SINGAPORE
PAINCARE
HOLDINGS

Bringing pain relief closer to you

Annual Report 2022

Empowering Growth

COVER CONCEPT

Singapore Paincare Holdings Limited

"For a tree to become tall it must grow tough roots among the rocks."

- Friedrich Nietzsche

For the year in review, we have continued to strengthen our fundamental competencies while delivering sustainable value amidst challenging conditions. Drawing on our deeply rooted capabilities in pain management, we have branched out and further diversified the Group's offerings. These efforts have empowered us to continue delivering long-lasting and affordable pain care to the masses and sustained our growth. These efforts plant the seeds for the Group's future expansion throughout Singapore and the region as we pursue our vision to be the leading provider of interventional pain procedures in Asia at both specialist and primary care levels.

Empowering Growth

CONTENTS

02 Corporate Profile

03 Our Brands & Services

06 Letter to Shareholders

08 Operations and Financial Review

10 Group Structure

11 Financial Highlights

12 Board of Directors

15 Key Executives & Medical Professionals

18 Clinics & Physiotherapy Locations

19 Sustainability Report

32 Corporate Information

33 Corporate Governance

59 Directors' Statement

63 Financial Statements

129 Shareholdings Statistics

131 Notice of Annual General Meeting

137 Re-election of Directors

Proxy Form

This annual report has been prepared by Singapore Paincare Holdings Limited (the "**Company**") and reviewed by the Company's sponsor, Novus Corporate Finance Pte. Ltd. ("**NCF**"), in compliance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist.

This annual report has not been examined or approved by the SGX-ST and 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 Mr. Pong Chen Yih, Chief Operating Officer, at 7 Temasek Boulevard, #18-03B Suntec Tower 1, Singapore 038987, telephone (65) 6950 2188.

CORPORATE PROFILE

Incorporated in 2018, **SINGAPORE PAINCARE HOLDINGS LIMITED** ("**Singapore Paincare**" or the "**Company**" and together with its subsidiaries, the "**Group**") is a medical services group with a **focus on treating and managing chronic and acute pain**.

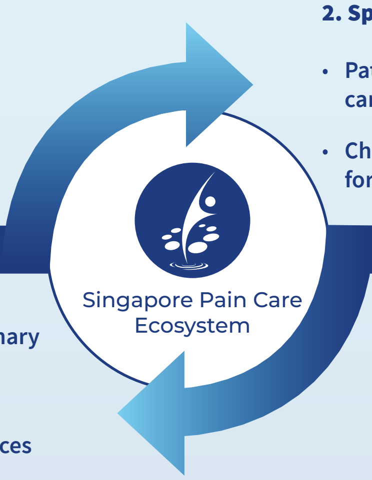
Singapore Paincare has established a holistic pain care ecosystem that can cater to patients at different stages of their journey from treatment to recovery to ongoing wellness. Its comprehensive range of pain care services provides opportunities for cross referrals of patients within the Group and brings into fruition its vision to be a leading one-stop integrated pain management centre in Asia.

The Group comprises specialist doctors, primary care doctors as well as other pain care professionals trained in Traditional Chinese Medicine ("**TCM**"), physiotherapy and rehabilitation. As of 30 June 2022, the Group has ten general practitioner clinics, three specialists clinics, two physiotherapy centres, one TCM clinic and two health screening facilities. These operate under four key brands, namely "Singapore Paincare Center" for specialist services, "DR+" for primary care services, "Ready Fit Physiotherapy" for rehabilitation services and "Singapore Paincare TCM Wellness" for TCM services. Singapore Paincare also runs its own Singapore Paincare Academy, which oversees the training needs and continuous skills upgrading of the medical professionals within the Group.

Singapore Paincare is listed on the Singapore Exchange (SGX) since 30 July 2020.

OUR BRANDS & SERVICES

Comprehensive Pain Care Ecosystem



1. Primary Care Clinics

- Making pain care accessible through the network of primary care clinics
- Increase revenue potential through new pain care services

2. Specialist Centres

- Patient referrals from primary care clinics to specialists
- Channel to primary care clinics for continual follow up

3. Physiotherapy & TCM Centres

- Two-way patient referral between physiotherapy/TCM practitioner to pain care doctors
- Patients undergo rehabilitation & maintenance therapy

4. Other Pain Care & Wellness Services & Products

OUR BRANDS & SERVICES

Singapore Paincare Center

Specialised Painostic Methodology

Singapore Paincare Center is the brand for our specialist pain care services. We take pride in helping patients to resolve chronic pain conditions where others have failed because our proprietary understanding of pain and the interplay of different pain pathways allows us to accurately diagnose and relieve difficult and complicated pain conditions.

Our proprietary Minimally Invasive Procedures were curated by our specialist doctors to deliver results without the need for open surgery or use of painkillers. They include "Myospan" injections, which are used to treat a wide variety of common pain conditions including muscle pain, muscle spasm, joint pain and nerve pain and "Neurospan" injections, which are used to treat pain conditions caused by spinal issues. These treatments are usually one-off procedures without significant downtime or risks to patients. These treatments have proven to be effective in providing sustained pain relief without the need for repeated sessions, thus earning the trust of both local and overseas patients.

Locations:

- Singapore Paincare Center, Paragon Medical Centre
- Singapore Paincare Center, Mount Elizabeth Novena Specialist Centre
- Centre for Screening & Surgery, Mount Elizabeth Novena Specialist Centre

DR+ Medical & Paincare Clinics

Strategic Rebranding

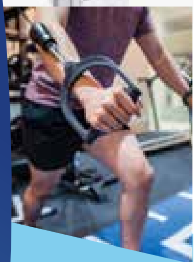
DR+ Medical & Paincare clinics are our general practitioner ("**GP**") clinics that offer primary healthcare services with pain care as an area of focus. DR+ Clinics can treat up to 70% of common pain conditions and they enable our Group to bring affordable and accessible pain treatments to the masses. DR+ Clinics are the frontline in our Group's vision to build a comprehensive pain care ecosystem. We currently have three DR+ clinics including:

- DR+ Medical & Paincare Tampines
- DR+ Medical Paincare
- DR+ Medical & Paincare Upper Thomson

The Group is in the process of rebranding its other GP clinics, enabling the DR+ brand to be easily recognisable as the "go-to brand" for pain care in the suburbs. The clinics that are scheduled to be rebranded as DR+ by the end of 2022 include:

- AE Medical Clinic
- Binjal Medical & Paincare Clinic
- Medihealth Bishan Clinic & Surgery
- Lian Clinic
- The Family Clinic @ Towner

OUR BRANDS & SERVICES



TCM Wellness

The Yin-Yang Harmony of Pain Management

Singapore Paincare TCM Wellness is our Traditional Chinese Medicine ("**TCM**") brand and the only TCM brand to focus solely on pain management. The brand embodies the Yin-Yang harmony by combining the TCM focus on internal qi regulation (Yin) with the western medical emphasis on external physical movement (Yang) to treat pain and promote healing.

