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:

Name of directors	Direct interest		Deemed interest	
	At the beginning of financial year or date of appointment	At the end of financial year	At the beginning of financial year or date of appointment	At the end of financial year
Share Capital (in Renminbi)				
Ultimate Holding Company				
Aier Medical Investment Co., Ltd				
Chen Bang	34,705,000 (79.99%)	34,705,000 (79.99%)	–	–
Ordinary shares				
Intermediate Holding Company				
Aier Eye Hospital Group Co., Ltd				
Chen Bang	507,154,559	507,154,559	1,171,229,185	1,171,229,185
Ordinary shares				
Immediate Holding Company				
Aier Eye International (Singapore) Pte. Ltd.				
Chen Bang	–	–	1	1
The Company				
Sitoh Yih Pin	400,000	–	–	–
Professor Low Teck Seng	–	–	400,000	–
Dr Lee Hung Ming	83,609,200	–	104,283,058	42,827,279
Dr Wong Jun Shyan	28,024,605	17,377,634	15,000,000	15,000,000
Chen Bang	–	–	300,917,344	300,917,344

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2020.

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 date of appointment if later, or at the end of the financial year.

By virtue of Section 7 of the Act, Chen Bang is deemed to have an interest in all of the interest in subsidiaries owned by the Company at the date of appointment and end of the financial year.

DIRECTORS' STATEMENT

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 FY2019, 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 FY2019.

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
30 March 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ISEC HEALTHCARE LTD.

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 2019, 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 2019 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 2019, the Group recorded goodwill of \$33.7 million, which is allocated to the following cash generating units ("CGUs"): ISEC Eye Pte. Ltd. ("ISEC Eye"), Southern Specialist Eye Centre Sdn. Bhd. ("SSEC") and JLM Companies⁽¹⁾. During the financial year, goodwill allocated to CGUs, namely JL Medical (Sembawang) Pte. Ltd. and JL Medical (Woodlands) Pte. Ltd., has been impaired by an aggregate of \$1.2 million.

The Company has cost of investment in subsidiaries amounting to \$52.7 million as at 31 December 2019. An impairment loss of \$0.8 million on cost of investment in JL Medical (Sembawang) Pte. Ltd. was recognised during the financial year due to the shortfall in the recoverable value against the carrying amount.

Management conducts its impairment review exercise by preparing value-in-use computation using a discounted cash flow model to determine the recoverable value of each CGU. 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 of the recoverable value against 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.

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 various significant operational and predictive assumptions such as forecasted revenue, profit margin, terminal growth rate and discount rate. As 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. We assessed the robustness of management's budgetary exercise by comparing actual results against the forecasts prepared in the previous year for each CGU, and management's sensitivity analysis of the recoverable amounts to changes in the respective key assumptions. Internal valuation specialists were also engaged to assist us in reviewing the discount rates and terminal growth rates used in the discounted cash flow model. We further reviewed the adequacy of the disclosures in the financial statements in Notes 6 and 7 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.

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.

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

30 March 2020

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	Group		Company	
		31 December 2019 \$'000	31 December 2018 \$'000	31 December 2019 \$'000	31 December 2018 \$'000
ASSETS					
Non-current assets					
Plant and equipment	4	3,957	3,735	25	53
Right-of-use assets	5	4,130	–	45	–
Intangible assets	6	36,358	38,182	–	1
Investment in subsidiaries	7	–	–	52,669	48,386
Investment in associate	8	186	220	–	–
Net investment in sublease	5	181	–	–	–
Deferred tax assets	9	114	–	12	–
		<u>44,926</u>	<u>42,137</u>	<u>52,751</u>	<u>48,440</u>
Current assets					
Inventories	10	1,208	1,115	–	–
Trade and other receivables	11	3,085	2,984	9,972	13,159
Prepayments		237	190	20	14
Net investment in sublease	5	60	–	–	–
Tax receivable		–	43	–	–
Cash and cash equivalents	12	25,657	27,105	5,764	7,943
		<u>30,247</u>	<u>31,437</u>	<u>15,756</u>	<u>21,116</u>
Total assets		<u>75,173</u>	<u>73,574</u>	<u>68,507</u>	<u>69,556</u>
EQUITY AND LIABILITIES					
Equity					
Share capital	13	64,741	59,673	64,741	59,673
Treasury share reserve	14	(105)	–	(105)	–
Other reserves	15	(7,540)	(3,012)	–	–
Retained earnings		6,529	10,196	3,359	9,512
Equity attributable to owners of the Company		<u>63,625</u>	<u>66,857</u>	<u>67,995</u>	<u>69,185</u>
Non-controlling interests		478	745	–	–
Total equity		<u>64,103</u>	<u>67,602</u>	<u>67,995</u>	<u>69,185</u>
LIABILITIES					
Non-current liabilities					
Provisions	16	162	224	20	20
Lease liabilities	5	3,170	–	–	–
Deferred tax liabilities	9	451	564	–	–
		<u>3,783</u>	<u>788</u>	<u>20</u>	<u>20</u>
Current liabilities					
Trade and other payables	17	4,745	4,184	429	320
Lease liabilities	5	1,544	–	47	–
Current income tax payable		998	1,000	16	31
		<u>7,287</u>	<u>5,184</u>	<u>492</u>	<u>351</u>
Total liabilities		<u>11,070</u>	<u>5,972</u>	<u>512</u>	<u>371</u>
Total equity and liabilities		<u>75,173</u>	<u>73,574</u>	<u>68,507</u>	<u>69,556</u>

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 2019

	Note	2019 \$'000	2018 \$'000
Revenue	18	42,872	40,444
Cost of sales		(22,823)	(20,980)
Gross profit		20,049	19,464
Other item of income			
Other income	19	702	608
Other items of expense			
Selling and distribution expenses		(60)	(22)
Administrative expenses		(8,677)	(8,168)
Other expenses	20	(1,818)	(655)
Finance costs	21	(257)	(4)
Share of results of associate		(34)	(30)
Profit before income tax	22	9,905	11,193
Income tax expense	23	(2,656)	(2,516)
Profit for the year		7,249	8,677
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation of subsidiaries		(38)	23
Other comprehensive income for the year, net of tax		(38)	23
Total comprehensive income for the year		7,211	8,700
Profit for the year attributable to:			
Owners of the Company		7,465	8,407
Non-controlling interests		(216)	270
		7,249	8,677
Total comprehensive income attributable to:			
Owners of the Company		7,431	8,434
Non-controlling interests		(220)	266
		7,211	8,700
Earnings per share			
– basic (in cents)	24	1.41	1.63
– diluted (in cents)	24	1.41	1.63

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 2019

Group	Note	Share capital \$'000	Treasury share reserve \$'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
								Company			
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	2.2	-	-	-	-	-	(166)	(166)	(29)	(195)	
As restated		59,673	-	529	(3,572)	31	10,030	66,691	716	67,407	
Profit for the year		-	-	-	-	-	7,465	7,465	(216)	7,249	
Other comprehensive income		-	-	(34)	-	-	-	(34)	(4)	(38)	
Foreign currency translation		-	-	(34)	-	-	-	(34)	(4)	(38)	
Total comprehensive income for the year		-	-	(34)	-	-	7,465	7,431	(220)	7,211	
Transactions with owners of the Company											
Issuance of ordinary shares	13	5,083	-	-	-	-	-	5,083	-	5,083	
Share issue expenses	13	(15)	-	-	-	-	-	(15)	-	(15)	
Purchase of treasury shares	14	-	(105)	-	-	-	-	(105)	-	(105)	
Dividends	25	-	-	-	-	-	(10,966)	(10,966)	-	(10,966)	
Total transactions with owners of the Company		5,068	(105)	-	-	-	(10,966)	(6,003)	-	(6,003)	
Transactions with non-controlling interests											
Subscription of shares in subsidiary by non-controlling interests ⁽¹⁾		-	-	-	-	-	-	-	651	651	
Acquisition of non-controlling interests' shares without a change in control	7(d)	-	-	-	-	(4,494)	-	(4,494)	(669)	(5,163)	
Total transactions with non-controlling interests		-	-	-	-	(4,494)	-	(4,494)	(18)	(4,512)	
At 31 December 2019		64,741	(105)	495	(3,572)	(4,463)	6,529	63,625	478	64,103	

(1) During the financial year ended 31 December 2019, ISEC Myanmar Company Limited ("ISEC Myanmar"), a 51% owned indirect subsidiary of the Company through its wholly-owned subsidiary, ISEC Global Pte. Ltd. ("ISEC Global"), increased its share capital from \$39,000 (equivalent to US\$28,500) 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.

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 2019

Group	Note	Share capital \$'000	Foreign currency translation reserve \$'000	Merger reserve \$'000	Capital reserve \$'000	Retained earnings \$'000	Equity attributable to owners		Total equity \$'000
							Company \$'000	Non- controlling interests \$'000	
At 1 January 2018		59,673	(1,233)	(3,572)	31	11,177	66,076	309	66,385
As previously reported 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		-	27	-	-	-	27	(4)	23
Total comprehensive income for the year		-	27	-	-	8,407	8,434	266	8,700
Transaction with owners of the Company		-	-	-	-	(7,653)	(7,653)	-	(7,653)
Dividends	25	-	-	-	-	(7,653)	(7,653)	-	(7,653)
Total transaction with owners of the Company		-	-	-	-	(7,653)	(7,653)	-	(7,653)
Transaction with non-controlling interests		-	-	-	-	-	-	170	170
Subscription of shares in subsidiaries by non-controlling interests ⁽¹⁾		-	-	-	-	-	-	170	170
Total transaction 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., 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.