Its signature treatments include:

- ***Qi'Nergy Flex Integrated Care*** – a comprehensive pain management treatment that combines our proprietary TCM services and physiotherapy services to achieve optimal and long-term pain resolution
- ***Qi'Nergy Tuina*** – a combination of TCM and Western Medicine principles to achieve accelerated healing effect
- ***Wellness Herb Ionto*** – a herbal foot soak treatment that combines eastern herb concoctions and western Iontophoresis which passes a gentle electric current through the water to promote effective herb absorption
- ***Signature Paediatric Tuina*** – an adaptation of our signature Qi'Nergy Tuina for children and infants to treat and/or prevent paediatric diseases

Location:

- Singapore Paincare TCM Wellness, Marina Square

Ready Fit Physiotherapy

An Evidence-Based Approach to Pain Treatment

Ready Fit Physiotherapy is our physiotherapy and rehabilitation brand that offers tailored programmes dedicated to each aspect of the recovery process and to promote ongoing wellness. Our evidence-based treatments are effective in relieving pain and improving our patients' strength and mobility.

Our centres are well-equipped with industry-leading medical technology, treatment rooms as well as a fully furnished gym. We embrace advanced methodologies such as the Winback Tecartherapy – a revolutionary non-invasive technology that utilises a high frequency current to stimulate the body's natural repair mechanism. It is typically used to treat deep tissues and helps to reduce pain and inflammation to restore movement.

To help patients with injuries or recent surgeries and postpartum women who are suffering from Diastasis Recti-related conditions, we offer High-Intensity Electromagnetic Therapy – a non-invasive treatment that helps stimulate muscle contraction, strengthen one's core and abdominal walls.

Locations:

- Ready Fit Physiotherapy, Marina Square
- Ready Fit Physiotherapy, Bukit Timah

Singapore Paincare Academy

Rigorous Training and Certification

Singapore Paincare Academy is our brand promise to patients to uphold the highest clinical and operational standards. The academy ensures that our specialist doctors, GPs and clinicians are trained and certified to provide excellent pain care services in line with our proprietary treatment know-how and standard operating procedures. The academy also provides yearly continuous education to our specialist doctors and GPs to enable them to stay at the forefront of the industry. This includes conducting annual refresher courses and trainings on the latest medical technologies and improved treatment methodologies.

Similarly, Singapore Paincare Academy ensures that our TCM practitioners, therapists and physiotherapists are trained and certified to deliver a holistic treatment by combining the best of TCM and western medicine. The academy enables them to provide better pain assessment and diagnoses in line with our proprietary Painostic methodology. The academy also equips them with our unique set of medical knowledge and principles in providing ongoing care and rehabilitation to patients.

LETTER TO SHAREHOLDERS

Ms. Lai Chin Yee
Non-Executive Chairman and Independent Director

Dear Shareholders

After two years of living in the grips of a global pandemic, we are pleased to bring you this message in much cheerier times as the majority of communities and economies worldwide gradually recover from one of the most challenging periods in the 21st century.

While the COVID-19 situation is still fluid and there remains a threat of resurgence, Singapore Paincare Holdings Limited ("**Singapore Paincare**" or the "**Group**") is cautiously optimistic that the worse is behind us and we can look forward to better days ahead.

The Singapore government had managed the situation well and with the majority of the population already inoculated against the virus, most restrictions were lifted since March 2022 and our borders were fully opened since April 2022. Although this was just a few months ago, the positive impact on our performance is already quite clear. It marked the return of medical tourists seeking specialist treatment and we also saw an increase in the number of patients coming in to resolve pain conditions that they had put off during the COVID-19 pandemic. We expect this to continue over the next 12 months as people become more confident in venturing out and travelling abroad after a long hiatus.

Corporate Developments & Outlook

Long before the easing of restrictions, Singapore Paincare had already started looking beyond the COVID-19 pandemic to ready itself for the expected upswing in activity once the situation came under control.

Since our initial public offering ("**IPO**") in 2020, we have been actively seeking out opportunities to expand our network and range of services in order to drive higher revenue for the Group. From just nine locations, the Group has expanded to 18 locations islandwide as at 30 June 2022. From specialist pain care, primary healthcare and health screening, we have added physiotherapy and traditional Chinese medicine ("**TCM**") to our range of pain care services. This was all part of our resolve to establish a holistic, accessible and affordable pain care ecosystem that can cater to patients at all stages – from treatment to recovery and ongoing maintenance and wellness.

In February 2022, we acquired 51.0% stake in Centre for Screening & Surgery Pte Ltd ("**CSS**"), which broadened the Group's services to include cancer detection and treatment and to offer pain care services as part of a holistic treatment regimen for surgical and cancer patients. This includes providing surgical options for patients who may need surgery to remove possible pain generators.

Shortly after, we established a new TCM arm and opened our first Singapore Paincare TCM Wellness clinic in March 2022. While our roots are in science-based western medicine, we have long recognised the existence of a substantial segment of patients that believe strongly in the effectiveness of TCM to manage pain and who regularly seek out temporary relief in services such as *tuina* (or acupressure massage) and acupuncture. This is an untapped group of patients that can be a good source of income for us.

Our first TCM clinic is part of an integrated pain care centre located at Marina Square that also features our Ready Fit physiotherapy brand. The response has been encouraging and we have received good feedback from patients. To differentiate ourselves from other TCM clinics, we focus solely on pain management by applying the Yin-Yang concept, which is a combination of internal qi regulation (Yin) and western medical emphasis on external physical movement (Yang) to manage pain and promote healing. We will continue to look for opportunities to open more TCM clinics so that we can serve more patients.

In other local developments, we are in the process of rebranding our growing network of primary healthcare ("**GP**") clinics under our new "DR+" brand name so that patients can identify the brand with a higher-level pain management expertise.

Our DR+ brand differentiates our GP clinics from others because our GP doctors have to earn this badge. To do so, they have to accumulate an aggregate of 80 hours of training at our Singapore Paincare Academy to diagnose, treat and manage 70% of pain conditions. DR+ clinics form the frontline of our pain care services and enable us to offer treatment for common pain conditions to the masses at rates that are more affordable than specialist services. At the same time, DR+ clinics also present referral opportunities for our specialist clinics for more challenging conditions and for our rehabilitative centres for ongoing maintenance.

In terms of overseas expansion, these plans were temporarily shelved due to various degrees of border restrictions over the past two years. However, we continued to have active conversations with potential partners in regional markets. We have kept those relationships warm while we wait for the environment to improve, and we will inform the investor community through the usual channels should any of these talks materialise into actual partnerships that will pave the way for the Group to replicate our integrated business model abroad.

As disclosed in the offer document dated 13 July 2020, the regional markets in which we have a keen interest include Indonesia, the Philippines, Malaysia, Vietnam and the People's Republic of China. Our choice of markets stems from the fact that we have a good number of patients that hail from these countries. Despite not having a local presence in these markets, we continue to welcome new patients that seek us out because of word-of-mouth and more importantly, they are unable to find similarly effective non-invasive treatment and procedures in their own countries.

LETTER TO SHAREHOLDERS

Therefore, we believe that being able to set up our operations in these markets will not only strengthen our Singapore Paincare brand but enable us to export our proprietary treatment methodology and expertise and to build the same ecosystem that will enhance the quality of pain care regionally. This will then entrench us as a leading pain care Group in Asia.

Looking ahead, we are cautiously optimistic about a better financial year ahead for the Group. Although we are mindful of inflationary pressures and geopolitical tensions that may have a negative impact on the economy, Singapore Paincare is a provider of necessary services to people who are unwell or who are desperate to live pain-free lives. This lends us a good measure of business resilience and provides some buffer against external shocks. We will continue to exercise financial prudence and review our pricing strategy so as to protect our margins and cushion our bottom-line from rising costs.

FY2022 Performance Review

The unprecedented measures to contain the spread of the COVID-19 virus had put many industries and businesses to the test. As a provider of essential medical services, the Group was less impacted compared to those in the service and retail sector. In fact, we are elated to have achieved a record performance since our IPO, with both our top and bottom lines reaching an all-time high for the financial year ended 30 June 2022 ("**FY2022**").

In FY2022, the Group's net profit attributable to shareholders surged 77.3% to a record of S$3.9 million from S$2.2 million in the previous financial year ended 30 June 2021 ("**FY2021**"). The strong bottom line came on the back of revenue of S$18.8 million in FY2022 – also a record – up 70.9% from S$11.0 million in FY2021.

During the financial year under review, there was an increase in revenue contribution from the GP clinics because of our participation in Singapore's nation-wide COVID-19 vaccination programme. In addition, revenue contribution from specialists was also higher due to an increase in medical consultations following the full opening of Singapore's borders in April 2022 and also new revenue contributions from the acquisition of CSS and the new TCM arm.

Besides the easing of COVID-19 measures, our performance can also be attributed to our post-IPO growth.

Appreciation and acknowledgement

We want to share the fruits of a very good year with our shareholders who had invested in us because you believe in our vision to build a robust and revenue-generating pain care ecosystem that can support patients in their journey from pain to wellness.

To thank our shareholders for the support, the Board of Directors has recommended a tax-exempt one-tier final cash dividend of 1.20 Singapore cents per share for FY2022, which is 0.45 Singapore cents higher than the 0.75 Singapore cents per share that was paid out in respect of FY2021.

We also want to thank our fellow Directors of the Board for their contribution during the year. As we grow as a company, we will continue to look to them for guidance in upholding high standards of corporate governance and for advising the management as it sets the strategic direction for the Group.

In closing, we would like to acknowledge our team of doctors, medical and administrative support staff as well as all other employees of the Group for the dedication they had put in over the last two years. Working in the healthcare sector during a pandemic situation took a lot of courage and even more tenacity. They are our unsung heroes, and we are so proud of our team for having risen to the challenge.

Ms. Lai Chin Yee
Non-Executive Chairman and Independent Director

Dr. Lee Mun Kam, Bernard
Executive Director and Chief Executive Officer

OPERATIONS AND FINANCIAL REVIEW

REVIEW OF PERFORMANCE OF THE GROUP

Revenue

The Group's revenue increased by more than 70% from S$10.96 million in FY2021 to S$18.84 million in FY2022 mainly due to the increase in revenue in general practitioners ("**GP**"), specialists and newly acquired entities. The increase in GP revenue was mainly due to the nationwide mandatory vaccination programme to combat COVID-19 as well as improvements in our specialist clinics, driven by an increase in medical tourists with the reopening of the borders in April this year.

Other Income

The increase in other income by approximately S$0.39 million to S$1.05 million in FY2022 from S$0.66 million in FY2021 was mainly due to (i) a fair value gain of S$0.63 million, (ii) an increase of rental rebates by S$0.02 million and (iii) reversal of impairment on doubtful debts by S$0.01 million, which was partially offset by a reduction in (i) government grant of S$0.08 million and (ii) absence of listing grant of S$0.20 million.

Inventories and Consumables

The estimated S$0.87 million increase in inventories and consumables used to S$3.16 million in FY2022 from S$2.29 million in FY2021 is in tandem with the higher revenue recorded.

Employee Benefits Expense

Employee benefits expense increased by approximately 96% from S$3.68 million in FY2021 to S$7.23 million in FY2022 mainly due to (i) the performance bonus given to the practitioners and staff for their efforts during the pandemic and (ii) an increase in the number of headcounts due to (a) the acquisition of a specialist clinic, (b) the opening of GP clinics in Bishan and Kovan, and (c) the setting-up of a Traditional Chinese Medicine Wellness ("**TCM**") clinic during FY2022.