In August 2018, the Company, through its wholly-owned subsidiary, ISEC Global, has incorporated 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 FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Share capital \$'000	Treasury share reserve \$'000	Retained earnings \$'000	Total equity \$'000
Company					
2019					
At 1 January 2019		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 year, representing total comprehensive income for the year		–	–	4,816	4,816
Transactions with owners of the Company					
Issuance of ordinary shares	13	5,083	–	–	5,083
Share issue expenses	13	(15)	–	–	(15)
Purchase of treasury shares	14	–	(105)	–	(105)
Dividends	25	–	–	(10,966)	(10,966)
Total transactions with owners of the Company		5,068	(105)	(10,966)	(6,003)
At 31 December 2019		64,741	(105)	3,359	67,995
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
Transaction with owners of the Company					
Dividends	25	–	–	(7,653)	(7,653)
Total transaction with owners of the Company		–	–	(7,653)	(7,653)
At 31 December 2018		59,673	–	9,512	69,185

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 2019

	Note	2019 \$'000	2018 \$'000
Cash flows from operating activities			
Profit before income tax		9,905	11,193
Adjustments for:			
Allowance for expected credit losses, net	22	7	10
Amortisation of intangible assets	22	622	625
Bad debts written-off	22	1	–
Depreciation of plant and equipment and right-of-use assets	22	2,520	966
Interest income	19	(500)	(446)
Interest expense	21	257	4
Impairment loss for goodwill	20	1,180	–
Loss/(gain) on disposal of plant and equipment	19,20	1	(37)
Plant and equipment written-off	20	18	38
Write-back of provisions/accruals, net	22	–	(2)
Share of results of associate		34	30
Operating cash flows before changes in working capital		14,045	12,381
Changes in working capital:			
Inventories		(93)	62
Trade and other receivables		(89)	(481)
Prepayments		(47)	12
Trade and other payables		652	798
Cash flows from operations		14,468	12,772
Income tax paid		(2,805)	(2,279)
Net cash flows generated from operating activities		11,663	10,493
Cash flows from investing activities			
Proceeds from disposal of plant and equipment		16	24
Purchase of plant and equipment	4	(1,361)	(884)
Purchase of intangible assets	6	(2)	(7)
Subscription of shares in associate	8	–	(250)
Interest received		471	434
Net cash flows used in investing activities		(876)	(683)
Cash flows from financing activities			
Dividends paid	25	(10,966)	(7,653)
Subscription of shares in subsidiaries by non-controlling interests		651	170
Share issue expenses	13	(15)	–
Purchase of treasury shares	14	(105)	–
Purchase of shares in subsidiary from non-controlling interests	7(d)	(80)	–
Principal elements of lease payments		(1,460)	–
Interest paid		(235)	–
Net cash flows used in financing activities		(12,210)	(7,483)
Net (decrease)/increase in cash and cash equivalents		(1,423)	2,327
Cash and cash equivalents at beginning of year		27,105	24,824
Effect of exchange rate changes on cash and cash equivalents		(25)	(46)
Cash and cash equivalents at end of year	12	25,657	27,105

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 2019

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 immediate holding company is Aier Eye International (Singapore) Pte. Ltd., a company incorporated in Singapore, the intermediate holding company is Aier Eye Hospital Group Co., Ltd, and the ultimate holding company is Aier Medical Investment Co., Ltd., both companies incorporated in the People’s Republic of China.

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 7 and 8 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)”).

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 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of new standards effective as of 1 January 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. Except for the adoption of SFRS(I) 16 *Leases* described below, the adoption of these standards did not have any material effect on the financial performance or position of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

2.2 New standards, interpretations and amendments adopted by the Group (cont'd)

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 adopted SFRS(I) 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standards is applied retrospectively with the cumulative effect of initial applying the standard recognised at the date of initial application. 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. The Group also elected to use the recognition exemptions of lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases') and lease contracts for which the underlying asset is of low value ("low-value assets").

The effect of adoption of SFRS(I) 16 as at 1 January 2019 is as follows:

	Increase/ (decrease) \$'000
Assets	
Right-of-use assets	4,579
Net investment in sublease	299
Total assets	4,878
Equity	
Retained earnings	(166)
Non-controlling interest	(29)
Total equity	(195)
Liabilities	
Lease liabilities	5,185
Deferred tax liabilities	(47)
Trade and other payables	(65)
Total liabilities	5,073

The Group has lease contracts for various items of medical equipment and clinic/office premises. Before the adoption of SFRS(I) 16, the Group classified each of its leases as lessee at the inception date as an operating lease. The accounting policy prior to 1 January 2019 is disclosed in Note 2.20.

Upon adoption of SFRS(I) 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Group as discussed in the following sections.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

2.2 New standards, interpretations and amendments adopted by the Group (cont'd)

SFRS(I) 16 Leases (cont'd)

Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Relied on its assessment of whether leases are onerous immediately before the date of initial application.
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application.
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Based on the foregoing, as at 1 January 2019:

- Right-of-use assets of \$4,579,000 were recognised and presented separately in the statement of financial position.
- Net investment of sublease of \$299,000 were recognised and presented separately in the statement of financial position.
- Lease liabilities of \$5,185,000 were recognised and presented separately in the statement of financial position.
- Trade and other payables of \$65,000 related to previous operating leases were derecognised.
- Deferred tax liabilities decreased by \$47,000 because of the deferred tax impact of the changes in assets and liabilities.
- The net effect of these adjustments had been a reduction in retained earnings of \$166,000 and non-controlling interest of \$29,000.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

2.2 New standards, interpretations and amendments adopted by the Group (cont'd)

SFRS(I) 16 Leases (cont'd)

Leases previously accounted for as operating leases (cont'd)

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018 as follows:

	Increase/ (decrease) \$'000
Operating lease commitments as at 31 December 2018	4,094
Weighted average incremental borrowing rate as at 1 January 2019	4.69%
Discounted operating lease commitments at 1 January 2019	3,505
Less:	
Commitment relating to leases of low-value assets	(41)
Add:	
Commitments relating to equipment leases	703
Payments relating to optional extension periods not recognised as at 31 December 2018	1,018
Lease liabilities as at 1 January 2019	5,185

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
Amendments to References to the Conceptual Framework in SFRS(I) Standards	1 January 2020
Amendments to SFRS(I) 3 <i>Definition of a Business</i>	1 January 2020
Amendments to SFRS(I) 1-1 and SFRS(I) 1-8 <i>Definition of Material</i>	1 January 2020
Amendments to SFRS(I) 10 and SFRS(I) 1-28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Date to be determined

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

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.

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.

The restructuring exercise in 2014 that involved acquisition of companies which are under common control, namely ISEC Sdn. Bhd. and its subsidiaries was accounted for by applying the "pooling-of-interest" method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

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.

2.7 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

2.8 Plant and equipment (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

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 accounts 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

2.13 Financial instruments (cont'd)

(a) Financial assets (cont'd)

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 2019

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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 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.

2.20 Leases

These accounting policies are applied on and after the initial application date of SFRS(I) 16, 1 January 2019:

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

2.20 Leases (cont'd)

As lessee (cont'd)

(a) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Clinic/office premises	–	3 – 15 years
Motor vehicles	–	5 years
Plant and equipment	–	3 – 5 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment set out in Note 2.10.

(b) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Sublease

The Group classifies a sublease as a finance lease or an operating lease as follows:

- if the entity has accounted for the head lease as a short-term lease, the sublease shall be classified as an operating lease.
- otherwise, the sublease shall be classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset (for example, the item of plant or equipment that is the subject of the lease).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

2.20 Leases (cont'd)

Sublease (cont'd)

The Group subleases one of its clinic premise to an external party and has classified it as a finance lease. In relation to the sublease, the Group:

- de-recognises the right-of-use asset relating to the head lease that it transfers to the sublessee and recognises the net investment in the sublease;
- recognises any difference between the right-of-use asset and the net investment in the sublease in profit or loss; and
- retains the lease liability relating to the head lease in its statement of financial position, which represents the lease payments owed to the head lessor.

The following accounting policies are applied before the initial application date of SFRS(I) 16, 1 January 2019:

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.

2.21 Revenue

Revenue is measured based on the 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 parties.

Revenue is recognised when the Group 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 at a point in time when the services have been rendered and medicine are despatched.

Revenue from specialised health service refers to the provision of medical care, consultancy, treatment and surgery in the field of ophthalmology and is recognised at a point in time 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 distinct services rendered over the course of the packages, 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.

2.22 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

2.23 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 2019

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

2.23 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.

2.24 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 revenues and expenses within the next financial year are discussed below.

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 2019. 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. Determination of the recoverable values require a number of significant operational and predictive assumptions such as forecasted revenue, terminal growth rate, profit margin and discount rate. These key assumptions applied in the determination of the value-in-use including a sensitivity analysis, are disclosed and further explained in Notes 6 and 7 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 2019 were \$33,712,000 (2018: \$34,915,000) and \$52,669,000 (2018: \$48,386,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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 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 and 1 January 2019	472	592	55	6,014	379	1,960	280	9,752
Additions	50	5	–	1,112	128	14	8	1,317 ^{(1),(2)}
Disposals	–	–	–	(62) ⁽²⁾	–	–	–	(62)
Written-off	(13)	(2)	–	(222)	(2)	–	–	(239)
Reclassifications	52	4	–	63	(20)	185	(284)	–
Currency translation differences	(3)	(15)	1	(121)	65	12	(1)	(62)
At 31 December 2019	558	584	56	6,784	550	2,171	3	10,706
Accumulated depreciation								
At 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 and 1 January 2019	331	341	11	3,812	263	1,259	–	6,017
Depreciation charge for the year	80	57	11	658	68	170	–	1,044
Disposals	–	–	–	(22)	–	–	–	(22)
Written-off	(13)	(2)	–	(204)	(2)	–	–	(221)
Reclassifications	2	4	–	27	(33)	–	–	–
Currency translation differences	–	(12)	1	(130)	58	14	–	(69)
At 31 December 2019	400	388	23	4,141	354	1,443	–	6,749
Carrying amount								
At 31 December 2018	141	251	44	2,202	116	701	280	3,735
At 31 December 2019	158	196	33	2,643	196	728	3	3,957

(1) \$1,000 (2018: \$68,000) of the plant and equipment purchased remains unpaid and was included in other payables set out in Note 17 to the financial statements.