Depreciation and Amortisation Expenses

Depreciation and amortisation expenses increased by approximately S$0.42 million to S$1.15 million from S$0.73 million due to the increase in depreciation of right-of-use ("**ROU**") assets and plant and equipment with the acquisition of CSS, the setting up of the TCM clinic in Marina Square and new GP clinics set up in Bishan, Kovan and Tampines.

Other Expenses

Other expenses increased by approximately S$1.05 million to S$3.39 million in FY2022 from S$2.34 million in FY2021. The increase was mainly due to an increase in (i) marketing expenses of S$0.08 million, (ii) consultancy fees of S$0.18 million, (iii) administrative charges of S$0.09 million, (iv) impairment loss on investment in an associate of S$1.11 million, (v) locum fees of S$0.14 million, (vi) entertainment expenses of S$0.02 million and (vii) IT expenses of S$0.04 million. The increase in other expenses was partially offset by the decrease in professional fees of S$0.61 million.

Finance Costs

Finance costs decreased by approximately S$0.08 million to S$0.15 million in FY2022 from S$0.23 million in FY2021 due to the absence of repayment of a redeemable convertible loan of S$0.15 million, partially offset by the increase of interest expenses payable amounting to S$0.07 million in FY2022.

Share of Results of Associates

Share of results of associates improved to S$0.40 million in FY2022 from S$0.28 million in FY2021 with the increase in the number of patient consultations in the clinics of our associated companies.

Income Tax Expenses

Income tax expense increased by S$0.42 million to S$0.88 million in FY2022 from S$0.46 million in FY2021 in tandem with an increase in net profit generated.

Profit after Tax

As a result of the above, the Group reported a profit after income tax of S$4.33 million in FY2022 as compared to S$2.16 million in FY2021. The net profit attributable to the owners of the Company was S$3.90 million in FY2022 as compared to S$2.20 million in FY2021.

This resulted in profit attributable to non-controlling interests of the Company to swing to a net profit of S$0.43 million in comparison to a net loss of S$0.04 million in the corresponding period.

OPERATIONS AND FINANCIAL REVIEW

REVIEW OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Non-Current Assets

The increase in plant and equipment of S$3.33 million was mainly due to the addition of ROU assets and plant and equipment of S$4.01 million and lease modification of S$0.43 million. This was partially offset by the depreciation of ROU assets and plant and equipment of S$1.11 million for FY2022.

The increase in intangible assets of S$3.79 million was mainly due to the goodwill arising from the acquisition of CSS and Medihealth during FY2022.

The increase in derivative financial instruments of S$0.63 million related to the call and put options was due to the growth in one of our subsidiaries and one of our associates.

Current Assets

The increase in inventories was due to higher inventories purchased during the financial year.

Trade receivables and other receivables stood at approximately S$1.80 million and S$0.91 million respectively as at 30 June 2022. Trade receivables increased by S$0.61 million, to S$1.80 million in FY2022 from S$1.19 million in FY2021 due to the increase in revenue. The increase in other receivables of S$0.55 million to S$0.91 million in FY2022 from S$0.36 million in FY2021 was the result of (i) an increase in deposits of S$0.44 million arising from the rental of clinics and purchase of medical equipment, and (ii) government grant receivable of S$0.11 million.

Prepayments increased to S$0.13 million as at 30 June 2022 from S$0.10 million as at 30 June 2021 mainly due to the payment of sign-on bonus of S$0.05 million, partially offset by expenses of S$0.02 million incurred during FY2022.

Cash and cash equivalents of S$15.17 million as at 30 June 2022 mainly comprise of cash at bank.

Equity

Equity increased to S$26.47 million as at 30 June 2022 from S$23.51 million as at 30 June 2021 mainly due to the increase in profit generated during the financial year.

Non-Current Liabilities

Bank borrowings decreased by S$0.66 million to S$2.18 million as at 30 June 2022 from S$2.84 million as at 30 June 2021 due to the reclassification of borrowings from the non-current period to the current period.

Lease liabilities increased to S$3.79 million as at 30 June 2022 from S$1.37 million as at 30 June 2021 due to the acquisition of CSS, the addition of three GP clinics, and the setting up of the TCM clinic.

Other payables were reduced to S$0.04 million as at 30 June 2022 from S$0.13 million as at 30 June 2021 due to repayment of advances from non-controlling interests of subsidiaries.

Provision increased to S$0.05 million as at 30 June 2022 from S$0.03 million as at 30 June 2021, mainly attributable to reinstatement of costs for the new clinics at Kovan, Marina Square and Tampines.

Current Liabilities

Trade and other payables increased by S$1.98 million to S$2.99 million as at 30 June 2022 from S$1.01 million as at 30 June 2021 due to an increase in the accrual for staff remuneration and other payables by S$1.27 million, non-controlling interest of S$0.39 million and trade payables by S$0.22 million.

The decrease in bank borrowings of S$0.08 million to S$0.73 million as at 30 June 2022 from S$0.81 million as at 30 June 2021 was due to the repayment of a loan during the financial year.

Lease liabilities increased to S$1.20 million as at 30 June 2022 from S$0.66 million as at 30 June 2021 due to the acquisition of CSS, the addition of three GP clinics and TCM.

Income tax payables increased by S$0.40 million to S$1.19 million as at 30 June 2022 from S$0.79 million as at 30 June 2021 in tandem with the growth in net profit.