(2) The medical equipment disposed of had a trade-in value of \$23,000 (2018: \$13,000) included in the loss/(gain) on disposal of plant and equipment as a non-cash transaction in the consolidated statement of cash flows.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4. PLANT AND EQUIPMENT (CONT'D)

Company	Computer equipment \$'000	Office equipment, furniture and fittings \$'000	Renovation \$'000	Total \$'000
Cost				
At 1 January 2018	44	13	144	201
Additions	3	–	–	3
At 31 December 2018 and 1 January 2019	47	13	144	204
Additions	4	1	–	5
Written-off	(2)	–	–	(2)
At 31 December 2019	49	14	144	207
Accumulated depreciation				
At 1 January 2018	27	8	80	115
Depreciation charge for the year	10	2	24	36
At 31 December 2018 and 1 January 2019	37	10	104	151
Depreciation charge for the year	7	2	24	33
Written-off	(2)	–	–	(2)
At 31 December 2019	42	12	128	182
Carrying amount				
At 31 December 2018	10	3	40	53
At 31 December 2019	7	2	16	25

Assets under construction

Included in the Group's plant and equipment of \$3,000 (2018: \$280,000) as at 31 December 2019 are expenditures on renovation in Malaysia (2018: Myanmar).

5. LEASES

As lessee

The Group has lease contracts for various items of medical equipment, clinic/office premises and motor vehicle. The Group's obligation under these leases are secured by the lessor's title to the leased assets.

The Group also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the "short-term lease" and "lease of low-value assets" recognition exemptions for these leases and continues to expense off such leases when incurred.

(a) Right-of-use assets

Set out below are the carrying amounts of right-of use assets recognised and the movements during the period:

Group	Clinic/office premises \$'000	Motor vehicle \$'000	Medical equipment \$'000	Total \$'000
At 1 January 2019	3,338	–	1,241	4,579
Additions	588	25	396	1,009
Depreciation charge for the year	(1,073)	*	(403)	(1,476)
Currency translation differences	21	–	(3)	18
At 31 December 2019	2,874	25	1,231	4,130

* Less than \$1,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

5. LEASES (CONT'D)

As lessee (cont'd)

(a) Right-of-use assets (cont'd)

	Office premise \$'000
Company	
At 1 January 2019	113
Depreciation charge for the year	(68)
At 31 December 2019	<u>45</u>

(b) Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	Group \$'000	Company \$'000
At 1 January 2019	5,185	116
Additions	1,019	–
Interest expense	254	3
Payments	(1,762)	(72)
Currency translation differences	18	–
At 31 December 2019	<u>4,714</u>	<u>47</u>
Current	1,544	47
Non-current	<u>3,170</u>	<u>–</u>

The maturity analysis of lease liabilities is disclosed in Note 29(c).

(c) Net investment in sublease

The Group has entered into a sublease arrangement with an external party for one of its clinic premises, classified as a finance lease. Set out below are the carrying amounts of net investment in sublease recognised and the movements during the period:

Group	\$'000
At 1 January 2019	299
Accretion of interest income	9
Receipts	(67)
At 31 December 2019	<u>241</u>
Current	60
Non-current	<u>181</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

5. LEASES (CONT'D)

As lessee (cont'd)

(d) Amounts recognised in profit or loss

The following are the amounts recognised in profit or loss:

Group	2019 \$'000
Depreciation expenses of right of use assets (Note 22)	1,476
Interest expense on lease liabilities (Note 21)	254
Interest income on sublease	(9)
Lease expense not capitalised in lease liabilities (Note 22)	
– Expenses relating to leases of short-term leases (included in administrative expenses)	5
– Expenses relating to leases of low-value leases (included in administrative expenses)	22
Total amount recognised in profit or loss	1,748

(e) Total cash outflow

The Group had total cash outflows for leases (including short-term and low-value leases) of \$1,722,000 in 2019, net of receipts from sublease. The Group also had non-cash additions to right-of-use assets and lease liabilities of \$1,009,000 and \$1,019,000 respectively during the financial year.

(f) Extension options

The Group has several lease contracts that include extension options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises judgement in determining whether these extension options are reasonably certain to be exercised.

The Group included the extension option in the leased term for leases of clinic/office premises and medical equipment because of the additional costs that would arise to replace the assets. There is no extension option for lease of motor vehicle.

6. INTANGIBLE ASSETS

Group	Computer software \$'000	Software under development \$'000	Goodwill \$'000	Contractual relationship \$'000	Customer relationships \$'000	Total \$'000
Cost						
As at 1 January 2018	595	1	34,885	5,300	155	40,936
Additions	7	–	–	–	–	7
Written-off	(2)	–	–	–	–	(2)
Reclassification	10	(1)	–	–	–	9
Currency translation differences	2	*	30	–	–	32
At 31 December 2018 and 1 January 2019	612	–	34,915	5,300	155	40,982
Additions	2	–	–	–	–	2
Written-off	(72)	–	–	–	–	(72)
Impairment loss	–	–	(1,180)	–	–	(1,180)
Currency translation differences	(3)	–	(23)	–	–	(26)
At 31 December 2019	539	–	33,712	5,300	155	39,706

* Less than \$1,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

6. 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 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 and 1 January 2019	485	–	–	2,253	62	2,800
Amortisation for the year	62	–	–	530	30	622
Written-off	(72)	–	–	–	–	(72)
Currency translation differences	(2)	–	–	–	–	(2)
At 31 December 2019	473	–	–	2,783	92	3,348
Carrying amount						
At 31 December 2018	127	–	34,915	3,047	93	38,182
At 31 December 2019	66	–	33,712	2,517	63	36,358
Remaining useful life as at 31 December 2019 (years)	0 to 5	–	–	4.75	2	

Company	Computer software \$'000
Cost	
At 1 January 2018, 31 December 2018, 1 January 2019 and 31 December 2019	8
Accumulated amortisation	
At 1 January 2018	5
Amortisation for the year	2
At 31 December 2018 and 1 January 2019	7
Amortisation for the year	1
At 31 December 2019	8
Carrying amount	
At 31 December 2018	1
At 31 December 2019	–
Remaining useful life as at 31 December 2019 (years)	–

Amortisation of computer software, 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 2019

6. 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.

	2019 \$'000	2018 \$'000
Goodwill		
ISEC Eye Pte. Ltd. ("ISEC Eye")	7,970	7,970
Southern Specialist Eye Centre Sdn. Bhd. ("SSEC")	12,356	12,379
JL Medical (Bukit Batok) Pte. Ltd. ("JLMBB")	4,323	4,323
JL Medical (Sembawang) Pte. Ltd. ("JLMS")	2,980	3,780
JL Medical (Woodlands) Pte. Ltd. ("JLMW")	3,809	4,189
JL Medical (Yew Tee) Pte. Ltd. ("JLMYT")	2,274	2,274
	33,712	34,915

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	
	2020 to 2024	2019 to 2023	2019	2018	2019	2018
	%	%	%	%	%	%
ISEC Eye	2 – 3	3 – 4	1.1	1.1	18	18
SSEC	4 – 6	6	3.5	3.5	13	13
JLMBB	5 – 6	5 – 6	2.0	2.0	10	10
JLMS	1 – 2	2 – 7	2.0	2.0	10	10
JLMW	0 – 1	2 – 3	2.0	2.0	10	10
JLMYT	2	3	2.0	2.0	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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

6. 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 historical margins achieved 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 reasonable possible changes in any key assumptions would cause the carrying values of the respective CGUs to materially exceed their recoverable amounts.

Impairment loss recognised

JLMS' revenue having decreased by 1% during the financial year ended 31 December 2019 was mainly due to decreased patient visits. This, coupled with the resident doctor being on extended medical leave, resulted in lower forecasted revenue for JLMS.

As disclosed in FY2018 annual report, for JLMS, any adverse change in the key assumption of revenue growth rate by 0.7% would result in impairment. As such, an impairment loss of \$0.80 million was recognised during the period.

JLMW's operations had been affected by the relocation of its premises, which affected the patient visits. The continued decline in patient visits led to a decrease in the recoverable amount and an impairment loss for goodwill of \$0.38 million was recognised during the period.

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 Asia Pacific Eye Centre (previously known as 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 2019

7. INVESTMENT IN SUBSIDIARIES

Company	2019 \$'000	2018 \$'000
Unquoted equity shares, at cost	35,287	35,287
Deemed capital contribution	21,849	16,766
	57,136	52,053
Less: Allowance for impairment	(4,467)	(3,667)
	52,669	48,386

The movement in the allowance for impairment loss is as follows:

	2019 \$'000	2018 \$'000
Movement in allowance account:		
At 1 January	3,667	3,667
Impairment loss	800	–
At 31 December	4,467	3,667

Deemed capital contribution

Deemed capital contribution to subsidiaries are unsecured, interest-free and repayable at the discretion of the subsidiaries.

On 23 April 2019, the Company funded its wholly-owned subsidiary, ISEC Sdn. Bhd., in completing the acquisition of the remaining 49% shareholding in ISEC Penang Sdn. Bhd., by way of the allotment and issuance of 15,639,275 consideration shares, equivalent to fair value consideration of \$5,083,000 and cash consideration of \$80,000 paid to the non-controlling interests (Note 7d). These consideration shares issued are classified as deemed capital contribution in ISEC Sdn. Bhd. by the Company.

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.

Impairment of subsidiary – JLMS

During the financial year ended 31 December 2019, the Company recognised an impairment loss of \$800,000 in profit or loss due to indications of impairment for investment in the subsidiary. The recoverable amount was determined based on the cash flow forecasts from the updated financial budget 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 explained in Note 6.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

7. INVESTMENT IN SUBSIDIARIES (CONT'D)

(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 (%)	
			2019	2018
<i>Held by the Company:</i>				
(2) ISEC Sdn. Bhd. ("ISEC KL")	Malaysia	Medical eye care services	100	100
(1) ISEC Eye Pte. Ltd.	Singapore	Medical eye care services	100	100
(1) International Specialist Eye Centre Pte. Ltd.	Singapore	Dormant	100	100
(1) ISEC Global Pte. Ltd.	Singapore	Investment holding	100	100
(1) JL Medical (Bukit Batok) Pte. Ltd.	Singapore	General medical services	100	100
(1) JL Medical (Sembawang) Pte. Ltd.	Singapore	General medical services	100	100
(1) JL Medical (Woodlands) Pte. Ltd.	Singapore	General medical services	100	100
(1) JL Medical (Yew Tee) Pte. Ltd.	Singapore	General medical services	100	100
<i>Held through ISEC Sdn. Bhd.:</i>				
(2) ISEC (Penang) Sdn. Bhd. ("ISEC Penang")	Malaysia	Medical eye care services	100	51
(2) ISEC (Sibu) Sdn. Bhd. ("ISEC Sibu")	Malaysia	Medical eye care services	55	55
(2) Southern Specialist Eye Centre Sdn. Bhd. ("SSEC")	Malaysia	Medical eye care services	100	100
<i>Held through ISEC Global Pte. Ltd.:</i>				
(3) ISEC Myanmar Company Limited ("ISEC Myanmar")	Myanmar	Medical eye care services	51	51

(1) Audited by Ernst & Young LLP, Singapore

(2) Audited by Ernst & Young Malaysia, a member firm of Ernst & Young Global

(3) Audited by Sein Win & Associates

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

7. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Interest in subsidiaries with material non-controlling interest ("NCI")

The Group has the following subsidiaries that has NCI that is material to the Group:

	ISEC Penang
	2018
Proportion of ownership interest held by non-controlling interest (%)	49
Profit after taxation allocated to NCI during the reporting period (\$'000)	366
Accumulated NCI at the end of reporting period (\$'000)	591

	ISEC Myanmar	
	2019	2018
Proportion of ownership interest held by non-controlling interest (%)	49	49
Loss after taxation allocated to NCI during the reporting period (\$'000)	265	13
Accumulated NCI at the end of reporting period (\$'000)	391	5

(c) Summarised financial information about subsidiaries with material NCI

The summarised financial information before intra-group elimination of the subsidiaries that has material non-controlling interests as at the end of each reporting period are as follows:

Summarised statement of financial position

	ISEC Myanmar		ISEC Penang
	2019	2018	2018
	\$'000	\$'000	\$'000
Non-current assets	1,601	278	810
Current assets	85	261	944
Non-current liabilities	(387)	–	(66)
Current liabilities	(495)	(527)	(482)
Net assets	804	12	1,206

Summarised statement of comprehensive income

	ISEC Myanmar		ISEC Penang
	2019	2018	2018
	\$'000	\$'000	\$'000
Revenue	154	–	5,083
(Loss)/profit for the financial year	(541)	(27)	748
Total comprehensive income	(541)	(27)	740

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

7. INVESTMENT IN SUBSIDIARIES (CONT'D)

(c) Summarised financial information about subsidiaries with material NCI (cont'd)

Other summarised information

	ISEC Myanmar		ISEC Penang
	2019 \$'000	2018 \$'000	2018 \$'000
Net cash (used in)/generated from operating activities	(328)	452	1,042
Net cash used in investing activities	(930)	(293)	(163)
Net cash generated from/(used in) financing activities	1,103	40	(790)
Net change in cash and cash equivalents	(155)	199	89

(d) Acquisition of interest in ISEC Penang from non-controlling interests

On 23 April 2019, the Company, through its wholly-owned subsidiary, ISEC KL, completed the acquisition of the remaining 49% shareholding in ISEC Penang, by way of the allotment and issuance of 15,639,275 consideration shares, equivalent to fair value consideration of \$5,083,000 to the non-controlling interests, and cash consideration of \$80,000. The transaction has been accounted for as follows:

	2019 \$'000
Consideration paid for acquisition of 49% ownership interest	
– in shares	5,083
– in cash	80
Total consideration paid	5,163
Net assets attributable to NCI	(669)
Premium on acquisition of non-controlling interest in subsidiary, recorded in capital reserve	4,494
Net cash outflow on acquisition	(80)

8. INVESTMENT IN ASSOCIATE

Group	2019 \$'000	2018 \$'000
Unquoted equity investment at cost	250	250
Share of post-acquisition reserves		
At 1 January	(30)	–
Share of result of associate	(34)	(30)
Carrying amount of investment	186	220

Name of company	Principal place of business	Principal activities	Proportion of ownership interest (%)	
			2019	2018
Held through JL Medical (Bukit Batok) Pte. Ltd.:				
(1) I Medical & Aesthetics Pte. Ltd.	Singapore	General medical services	25	25

(1) Audited by Ernst & Young LLP, Singapore

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

8. 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 to the Group is as follows:

	2019 \$'000	2018 \$'000
Revenue	737	393
Loss after income tax, representing total comprehensive income	(134)	(448)

9. DEFERRED TAX

Movement in deferred tax of the Group during the year are as follows:

	At 1 January 2019 \$'000	SFRS(I) 16 Adjustment \$'000	Recognised in profit or loss \$'000	Currency translation differences \$'000	At 31 December 2019 \$'000
<i>Deferred tax assets</i>					
Provisions and other temporary differences	-	-	114	*	114
	-	-	114	*	114
Deferred tax credit			(114)		
<i>Deferred tax liabilities</i>					
Differences in depreciation for tax purposes	29	(47)	29	*	11
Differences in amortisation of intangible assets	535	-	(95)	-	440
	564	(47)	(66)	*	451
Deferred tax credit, net			(180)		
	At 1 January 2018 \$'000	Recognised in profit or loss \$'000	Currency translation differences \$'000	At 31 December 2018 \$'000	
<i>Deferred tax assets</i>					
Provisions and other temporary differences		11	(11)	*	
		11	(11)	*	
Deferred tax credit			11		
<i>Deferred tax liabilities</i>					
Differences in depreciation for tax purposes		54	(25)	*	
Differences in amortisation of intangible assets		630	(95)	-	
		684	(120)	*	
Deferred tax credit, net			(109)		

* Less than \$1,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

10. INVENTORIES

Group	2019 \$'000	2018 \$'000
Medical and surgical supplies	<u>1,208</u>	<u>1,115</u>

Inventories of \$8,750,000 (2018: \$8,251,000) were recognised as an expense and included in “cost of sales” line item in profit or loss for the financial year ended 31 December 2019.

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Trade receivables	2,120	2,032	–	–
Contract assets	459	430	6	13
Amounts due from associate (trade)	15	17	–	–
Total trade receivables	<u>2,594</u>	<u>2,479</u>	<u>6</u>	<u>13</u>
Less: Allowance for ECL	<u>(31)</u>	<u>(34)</u>	<u>–</u>	<u>–</u>
	<u>2,563</u>	<u>2,445</u>	<u>6</u>	<u>13</u>
Other receivables	16	16	–	–
Accrued reimbursement from vendors of subsidiaries acquired	63	21	63	21
Amounts due from subsidiaries (non-trade)	–	–	9,857	13,081
Amounts due from associate (non-trade)	30	28	7	5
Deposits	<u>413</u>	<u>474</u>	<u>39</u>	<u>39</u>
Total trade and other receivables	<u>3,085</u>	<u>2,984</u>	<u>9,972</u>	<u>13,159</u>
Add: Net investment in sublease (Note 5)	241	–	–	–
Add: Cash and cash equivalents (Note 12)	<u>25,657</u>	<u>27,105</u>	<u>5,764</u>	<u>7,943</u>
Total financial assets held at amortised cost	<u>28,983</u>	<u>30,089</u>	<u>15,736</u>	<u>21,102</u>

Trade receivables and amounts due from associate (trade) are unsecured, non-interest bearing and generally on 60 to 90 days' credit terms.

Contract assets mainly relates to unbilled specialist ophthalmology services provided to Asia Pacific Eye Centre (previously known as Lee Hung Ming Eye Centre) in accordance with the terms of the service agreement, and interest income accrued by the Group. In 2019, \$430,000 (2018: \$486,000) of contract assets was reclassified to trade receivables and settled during the year.

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 subsidiaries acquired on 1 December 2016 relates to shortfall in profit achieved by the subsidiaries for the financial years ended 31 December 2019 and 31 December 2018.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

11. TRADE AND OTHER RECEIVABLES (CONT'D)

Trade and other receivables denominated in foreign currencies are as follows:

	Company	
	2019 \$'000	2018 \$'000
Ringgit Malaysia	5,267	9,531

Expected credit losses

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL are as follows:

Group	2019 \$'000	2018 \$'000
Movement in allowance account:		
At 1 January	34	27
Charge for the year	26	32
Written-back	(19)	(22)
Written-off	(10)	(3)
At 31 December	31	34

12. CASH AND CASH EQUIVALENTS

	Group		Company	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Cash and bank balances	20,442	20,947	549	1,922
Fixed deposits	5,215	6,158	5,215	6,021
Total cash and cash equivalents	25,657	27,105	5,764	7,943

Fixed deposits are made with banks for varying periods of between one and three months and the effective interest rates on the fixed deposits range from 1.07% to 1.50% (2018: 0.94% to 2.20%) per annum.

13. SHARE CAPITAL

	Group and Company			
	2019 Number of ordinary shares	2018	2019 \$'000	2018 \$'000
Issued and fully paid:				
At 1 January	517,095,669	517,095,669	59,673	59,673
Issuance of consideration shares at \$0.325 per share for the acquisition of 49% equity interest in ISEC Penang (Note 7d)	15,639,275	–	5,083	–
Less: Share issue expenses	–	–	(15)	–
At 31 December	532,734,944	517,095,669	64,741	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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

14. TREASURY SHARE RESERVE

Treasury share reserve comprises the cost of the Company's shares held by the Company.

	Group and Company		2018 \$'000	2018 \$'000
	2019 No. of ordinary shares	2018		
Issued and fully paid:				
At 1 January	-	-	-	-
Share buy-back	386,400	-	(105)	-
At 31 December	386,400	-	(105)	-

15. OTHER RESERVES

Group	2019 \$'000	2018 \$'000
Foreign currency translation reserve	495	529
Merger reserve	(3,572)	(3,572)
Capital reserve	(4,463)	31
	(7,540)	(3,012)

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.