REVIEW OF CONSOLIDATED STATEMENT OF CASH FLOWS

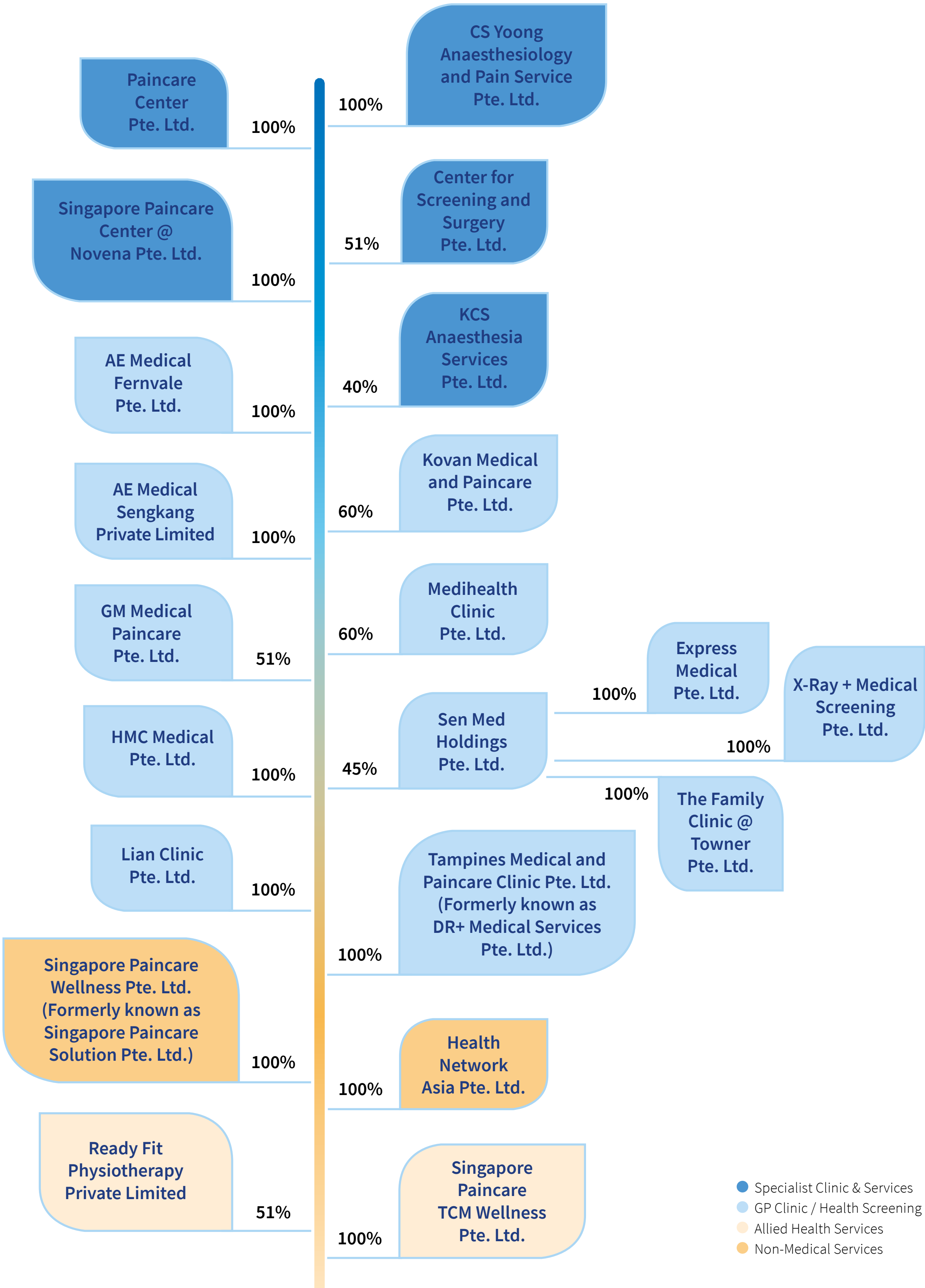
The net cash from operating activities of S$6.45 million was mainly derived from operating cash flows before working capital changes of S$6.58 million and adjusted for net working capital inflow of S$0.36 million and income tax payment of approximately S$0.49 million.

Net cash used in investing activities of approximately S$3.95 million was mainly due to (i) the purchase of plant and equipment of S$0.55 million, and (ii) the acquisition of a business at S$3.68 million, which was partially offset by dividends received from an associate of S$0.28 million.

Net cash used in financing activities amounted to S$3.16 million due to payments relating to (i) the repayment of lease liabilities (inclusive of principal and interests) of S$1.00 million, (ii) dividends of S$1.35 million paid out to shareholders of the Company, (iii) the repayment of bank borrowings of S$0.75 million, (iv) interest payment of S$0.07 million, and (v) repayment to non-controlling interests of S$0.01 million, partially offset by S$0.02 million advances from non-controlling interests.

Overall, the Group recorded a net decrease in cash and cash equivalents of approximately S$0.67 million during FY2022 resulting in cash and cash equivalents of S$15.17 million as at 30 June 2022.

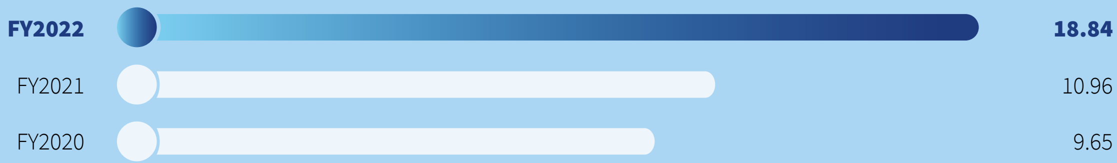
GROUP STRUCTURE



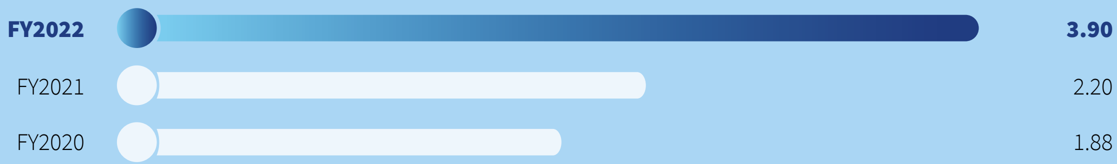
SINGAPORE PAINCARE HOLDINGS

FINANCIAL HIGHLIGHTS
(Financial year ended 30 June)

REVENUE
($' million)

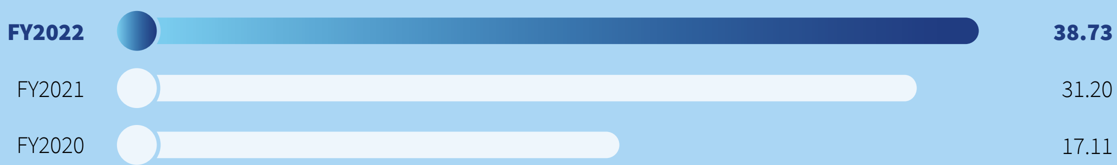


PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY
($' million)