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 mainly consists of \$4,494,000 arising from the premium paid on acquisition of 49% of ISEC Penang in 2019 as disclosed in Note 7(d) to the financial statements.

16. PROVISIONS

	Group		Company	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Provision for step-up rent	-	65	-	-
Provision for restoration costs	162	159	20	20
	162	224	20	20

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

16. PROVISIONS (CONT'D)

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 to the landlords pursuant to lease agreements.

Movements in provision for restoration costs during the financial year are as follows:

	Group		Company	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
At 1 January	159	155	20	20
Amortisation of discount (Note 21)	3	4	*	*
Currency translation differences	*	*	-	-
At 31 December	162	159	20	20

* Less than \$1,000

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Trade payables	1,384	1,149	-	-
Other payables	471	504	71	7
Goods and services tax ("GST") payable	131	123	-	-
Amounts due to subsidiaries	-	-	-	16
Amounts due to associate	-	10	-	-
Contract liabilities (Note 18c)	50	37	-	-
Advances from customers	177	177	-	-
Accrued expenses	2,532	2,184	358	297
Total trade and other payables	4,745	4,184	429	320
Less: GST payable	(131)	(123)	-	-
Less: Advances from customers	(177)	(177)	-	-
Less: Contract liabilities	(50)	(37)	-	-
Add: Lease liabilities (Note 5)	4,714	-	-	-
Total financial liabilities carried at amortised cost	9,101	3,847	429	320

Trade and other payables are unsecured, non-interest bearing and are normally settled on 30 to 90 days' terms.

Amounts due to subsidiaries, associate 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	
	2019 \$'000	2018 \$'000
Ringgit Malaysia	-	16

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

18. REVENUE

(a) Disaggregation of revenue

	General health services		Specialised health services		Total	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
<u>Types of goods or services</u>						
Consultation, medication and procedures	3,830	3,807	38,821	36,426	42,651	40,233
Aesthetics services	221	211	–	–	221	211
	4,051	4,018	38,821	36,426	42,872	40,444
<u>Timing of transfer of goods or services</u>						
At a point in time	4,001	3,807	38,821	36,426	42,822	40,233
Over time	50	211	–	–	50	211
	4,051	4,018	38,821	36,426	42,872	40,444
<u>Primary geographical market</u>						
Singapore	4,051	4,018	5,446	5,404	9,497	9,422
Malaysia	–	–	33,221	31,022	33,221	31,022
Myanmar	–	–	154	–	154	–
	4,051	4,018	38,821	36,426	42,872	40,444

(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 upfront.

(c) Contract liabilities

Information about contract liabilities from contracts with customers is disclosed as follows:

	2019 \$'000	2018 \$'000
Contract liabilities (Note 17)	50	37

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 2019

18. REVENUE (CONT'D)

(c) Contract liabilities (cont'd)

Changes in contract liabilities are highlighted as follows:

	2019 \$'000	2018 \$'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	16	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.

19. OTHER INCOME

	Group	
	2019 \$'000	2018 \$'000
Gain on disposal of plant and equipment	–	37
Interest income	491	446
Interest income on net investment in sublease	9	–
Government grant	85	60
Reimbursement from vendors of subsidiaries acquired (Note 11)	63	21
Others	54	44
	702	608

20. OTHER EXPENSES

	Group	
	2019 \$'000	2018 \$'000
Amortisation of intangible assets ⁽¹⁾	560	561
Impairment loss for goodwill	1,180	–
Loss on disposal of plant and equipment	1	–
Loss on exchange differences, net	14	54
Plant and equipment written-off	18	38
Others	45	2
	1,818	655

(1) Comprised amortisation of contractual relationship and customer relationships

21. FINANCE COSTS

	Group	
	2019 \$'000	2018 \$'000
Interest expense on amortisation of discount on provision	3	4
Interest expense on lease liabilities	254	–
	257	4

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

22. PROFIT BEFORE INCOME TAX

Other than as disclosed in Notes 18 to 21, the following items have been included in arriving at profit before income tax:

		Group	
	Note	2019 \$'000	2018 \$'000
Cost of inventories	10	8,750	8,251
Depreciation of plant and equipment	4	1,044	966
Depreciation of plant and equipment (right-of-use assets)	5	1,476	–
Doctors' consultancy fees		508	409
Directors' fees	26	179	179
Employee benefits expense (including executive directors)			
– salaries, bonus and other benefits		14,856	13,995
– defined contribution plans		1,744	1,638
Amortisation of intangible assets	6	622	625
Allowance for expected credit losses, net	11	7	10
Bad debts written-off		1	–
Short-term and low-value/operating lease expenses		27	1,280
Write-back of provisions/accruals, net		–	(2)

23. INCOME TAX EXPENSE

Major components of income tax expense

		Group	
		2019 \$'000	2018 \$'000
Current income tax expense			
– current financial year		2,878	2,655
– over-provision in previous financial years		(42)	(30)
		2,836	2,625
Deferred tax credit			
– current financial year		(171)	(118)
– (under)/over-provision in previous financial years		(9)	9
		(180)	(109)
Total income tax expense recognised in profit or loss		2,656	2,516

There is no deferred tax expense related to other comprehensive income or charged directly in equity during the year (2018: nil).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

23. 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 2019 and 2018 is as follows:

	Group	
	2019 \$'000	2018 \$'000
Profit before income tax	9,905	11,193
Income tax calculated at Singapore's statutory income tax rate of 17% (2018: 17%)	1,684	1,903
Adjustments:		
Effect of different tax rates in other countries	600	556
Income not subject to income tax	(6)	(1)
Non-deductible expenses	596	264
Deferred tax assets not recognised	2	34
Benefits from previously unrecognised deferred tax assets	(7)	–
Over-provision of income tax expense in previous years	(42)	(30)
(Under)/over-provision of deferred tax credit (net) in previous years	(9)	9
Effect of tax exemption and rebates	(168)	(224)
Share of results of associate	6	5
	2,656	2,516

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

As at 31 December 2019, the Group has unutilised tax losses and unabsorbed capital allowances of approximately \$1,821,000 (2018: \$1,841,000) and \$259,000 (2018: \$266,000) 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.

Tax losses subject to expiry are as follows:

	Group	
	2019 \$'000	2018 \$'000
Expiry dates:		
– After 5 years	157	176

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 2.23(b) to the financial statements.

Tax consequence of proposed dividends

There are no income tax consequences (2018: nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 25).

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

24. 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	
	2019	2018
Profit for the year attributable to owners of the Company (\$'000)	<u>7,465</u>	<u>8,407</u>
Weighted average number of ordinary shares in issue during the financial year applicable to basic earnings per share	<u>527,569,833</u>	<u>517,095,669</u>
Earnings per share (in cents)		
– basic and diluted	<u>1.41</u>	<u>1.63</u>

25. DIVIDENDS

	Group and Company	
	2019	2018
	\$'000	\$'000
<i>Dividends on ordinary shares:</i>		
– Final tax-exempt dividend for 2018: 0.78 cents (2017: 0.70 cents) per share	4,152	3,620
– Special tax-exempt dividends for 2018: 0.98 cents (2017: nil) per share	5,217	–
– First interim tax-exempt dividend for 2019: 0.30 cents (2018: 0.78 cents) per share	<u>1,597</u>	<u>4,033</u>
	<u>10,966</u>	<u>7,653</u>
<i>Proposed but not recognised as a liability as at 31 December:</i>		
– Final tax-exempt dividends on ordinary shares for 2019 of 0.50 cents (2018: 0.78 cents) per share, subject to shareholders' approval at the Annual General Meeting	2,662	4,033
– Special tax-exempt dividends on ordinary shares for 2018 of 0.98 cents per share, subject to shareholders' approval at the Annual General Meeting	–	5,068
	<u>2,662</u>	<u>9,101</u>

26. 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	
	2019	2018
	\$'000	\$'000
With firm and member firm related to director of the Company		
Professional fees charged by	<u>243</u>	<u>124</u>

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

26. RELATED PARTY TRANSACTIONS (CONT'D)

The remuneration of key management personnel of the Group during the financial year is as follows:

	Group	
	2019 \$'000	2018 \$'000
Directors of the Company		
– Directors' fee	170	170
– short-term employee benefits	1,851	1,855
– post employment benefits	125	132
Key management personnel of the Group		
– Directors' fee	7	7
– short-term employee benefits	2,891	3,018
– post employment benefits	376	387
Other key management personnel of the subsidiaries, including directors		
– Directors' fee	2	2
– short-term employee benefits	932	1,381
– post employment benefits	100	180
	6,454	7,132

27. 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	
	2019 \$'000	2018 \$'000
Medical equipment	–	848
Software under development	–	46
	–	894

(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.

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 December 2018 amounted to \$1,280,000.

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 \$'000
Not later than one year	1,465
Later than one year but not later than five years	2,440
Later than five years	189
	4,094

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28. 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	
	2019 \$'000	2018 \$'000
Segment revenue		
Specialised health services	38,821	36,426
General health services	4,051	4,018
	<u>42,872</u>	<u>40,444</u>
Segment profit/(loss) after tax		
Specialised health services	7,377	7,614
General health services	(128)	1,063
	<u>7,249</u>	<u>8,677</u>

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	
	2019 \$'000	2018 \$'000
Segment revenue		
Singapore	9,497	9,422
Malaysia	33,221	31,022
Myanmar	154	–
	<u>42,872</u>	<u>40,444</u>
Segment profit/(loss) after tax		
Singapore	1,009	2,384
Malaysia	6,781	6,320
Myanmar	(541)	(27)
	<u>7,249</u>	<u>8,677</u>

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 (2018: two) corporate customers, which in total had contributed to 13% (2018: 12%) of the Group's total revenue for financial year ended 31 December 2019.