CASH AND BANK BALANCES
($' million)

TOTAL ASSETS
($' million)



BOARD OF DIRECTORS

MS. LAI CHIN YEE
Non-Executive Chairman and Independent Director

Date of appointment: 17 June 2020

Date of last re-appointment: 16 October 2020

Length of service: 2 years (since 17 June 2020)

Present directorships in other listed companies and other major appointments:

- Independent Director, Micro-Mechanics (Holdings) Ltd
- Council Member, Institute of Singapore Chartered Accountants (ISCA)
- Chairperson, ISCA - Continuing Professional Education Committee
- Member, ISCA - Membership Committee
- Board Member, Accounting and Corporate Regulatory Authority (ACRA)

Past directorships in other listed companies and other major commitments held over the preceding three years:

- Executive Director, Qian Hu Corporation Limited (retired on 30 March 2022)
- Member, ISCA - Corporate Governance and Risk Management Committee (2018 to 2020)

Background and experience, professional qualifications and accolades:

- Currently serves as the Finance Director of Qian Hu Corporation Limited, with more than 30 years of experience in audit, finance & accounting, taxation, treasury and governance matters
- Bachelor of Accountancy from the National University of Singapore
- Fellow Chartered Accountant of Singapore of ISCA
- Member of the Singapore Institute of Directors
- Named Chief Financial Officer of the Year (for companies listed on the SGX-ST with less than $300 million in market capitalisation) at the Singapore Corporate Awards 2009

DR. LEE MUN KAM, BERNARD
Executive Director and Chief Executive Officer

Date of appointment: 31 December 2018

Date of last re-appointment: 16 October 2020

Length of service: 4 years (since 31 December 2018)

Present and past directorships in other listed companies and other major appointments:

- Founder of Singapore Paincare Center and its leading specialist doctor since 2007

Background and experience, professional qualifications and accolades:

- Bachelor of Medicine and Bachelor of Surgery (MBBS) and Master of Medicine (Anaesthesiology) from the National University of Singapore
- Pioneer in interventional pain procedures in Singapore, revolutionised pain care treatment by taking the practice beyond the confines of hospitals and specialist clinics to primary care clinics via a structured, rigorous training programme for medical general practitioners
- Pain director at Tan Tock Seng Hospital's Pain Management Unit between 2002 and 2006, where he played a key role in establishing the hospital's Pain Clinic
- Established the Woman's Pain Centre at KK Women's and Children's Hospital in 2009 and served as pain director of the hospital's Women's Pain Centre until 2018
- Clinical lecturer at the National University of Singapore Faculty of Medicine from 2011 to 2017
- Adjunct associate professor at the Faculty of Medicine and Surgery at the University of Santo Tomas, Philippines from 2011 to 2018
- Fellow of the Faculty of Pain Medicine of the Australian and New Zealand College of Anaesthetists
- Member of the Singapore Society of Anaesthesiologists and the Pain Association of Singapore

BOARD OF DIRECTORS

DR. LOH FOO KEONG, JEFFREY
Executive Director and Chief Operating Officer

Date of appointment: 5 July 2019

Date of last re-appointment: 15 October 2021

Length of service: 3 years (since 5 July 2019)

Present directorships in other listed companies and other major appointments:

- Designated Workplace Doctor by the Ministry of Manpower
- Primary care physician at Lian Clinic since 2006

Past directorships in other listed companies:

- Nil

Background and experience, professional qualifications and accolades:

- More than 20 years of experience in the medical field
- Bachelor of Medicine and Bachelor of Surgery (MBBS) from the National University of Singapore in 2001
- Graduate Diploma in Occupational Medicine from the National University of Singapore in 2012
- House officer and medical officer in various hospital departments within the National Healthcare Group, namely the departments of respiratory medicine, obstetrics and gynaecology, orthopaedics, Accident & Emergency, and neurosurgery between 2001 and 2007
- Ran the SARS Intensive Care Unit at Tan Tock Seng Hospital during the SARS outbreak in Singapore in 2003
- Accredited as a Family Physician by the Singapore Medical Council in 2012

MR. CHONG WENG HOE
Independent Non-Executive Director

Date of appointment: 17 June 2020

Date of last re-appointment: 15 October 2021

Length of service: 2 years (since 17 June 2020)

Present directorships in other listed companies and other major appointments:

- Executive Vice President of TÜV SÜD Asia Pacific Pte. Ltd. since 2016
- Independent director of SGX-listed Keong Hong Holdings Limited since 22 November 2011
- Independent director of SGX-listed HC Surgical Specialist Limited since 28 September 2016
- Independent director of SGX-listed ISEC Healthcare Ltd since 01 July 2021
- Independent director of SGX-listed Hong Fok Corporation Limited since 15 February 2022

Past directorships in other listed companies:

- Independent director of Regal International Group Ltd between 2008 and 2019

Background and experience, professional qualifications and accolades:

- Bachelor of Engineering (Electrical) from the National University of Singapore in 1989
- Master of Business Administration (Accountancy) from Nanyang Technological University in 1997

BOARD OF DIRECTORS

MR. YAP BENG TAT, RICHARD (YE MINGDA, RICHARD)

Independent Non-Executive Director

Date of appointment: 17 June 2020

Date of last re-appointment: 16 October 2020

Length of service: 2 years (since 17 June 2020)

Present directorships in other listed companies and other major appointments:

- Founder and CEO of Navi Corporation Advisory Pte Ltd since 2022

Past directorships in other listed companies:

- Nil

Background and experience, professional qualifications and accolades:

- Bachelor of Accountancy from Nanyang Technological University in 2005
- Chartered Financial Analyst in 2011
- Chartered Accountant of Singapore
- Chartered Valuer and Appraiser
- Singapore Institute of Directors in 2020
- Senior Director at Cushman and Wakefield VHS Pte Ltd from 2017 to 2022
- Director at Censere Singapore Pte Ltd from 2011 to 2017

DR. LIM KAH MENG

Independent Non-Executive Director

Date of appointment: 5 March 2021

Date of last re-appointment: 15 October 2021

Length of service: 1 year (since 5 March 2021)

Present directorships in other listed companies and other major appointments:

- Founder of Gene Oasis Pte. Ltd. since 2001
- Director at FEGO Biotech Pte. Ltd. since 2017
- Director at Go Biosciences Group Pte. Ltd since 2012