NOTES TO THE FINANCIAL STATEMENTS

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29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's and the Company's activities have exposure to credit risks, foreign currency 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 obligations. 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.

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 is 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Credit risks (cont'd)

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 expected credit losses below also incorporate forward-looking information such as forecast of gross domestic product ("GDP") which affects the number of defaults.

Summarised below is the information about the credit risk exposure on the Group's trade receivables (including contract assets) using provision matrix, grouped by the risk profile of the debtors:

2019	Current \$'000	0-90 days \$'000	Past due			Total \$'000
			91-180 days \$'000	181-365 days \$'000	>365 days \$'000	
Credit-impaired debtors:						
Gross carrying amount	-	-	-	*	18	18
Allowance for ECL	-	-	-	*	(18)	(18)
Corporate debtors:						
Gross carrying amount	2,068	120	12	12	*	2,212
Allowance for ECL	-	(3)	*	(1)	*	(4)
Individuals:						
Gross carrying amount	284	29	36	12	3	364
Allowance for ECL	(2)	(1)	(1)	(2)	(3)	(9)
2018	Current \$'000	0-90 days \$'000	Past due			Total \$'000
			91-180 days \$'000	181-365 days \$'000	>365 days \$'000	
Credit-impaired debtors:						
Gross carrying amount	-	-	-	-	23	23
Allowance for ECL	-	-	-	-	(23)	(23)
Corporate debtors:						
Gross carrying amount	1,659	466	19	12	1	2,157
Allowance for ECL	-	*	(1)	(1)	*	(2)
Individuals:						
Gross carrying amount	237	20	29	2	11	299
Allowance for ECL	*	(1)	*	*	(8)	(9)

* Less than \$1,000

Information regarding loss allowance movement of trade receivables are disclosed in Note 11.

During the financial year, the Group has written-off \$10,000 (2018: \$3,000) of trade receivables previously provided for 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) **Credit risks (cont'd)**

Other financial assets

The Group computes expected credit loss for other financial assets using the general approach. In calculating the expected credit loss, the Group assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the impairment loss allowance derived using 12-months ECL is insignificant.

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 (2018: 2) corporate customers which represent 43% (2018: 45%) of total trade receivables balance at year end.

At the end of the reporting period, the Group's and Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

(b) **Foreign currency risks**

The Company is exposed to currency translation risk arising from its intercompany balances with Malaysia subsidiaries denominated in Malaysian Ringgit ("RM").

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Company's profit before income tax to a reasonably possible change in RM exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

	Company	
	2019	2018
	\$'000	\$'000
	Increase/(decrease) in profit before income tax	
RM/SGD – strengthened 5% (2018: 5%)	263	476
– weakened 5% (2018: 5%)	(263)	(476)
	263	(476)

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Liquidity risks (cont'd)

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 2019			Total \$'000	Company 2019		
	One year or less \$'000	One to five years \$'000	Over five years \$'000		One year or less \$'000	One to five years \$'000	Total \$'000
Financial assets							
Trade and other receivables	3,085	-	-	3,085	9,972	-	9,972
Net investment in sublease	67	190	-	257	-	-	-
Cash and cash equivalents	25,657	-	-	25,657	5,764	-	5,764
Total undiscounted financial assets	28,809	190	-	28,999	15,736	-	15,736
Financial liabilities							
Trade and other payables	4,387	-	-	4,387	429	-	429
Lease liabilities	1,775	3,421	208	5,404	48	-	48
Total undiscounted financial liabilities	6,162	3,421	208	9,791	477	-	477
Total net undiscounted financial assets/(liabilities)	22,647	(3,231)	(208)	19,208	15,259	-	15,259

	Group 2018			Total \$'000	Company 2018		
	One year or less \$'000	One to five years \$'000	Over five years \$'000		One year or less \$'000	One to five years \$'000	Total \$'000
Financial assets							
Trade and other receivables	2,984	-	-	2,984	13,159	-	13,159
Cash and cash equivalents	27,105	-	-	27,105	7,943	-	7,943
Total undiscounted financial assets	30,089	-	-	30,089	21,102	-	21,102
Financial liabilities							
Trade and other payables, representing total undiscounted financial liabilities	3,847	-	-	3,847	320	-	320
Total net undiscounted financial assets	26,242	-	-	26,242	20,782	-	20,782

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

30. 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 2019 and 31 December 2018.

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 2019 and 31 December 2018.

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 2019 and 31 December 2018.

31. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Increase in ISEC Myanmar's share capital

At the date of this report, ISEC Myanmar Company Limited has increased its share capital from \$1,365,000 (equivalent to US\$1,000,000) to \$2,040,000 (equivalent to US\$1,500,000) through issuance of new shares allotted to the existing shareholders of the subsidiary in equal proportion to their existing shareholdings.

Acquisition of Indah Specialist Eye Centre Sdn. Bhd. (Indah Specialist)

On 27 February 2020, the Company completed the acquisition of Indah Specialist through its wholly-owned subsidiary, ISEC Sdn. Bhd. from external parties (Lee Peng Hwa, Woi You Wan, Lim Siew Geok, Loh Swee Seng, Siow Yun Ching and Tan Siow Wei. Collectively, the "Vendors"). The entire issued and paid up share capital of Indah Specialist was acquired by way of allotment of 17,950,913 new ordinary shares to the Vendors at the price of S\$0.356 per share on issue date and cash consideration of RM17,932,800. The Group is currently performing purchasers price allocation for the acquisition, to identify and identifiable intangible assets, and and fair valuation of net assets required.

Indah Specialist is expected to provide the Group with a growing stream of recurring income and cash flow in Johor Bahru where the demand for specialised and quality medical eye care services is expected to increase.

The Group is currently performing purchases price allocation for the acquisition, to identify any identifiable intangible assets, and any fair valuation of net assets required.

Following the allotment and issuance of the new ordinary shares, the total number of issued and fully paid-up shares (excluding treasury shares) has increased from 532,348,544 to 550,299,457.

Coronavirus 2019 (COVID-19) outbreak

Since the outbreak of COVID-19 that was reported in December 2019, the Group's clinic operations have stepped up screening measures on incoming patients entering the clinics. There have been exponential increase of reported cases in both Singapore and Malaysia where the Group has operations in. The governments of both Malaysia and Singapore have been tightening measures in terms of visitors entering the countries, and various restrictions within the countries. As such, our operations in both Malaysia and Singapore have been much affected. In particular, Malaysia, being the Group's main revenue contributor, is undergoing a national lockdown as at the date of this report to contain the virus outbreak. We will continue to monitor the situation and its impact to the clinic operations in the year 2020 and beyond.

32. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the directors on 30 March 2020.

STATISTICS OF SHAREHOLDINGS

AS AT 17 MARCH 2020

Number of Ordinary Shares in Issue (excluding treasury shares and subsidiary holdings)	:	550,299,457
Number of Treasury Shares held	:	386,400 (0.070%)
Number of Subsidiary Holdings held	:	Nil
Class of Shares	:	Ordinary
Voting Rights	:	One vote for each ordinary share held

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	3	0.76	47	0.00
100 – 1,000	28	7.13	16,900	0.00
1,001 – 10,000	161	40.97	1,111,100	0.20
10,001 – 1,000,000	176	44.78	15,504,001	2.82
1,000,001 AND ABOVE	25	6.36	533,667,409	96.98
TOTAL	393	100.00	550,299,457	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	DBS NOMINEES (PRIVATE) LIMITED	302,008,526	54.88
2	MAYBANK KIM ENG SECURITIES PTE. LTD.	37,221,334	6.76
3	RAFFLES NOMINEES (PTE.) LIMITED	29,548,516	5.37
4	CITIBANK NOMINEES SINGAPORE PTE LTD	26,894,180	4.89
5	LEE YENG FEN	25,892,258	4.71
6	WONG JUN SHYAN	17,377,634	3.16
7	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	15,265,145	2.77
8	CHOONG YEE FONG OR HERA LUKMAN	12,113,214	2.20
9	FANG SENG KHEONG OR CAROLINE HO MEI LI	12,030,631	2.19
10	JUSTIN TAN YOKE TARNG	7,500,000	1.36
11	KOK HOWE SEN	7,359,156	1.34
12	LIM SIEW GEOK	5,523,358	1.00
13	MICHAEL LAW SIE HAUR	3,950,158	0.72
14	ALAN ANG JIN SOON	3,798,110	0.69
15	UNG CHUIN TSIANG	3,798,110	0.69
16	ADRIAN TEY PUAT KEAN	3,351,273	0.61
17	PHILLIP SECURITIES PTE LTD	3,207,800	0.58
18	LEE PENG HWA	2,841,679	0.52
19	WOI YOU WAN	2,761,679	0.50
20	LOH SWEE SENG	2,589,074	0.47
	TOTAL	525,031,835	95.41

PUBLIC FLOAT

Based on the information available to the Company as at 17 March 2020, approximately 23.33% of the issued ordinary shares of the Company are held by the public. Accordingly the Company has complied with Rule 723 of the Listing Manual Section B: Rules of Catalist issued by the Singapore Exchange Securities Trading Limited.