Past directorships in other listed companies:

- Nil

Background and experience, professional qualifications and accolades:

- More than 20 years of experience in life science research with specialisation in stem cells and cancerous diseases
- Ph.D. from the National University of Singapore in 2002

KEY EXECUTIVES & MEDICAL PROFESSIONALS

MR. LEOW YONG KIN
Chief Financial Officer

Mr. Leow joined the Group as Financial Controller on 20 September 2021 and was promoted to Chief Financial Officer in July 2022. He is responsible for the Group's accounting, finance and tax functions. He is a Chartered Accountant registered with ISCA and the Association of Chartered Certified Accountants. He has more than two decades of experience in the field of finance and accounting, including working experience with the US and Japanese multinational corporations. He was previously the Chief Financial Officer of China Great Land Holdings Limited from July 2014 to March 2017. He is currently a Director of AccountsPro Consulting Services Pte Limited and also holds directorships in Apollo Aquarium Pte Ltd, Apollo Marine Seafood Pte Ltd, Aquaworld Tropical Fish Pte Ltd and Smart Hatchery Pte Ltd.

DR. CHEE HSING, GARY ANDREW
MBBS (NUS, Singapore)

Dr. Chee graduated from the University of Nottingham in 1989 with a Bachelor in Medical Sciences. In 1992, he obtained his Bachelor degree in Medicine and Surgery from the National University of Singapore. He has over 28 years of experience in the medical field. Between 1992 and 2000, Dr. Chee trained in family medicine and was involved in various rotations in the paediatrics, otolaryngology, psychiatry, dermatology, and general medicine departments of various hospitals. He had also practiced in the Singapore Government Polyclinics. In 2000, he set up a private medical practice, Horizon Medical Centre with Dr. Lee Peng Khow. Dr. Chee sub-specialises in visco-supplementation of the knee for osteoarthritis and intra-articular steroid injections for various conditions such as rotator cuff tendinitis and tennis elbow.

DR. HUANG GUOLIANG, EUGENE
MBBS (NUS, Singapore),
Dip (Family Medicine) (NUS, Singapore)

Dr. Huang graduated from the National University of Singapore in 2007 with a Bachelor's degree in Medicine and Surgery. He has over 12 years of experience in the medical field and practiced in various hospitals between 2007 and 2021, including the Singapore General Hospital, National University Hospital and Changi General Hospital where he rotated across the departments of General Medicine, General Surgery, Orthopaedics, Obstetrics & Gynaecology as well as the Accident and Emergency Department. Dr. Huang also served as a Medical Officer in the Singapore Armed Forces between 2009 and 2011. Subsequently, he went on to complete a Diploma in Family Medicine from the National University of Singapore in 2015. He co-founded AE Medical Clinic in 2016 and has served as its primary care physician with a sub-specialty in chronic pain management.

DR. CHIA WAI TUCK, XAVIER
MBBS (NUS, Singapore)

Dr. Chia graduated from the National University of Singapore in 2013 with a Bachelor in Medicine and Surgery. During his service in the public sector from 2013 to 2018, Dr. Chia worked in various government restructured hospitals, including clinical postings in orthopaedic surgery, general medicine, general surgery, and anaesthesia. Dr. Chia gained a wealth of experience in intensive care and pain management while enrolled in the Anaesthesiology Residency program under the National University Health System before joining the private sector. He is currently pursuing his Graduate Diploma in Family Medicine with the College of Family Physicians, Singapore, and a Graduate Diploma in mental health with the Institute of Mental Health, Singapore.

DR. JITENDRA KUMAR SEN
MBBS (NUS, Singapore)

Dr. Sen graduated from the National University of Singapore in 1990 with a Bachelor in Medicine and Surgery. He is a general physician with over 28 years of experience in the medical field. He was accredited as a Family Physician by the Ministry of Health in October 2012. During the SARS outbreak in 2003, Dr. Sen received the Courage Medal, awarded by The Courage Fund, which was set up as a fund-raising effort to provide relief to SARS victims and healthcare workers. Dr. Sen is responsible for the overall management, strategic planning, and business development of The Family Clinic @ Towner and two health screening facilities, namely The X-Ray Laboratory @ Towner and Express Medical X-Ray Laboratory.

KEY EXECUTIVES & MEDICAL PROFESSIONALS

DR. KONG CHEE SENG

MBBS (London), FRCA (Anaesthesia, United Kingdom)

Dr. Kong graduated from the University of London in 1985 with a Bachelor in Medicine and Surgery. He is an anaesthesiologist and has been in private practice since 2004. Prior to that, he was the Senior Consultant at the Department of Anaesthesia and Intensive Care at Singapore General Hospital from 1996 to 2004. Dr. Kong became a Fellow of the Faculty of the Royal College of Anaesthetists (UK) in 1991 and is a member of the Association of Anaesthetists (UK), the Singapore Society of Anaesthesiologists, and the Asian Society of Paediatric Anaesthetists. He was a visiting assistant professor at the University of Maryland Medical Center from 1992 to 1993 and obtained the Merit Award for Undergraduate Teaching in Singapore General Hospital from 2001 to 2002.

DR. LEE KOK YEW, JAMES

MBBS (UM, Malaysia), MRCP (United Kingdom)

Dr. Lee graduated from the University of Malaya, Malaysia in 2014 with a Bachelor in Medicine and Surgery. He went on to obtain his post-graduate accreditation with the Royal Colleges of Physicians of the United Kingdom (MRCP UK) and became a fellow the of Royal College of Physicians of Edinburgh in 2018. Under the supervision of veteran consultants in Singapore General Hospital between 2014 and 2018 and Tan Tock Seng Hospital between 2018 and 2020, Dr. Lee is well-trained and experienced as an Internalist across various specialties, namely neurology, rheumatology, infectious disease, gastroenterology, nephrology, internal medicine and general surgery. Dr. Lee is currently pursuing his Graduate Diploma in Family Medicine with the College of Family Physicians, Singapore.