STATISTICS OF SHAREHOLDINGS

AS AT 17 MARCH 2020

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

No.	Name of Substantial Shareholder	Direct Interest		Deemed Interest	
		No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
1.	Dr Lee Hung Ming ^{(2),(4)}	–	–	42,827,279	7.78
2.	Dr Wong Jun Shyan ⁽³⁾	17,377,634	3.16	15,000,000	2.73
3.	Dr Lee Yeng Fen ⁽⁴⁾	25,892,258	4.71	16,935,021	3.08
4.	Aier Eye International (Singapore) Pte. Ltd. ⁽⁵⁾	–	–	300,917,344	54.68
5.	Aier Eye Hospital Group Co., Ltd. ⁽⁶⁾	–	–	300,917,344	54.68
6.	Aier Medical Investment Group Co., Ltd. ⁽⁷⁾	–	–	300,917,344	54.68
7.	Mr Chen Bang ⁽⁷⁾	–	–	300,917,344	54.68

Notes:

- (1) Based on the total issued share capital of 550,299,457 ordinary shares (excluding treasury shares) of the Company as at 17 March 2020.
- (2) Dr Lee Hung Ming is deemed interested in the 42,827,279 ordinary shares held by his spouse.
- (3) Dr Wong Jun Shyan is deemed interested in the 15,000,000 ordinary shares held through his nominee, CIMSEC Nominees (Tempatan) Sdn Bhd CIMB.
- (4) Dr Lee Yeng Fen is the spouse of Dr Lee Hung Ming, Executive Vice Chairman of the Company. She is also deemed interested in the 16,935,021 ordinary shares held through her nominee Raffles Nominees (Pte) Ltd.
- (5) Aier Eye International (Singapore) Pte. Ltd. ("Aier Singapore") is deemed interested in the 300,917,344 ordinary shares held through its depository agent, DBS Nominees Pte. Ltd. Aier Singapore is a wholly-owned subsidiary of Aier Eye Hospital Group Co., Ltd. ("Aier China"), which is listed on the Shenzhen Stock Exchange. Mr Chen Bang directly holds 16.37% of shares in Aier China and 79.99% of shares in Aier Medical Investment Group Co., Ltd. ("Aier Medical"). Aier Medical directly holds 37.81% of shares in Aier China.
- (6) Aier China is deemed interested in the 300,917,344 ordinary shares in which Aier Singapore has an interest, by virtue of Aier Singapore being a wholly-owned subsidiary of Aier China.
- (7) Mr Chen Bang directly holds 16.37% of shares in Aier China and 79.99% of shares in Aier Medical. Aier Medical directly holds 37.81% of shares in Aier China. As such, Mr Chen Bang and Aier Medical control the exercise of more than 20% of the votes attached to the voting shares of Aier China. Aier China is deemed interested in the 300,917,344 ordinary shares in which Aier Singapore has an interest, by virtue of Aier Singapore being a wholly-owned subsidiary of Aier China.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of **ISEC HEALTHCARE LTD.** will be held at RELC International Hotel, 30 Orange Grove Road, Singapore 258352 on Wednesday, 24 June 2020 at 10.00 a.m. to transact the following business:–

ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements for the financial year ended 31 December 2019 together with the Independent Auditor's Report thereon.

(Resolution 1)

2. To declare a final tax exempt (one-tier) dividend of 0.50 Singapore cents per ordinary share for the financial year ended 31 December 2019 (FY2018: Final tax exempt (one-tier) dividend of 0.78 Singapore cents per ordinary share and Special tax exempt (one-tier) dividend of 0.98 Singapore cents per ordinary share).

(Resolution 2)

[See Explanatory Note (i)]

3. To note the retirement of Professor Low Teck Seng, a Director retiring pursuant to Article 114 of the Constitution of the Company and who has decided not to seek re-appointment.

[See Explanatory Note (ii)]

4. To note the retirement of Dr Wong Jun Shyan, a Director retiring pursuant to Article 114 of the Constitution of the Company and who has decided not to seek re-appointment.

[See Explanatory Note (iii)]

5. To re-elect the following Directors of the Company retiring pursuant to Article 118 of the Constitution of the Company, and who have, being eligible, offered themselves for re-election as Directors:

Mr Chen Bang
Ms Zhang Yongmei
Mr Li Li

(Resolution 3)

(Resolution 4)

(Resolution 5)

Mr Chen Bang will, upon re-election as Director of the Company, remain as Non-Executive Director of the Company and will be considered non-independent.

Ms Zhang Yongmei will, upon re-election as Director of the Company, remain as Non-Executive Director of the Company and will be considered non-independent for the purposes of Rule 704(7) of the Catalist Rules.

Mr Li Li will, upon re-election as Director of the Company, remain as Non-Executive Director of the Company and will be considered non-independent.

[See Explanatory Note (iv)]

6. To approve the payment of Directors' fees amounting to S\$150,000 for the financial year ending 31 December 2020, payable quarterly in arrears. (FY2019: S\$170,000)

(Resolution 6)

7. To re-appoint Ernst & Young LLP as the Independent Auditors of the Company for the ensuing year and to authorise the Directors of the Company to fix their remuneration.

(Resolution 7)

8. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

9. Authority to allot and issue shares

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the “**Act**”) and Rule 806 of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalyst (the “**Catalist Rules**”), the Directors of the Company be authorised and empowered to:

- (a) (i) allot and issue shares in the capital of the Company (“**Shares**”) 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) options, warrants, debentures or other instruments convertible into Shares,
- at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and
- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

- (1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) to be issued other than on a pro rata basis to shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
 - (a) new Shares arising from the conversion or exercise of any convertible securities;
 - (b) new Shares arising from the exercising of share options or vesting of share awards; and
 - (c) any subsequent bonus issue, consolidation or subdivision of shares;

and, in sub-paragraph (1) above and this sub-paragraph (2), “subsidiary holdings” has the meaning given to it in the Catalist Rules;

Adjustments in accordance with sub-paragraph (2)(a) or (2)(b) are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution.

- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), the Act and the Constitution, for the time being, of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (v)]

(Resolution 8)

NOTICE OF ANNUAL GENERAL MEETING

10. Authority to issue Shares under the ISEC Healthcare Share Option Scheme (the “Share Option Scheme”)

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, the Directors of the Company be authorised to offer and grant options in accordance with the provisions of the Share Option Scheme and to allot and issue from time to time such number of Shares in the capital of the Company as may be required to be allotted and issued pursuant to the exercise of options under the Share Option Scheme, provided always that the aggregate number of new Shares to be allotted and issued pursuant to the Share Option Scheme, when added to the aggregate number of Shares issued and issuable in respect of all options granted under the Share Option Scheme and any other share option, share incentive, performance share or restricted share plan implemented by the Company, shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company on the day preceding the date of grant of the option, as determined in accordance with the provisions of the Share Option Scheme. Such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (vi)]

(Resolution 9)

11. Authority to issue Shares under the ISEC Healthcare Performance Share Plan (the “Performance Share Plan”)

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, the Directors of the Company be authorised and empowered to grant awards in accordance with the provisions of the Performance Share Plan and to allot and issue from time to time, such number of Shares in the capital of the Company as may be required to be allotted and issued pursuant to the vesting of awards under the Performance Share Plan, provided always that the aggregate number of Shares issued and issuable in respect of all awards granted under the Performance Share Plan, when added to all Shares issued and issuable in respect of the ISEC Healthcare Share Option Scheme and any other share scheme implemented by the Company for the time being in force, shall not exceed fifteen per centum (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company on the day preceding the date of grant of the award. Such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (vii)]

(Resolution 10)

12. Proposed Renewal of the Share Buyback Mandate

That

(a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the “**Act**”), the Directors of the Company be and are hereby authorised to exercise all the powers of the Company to purchase or otherwise acquire Shares not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

- (i) market purchases transacted on Catalist through the ready market, and which may be transacted through one or more duly licensed stockbrokers appointed by the Company for the purpose of the share buyback (“**Market Purchases**”); and/or
- (ii) off-market purchases effected pursuant to an equal access scheme as defined in Section 76C of the Act (“**Off-Market Purchase**”),

and otherwise in accordance with all other laws and regulations, including but not limited to, the Company’s Constitution, the provisions of the Act and the Catalist Rules as may for the time being be applicable (the “**Share Buyback Mandate**”);

(b) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Buyback Mandate shall, at the discretion of the Directors of the Company, either be cancelled or held in treasury and dealt with in accordance with the Act;

NOTICE OF ANNUAL GENERAL MEETING

- (c) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:
- (i) the date on which the next AGM of the Company is held or is required by law to be held;
 - (ii) the date on which the purchases or acquisitions of the shares pursuant to the Share Buyback Mandate is carried out to the full extent mandated; or
 - (iii) the date on which the authority conferred in the Share Buyback Mandate is varied or revoked by the shareholders in a general meeting,

whichever is the earliest (“**Relevant Period**”).

- (d) for purposes of this Resolution:

“**Prescribed Limit**” means 10% of the total number of issued ordinary shares of the Company (“**Shares**”) as at the date of passing of this Resolution unless the Company has, at any time during the Relevant Period, effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Act, in which event the total number of Shares shall be taken to be the total number of Shares as altered (excluding any treasury shares and subsidiary holdings that may be held by the Company from time to time); and

“**Maximum Price**” in relation to a Share to be purchased, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) not exceeding:

- (i) in the case of a Market Purchase, 105% of the Average Closing Price; and
- (ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price,

where:

(iii) “**Average Closing Price**” means the average of the closing market prices of a Share over the last five market days, on which transactions in the Shares were recorded, before the day on which the purchase or acquisition of Shares was made, or as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs during the relevant five (5)-day period and the day on which the purchases are made;

(iv) “**day of the making of the offer**” means the day on which the Company announces its intention to make an offer for an Off-Market Purchase, stating the purchase price (which shall not be more than the Maximum Price) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

(v) “**market day**” means a day on which the SGX-ST is open for trading in securities.

- (e) any of the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including without limitation, to execute all such documents as may be required and to approve any amendments, alterations or modifications to any documents), as they or he may consider desirable, expedient or necessary to give effect to the transactions contemplated by this Resolution.

[See Explanatory Note (viii)]

(Resolution 11)

By Order of the Board

Ngiam May Ling
Company Secretary
Singapore,
15 April 2020

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

- (i) For the financial year ended 31 December 2018, the Company paid an interim tax exempt (one-tier) dividend of 0.78 Singapore cents per ordinary share, a final tax exempt (one-tier) dividend of 0.78 Singapore cents per ordinary share and a special tax exempt (one-tier) dividend of 0.98 Singapore cents per ordinary share. For the financial year ended 31 December 2019, the Company has paid an interim tax exempt (one-tier) dividend of 0.30 Singapore cent per ordinary share and will paying a final tax exempt (one-tier) dividend of 0.50 Singapore cents per ordinary share, if approved by the members at this AGM.
- (ii) Item 3 above is to note the retirement of Professor Low Teck Seng, who has decided to retire as Director of the Company at the conclusion of this AGM. Professor Low will cease to be Chairman of the Nominating, and a member of the Audit and Remuneration Committees upon his retirement from office.
- (iii) Item 4 above is to note the retirement of Dr Wong Jun Shyan, who has decided to retire as Director of the Company at the conclusion of this AGM. Dr Wong will remain as the Chief Executive Officer of the Company upon his retirement as a Director of the Company.
- (iv) Resolutions 3, 4 and 5 above are for the re-election of Mr Chen Bang, Ms Zhang Yongmei and Mr Li Li, Directors of the Company who retire by rotation at this AGM. For more information on the Directors, please refer to the "Board of Directors" section in the Annual Report 2019.

Mr Chen Bang, will upon re-election as a Director of the Company, remain as a Non-Executive and Non-Independent Director.

Ms Zhang Yongmei, will upon re-election as a Director of the Company, remain as a Non-Executive and Non-Independent Director, member of the Audit Committee, Nominating Committee and Remuneration Committee.

Mr Li Li, will upon re-election as a Director of the Company, remain as a Non-Executive and Non-Independent Director.

- (v) The Ordinary Resolution 8 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments, up to a number not exceeding, in total, one hundred per centum (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to fifty per centum (50%) may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of Shares that may be issued, the percentage of issued Shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time Ordinary Resolution 8 is passed after adjusting for new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards and any subsequent bonus issue, consolidation or subdivision of shares. These adjustments are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution.

- (vi) The Ordinary Resolution 9 above, if passed, will empower the Directors of the Company to issue Shares up to an amount in aggregate not exceeding fifteen per centum (15%) of the issued share capital (excluding treasury shares and subsidiary holdings) of the Company pursuant to the Share Option Scheme, and such other share-based incentive scheme or share plan, on the date preceding the date of the relevant grant. This authority is in addition to the general authority to issue Shares sought under Ordinary Resolution 8.
- (vii) The Ordinary Resolution 10 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to grant awards under the Performance Share Plan in accordance with the provisions of the Performance Share Plan and to allot and issue from time to time such number of fully-paid Shares as may be required to be issued pursuant to the vesting of the awards under the Performance Share Plan subject to the maximum number of Shares prescribed under the terms and conditions of the Performance Share Plan.

The aggregate number of Shares which may be allotted and issued pursuant to the Performance Share Plan and under any other share incentive scheme or share plan adopted by the Company for the time being in force, is limited to fifteen per centum (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company on the day preceding the date of grant of the option and/or award. This authority is in addition to the general authority to issue Shares sought under Ordinary Resolution 8.

- (viii) The Ordinary Resolution 11 above, if passed, will empower the Directors of the Company, effective period commencing from the date on which the ordinary resolution in relation to the proposed renewal of the Share Buyback Mandate is passed in a general meeting and expiring on the earliest of the date on which the next Annual General Meeting is held or is required by law to be held, the date the said mandate is revoked or varied by the Company in a general meeting, or the date on which the purchases of shares pursuant to the Share Buyback Mandate are carried out to the full extent mandated, to repurchase ordinary shares of the Company by way of market purchases or off-market purchases of up to ten per cent (10%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the Maximum Price as defined in this Notice of Annual General Meeting.

The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of ordinary shares by the Company pursuant to the Share Buyback Mandate on the audited consolidated financial statements of the Group for the financial year ended 31 December 2019 are set out in greater detail in the Addendum to the Annual Report.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. (a) A member who is not a relevant intermediary, is entitled to appoint one or two proxies to attend and vote (whether to vote in favour of or against, or to abstain from voting) at the annual general meeting ("Meeting") of the Company.
- (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote (whether to vote in favour of or against, or to abstain from voting) at the annual general meeting of the Company, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act.

2. A proxy need not be a member of the Company.
3. The instrument appointing a proxy or proxies must be deposited at the Company's Share Registrar office at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than forty-eight (48) hours before the time appointed for holding the Meeting of the Company.

Important Notice from the Company on the Novel Coronavirus (COVID-19)

As the COVID-19 situation continues to evolve, the Company is closely monitoring the situation, including any precautionary measures which may be required or recommended by government agencies to minimise the risk of spread of COVID-19. The Company reserves the right to take measures as appropriate in order to minimise any risk to shareholders and others attending the AGM. In the event of such measures are adopted, the Company will make announcements as appropriate via SGXNet and published at www.isechealthcare.com closer to the AGM date. For latest updates on COVID-19, please refer to the Ministry of Health website at <https://www.moh.gov.sg>.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote (whether to vote in favour of or against, or to abstain from voting) at the Meeting and/or any adjournment thereof, a member of the Company:

- (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes");
- (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and
- (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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ISEC HEALTHCARE LTD.
 (Company Registration No. 201400185H)
 (Incorporated in the Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this form)

IMPORTANT:

1. A relevant intermediary may appoint more than two proxies to attend and vote (whether to vote in favour of or against, or to abstain from voting) at the Annual General Meeting. (please see note 4 for the definition of "relevant intermediary").
2. For CPF/SRS investors who have used their CPF/SRS monies to buy ISEC Healthcare Ltd's shares, this Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.

Personal Data Privacy
 By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the notice of Annual General Meeting dated 15 April 2020.

I/We (Name) _____ (NRIC/Passport/UEN No.) _____
 of (Address) _____
 being a member/members of ISEC Healthcare Ltd. (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the annual general meeting (the "Meeting") as my/our proxy/proxies to vote (whether to vote in favour of, or against, or to abstain from voting) for me/us on my/our behalf at the Meeting to be held at RELC International Hotel, 30 Orange Grove Road, Singapore 258352 on Wednesday, 24 June 2020 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for, or against, or abstain from voting the resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Meeting and at any adjournment thereof.

No.	Resolutions relating to:	Number of votes For [^]	Number of votes Against [^]	Number of votes Abstaining [^]
As Ordinary Business				
1	Adoption of Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2019 together with the Independent Auditor's Report thereon			
2	Declaration of a final tax exempt (one-tier) dividend of 0.50 Singapore cents per ordinary share for the financial year ended 31 December 2019			
3	Re-election of Mr Chen Bang as a Director of the Company			
4	Re-election of Ms Zhang Yongmei as a Director of the Company			
5	Re-election of Mr Li Li as a Director of the Company			
6	Approval of Directors' fees amounting to S\$150,000 for the financial year ending 31 December 2020, payable quarterly in arrears			
7	Re-appointment of Ernst & Young LLP as Independent Auditors of the Company for the ensuing year and to authorise the Directors of the Company to fix their remuneration			
As Special Business				
8	Authority to allot and issue shares			
9	Authority to issue shares under the ISEC Healthcare Share Option Scheme			
10	Authority to issue shares under the ISEC Healthcare Performance Share Plan			
11	Proposed Renewal of the Share Buyback Mandate			

[^] Voting will be conducted by poll. If you wish to exercise your votes "For" or "Against" or abstaining from voting, please tick [✓] within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2020

Total Number of Shares in:	Number of Shares
(a) CDP Register	
(b) Register of Members	

 Signature of Shareholder(s)
 or, Common Seal of Corporate Shareholder

* Delete where inapplicable

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote (whether to vote in favour of or against, or to abstain from voting) at a meeting of the Company is entitled to appoint one or two proxies to attend and vote (whether to vote in favour of or against, or to abstain from voting) in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. A member who is a relevant intermediary entitled to attend the meeting and vote (whether to vote in favour of or against, or to abstain from voting) is entitled to appoint more than two proxies to attend and vote (whether to vote in favour of or against, or to abstain from voting) instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

"Relevant intermediary" means:
 - (a) a banking corporation licensed under the Banking Act (Chapter 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
6. The instrument appointing a proxy or proxies must be deposited at the Company's Share Registrar office at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than 48 hours before the time appointed for the Meeting.
7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
8. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the annual general meeting, in accordance with its Constitution and Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

CORPORATE INFORMATION

REGISTERED OFFICE

101 Thomson Road
#09-04 United Square
Singapore 307591
Telephone: +65 6258 2262
Facsimile: +65 6258 2272

BOARD OF DIRECTORS

Mr Sitoh Yih Pin
Non-Executive Chairman and
Independent Director

Dr Lee Hung Ming
Executive Vice Chairman

Dr Wong Jun Shyan
Executive Director and
Chief Executive Officer

Professor Low Teck Seng
Independent Director

Mr Lim Wee Hann
Independent Director

Mr Chen Bang
Non-Executive and
Non-Independent Director

Ms Zhang Yongmei
Non-Executive and
Non-Independent Director

Mr Li Li
Non-Executive and
Non-Independent Director

AUDIT COMMITTEE

Mr Sitoh Yih Pin (Chairman)
Professor Low Teck Seng
Mr Lim Wee Hann

NOMINATING COMMITTEE

Professor Low Teck Seng
(Chairman)
Mr Sitoh Yih Pin
Mr Lim Wee Hann

REMUNERATION COMMITTEE

Mr Lim Wee Hann (Chairman)
Mr Sitoh Yih Pin
Professor Low Teck Seng

COMPANY SECRETARY

Ms Ngiam May Ling

SPONSOR

**PrimePartners Corporate Finance
Pte. Ltd.**
16 Collyer Quay
#10-00 Income at Raffles
Singapore 049318

SHARE REGISTRAR

**Boardroom Corporate & Advisory
Services Pte. Ltd.**
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

INDEPENDENT AUDITORS

Ernst & Young LLP
Public Accountants and Chartered
Accountants
One Raffles Quay
North Tower, Level 18
Singapore 048583

Partner-in-charge: Tan Peck Yen
(Appointed from the financial year
ended 31 December 2016)

INVESTOR RELATIONS

ir@isehealthcare.com

WEBSITE

<http://www.isehealthcare.com>



(Company Registration No.: 201400185H)
(Incorporated in the Republic of Singapore on 2 January 2014)

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#09-04 United Square
Singapore 307591
www.isechealthcare.com