DR. KUM CHENG KIONG

MBBS, FRCS (Edinburgh), FAMS, FICS

Dr. Kum is a pioneer in Asia for Minimally Invasive Surgery (Laparoscopic Surgery or Keyhole Surgery). He is the former President of the Singapore chapter of the Endoscopic and Laparoscopic Surgeons of Asia (ELSA) and the founding member of the Endoscopic and Laparoscopic Surgeons of Asia. He was also the Leader of the Laparoscopic Surgery Team of the Singapore International Foundation in Vietnam from 1997-2011. He has performed thousands of laparoscopic surgery operations since 1990. In 1994, he was awarded the Health Manpower Development Plan Scholarship to Cologne, Germany, to train in Advanced Laparoscopic Surgery and in 1996, he trained in Colon and Rectum Surgery in the Cleveland Clinic, USA. He has given live demonstrations of complex laparoscopic surgery operations in more than 10 countries and invited to speak at more than 50 international conferences. He has also published more than 60 papers in peer-reviewed journals and 7 book chapters.

DR. LEE PENG KHOW

MBBS (NUS, Singapore), MMed (Family Medicine)

Dr. Lee graduated from the National University of Singapore in 1992 with a Bachelor in Medicine and Surgery. He has over 28 years of experience in the medical field. After graduation, he completed his year-long houseman program and went on to serve as a medical officer at various hospitals in Singapore for another year. Between 1994 and 1996, Dr. Lee served as a medical officer in the Singapore Armed Forces and subsequently trained in family medicine. He obtained his Master of Medicine (Family Medicine) from the National University of Singapore in 1999 and went on to practice medicine for a year at the Ang Mo Kio Polyclinic. In 2000, he jointly set up a private medical practice, Horizon Medical Centre with Dr. Chee Hsing Gary Andrew. He was registered as a Family Physician in 2011.

KEY EXECUTIVES & MEDICAL PROFESSIONALS

MR. LI KUNXI, DARYL

Physiotherapist

Mr. Li graduated with a degree in physiotherapy from the Auckland University of Technology, New Zealand in 2010. He also held advanced training in Transfer of Energy Capacitive and Resistive (TECAR) therapy and is one of the few physiotherapists in Singapore to be a certified TECAR practitioner in 2012. Mr. Li also completed the National Coaching Accreditation Programme (NCAP) in 2003. Prior to joining the Group, Mr. Li. worked in private clinics where he was involved in handling patients with musculoskeletal and pain management between 2011 and 2019. He has also worked in the National University Health System where he was part of a multidisciplinary team in acute and musculoskeletal between 2010 and 2011. Mr. Li was the key physiotherapist for the Singapore Table Tennis Association and other international sportsmen in 2018.

DR. WONG SHING YIP

MBBS (NUS, Singapore), MRCP (UK) (RCP, United Kingdom), PG Dip (Clinical Derm) (Queen Mary University of London, United Kingdom)

Dr. Wong graduated from the National University of Singapore in 2007 with a Bachelor in Medicine and Surgery. He has over 12 years of experience in the medical field. Between 2007 and 2013, he trained at various hospitals such as the Singapore General Hospital. Dr. Wong was admitted into the Royal College of Physicians of the United Kingdom in 2013, before going on to complete a Postgraduate Diploma with distinction in Clinical Dermatology at Queen Mary University of London, the United Kingdom in 2015. Dr. Wong joined New City Skin Clinic as its resident physician in 2015 and co-founded AE Medical Clinic in 2016. In 2019, Dr. Wong was appointed the Contract Resident Physician at the Ling Kwang Home for Senior Citizens. He also sits on the Executive Committee of Singhealth DOT Primary Care Network. This network is part of an initiative by the Ministry of Health, introduced to encourage private general practitioner clinics to organise themselves into networks that support holistic and team-based care in the community.

DR. LIEW WEN JIAN, MARK

MBBS (Hons) RCSI, GDFM, GDGRM (NUS, Singapore) GDSM (NTU, Singapore)

Dr. Liew graduated from the Royal College of Surgeons Ireland in 2011 with a bachelor's degree in Medicine and Surgery (2nd class Honours). Upon completing his housemanship in Singapore between 2011 and 2012, he went on to serve in the public sector for three years, working mostly in Emergency Medicine and Polyclinics before moving to the private sector in 2014 where he amassed broad medical experience and knowledge serving as a resident doctor in prisons, nursing homes, and in general practice over the course of eight years. A firm believer in lifelong learning, Dr. Liew has attained multiple Post-Graduate Diplomas over the span of his practicing career in order to better serve his patients. He holds the following graduate diplomas: Family Medicine (2016), Geriatrics Medicine (2020) and Sports Medicine (2021). At present, he is enrolled in Mental Health post graduate training. Dr. Liew is an accredited Family Physician by the College of Family Physicians, Singapore.

DR. YOONG CHEE SENG

MBBS (NUS Singapore), MMed Anaesthesia (Singapore), FAMS

Dr. Yoong is a Consultant Pain Specialist with Singapore Paincare Center with over 20 years pain service experience. Prior to entering private practice, he was the Director of Chronic Pain Service at Changi General Hospital (CGH) between 2015 and 2020 and the Chief of Department of Anaesthesia and Surgical Intensive Care at CGH between 2006 and 2012. He started the Acute Pain Service and the Chronic Pain Service in CGH in 1998. Dr. Yoong was conferred the Clinical Associate Professorship at the Yong Loo Lin School of Medicine, National University Singapore in 2015, and by Singhealth Duke-NUS in 2020. He was a member of the MOH Opioids Committee between 2018 and 2021.

Dr. Yoong was trained in Pain Management in Australia at the Sir Charles Gairdner Hospital and Royal Perth Hospital in 1998 and in 2008 respectively. He obtained his Master of Medicine (Anaesthesia) from the National University of Singapore (NUS) in 1994. He was the first local graduate of the Fellow of the Interventional Pain Practice (FIPP) in 2005 and has significant interest and experience in performing pain management interventional procedures.

CLINICS & PHYSIOTHERAPY LOCATIONS

CLINICS	SERVICES	LOCATIONS
Singapore Paincare Center	Specialist clinic (pain care services)	Paragon Medical Centre 290 Orchard Road, #18-03, Singapore 238859
Singapore Paincare Center	Specialist clinic (pain care services)	Mount Elizabeth Novena Specialist Centre, 38 Irrawaddy Road, #07-33, Singapore 329563
Lian Clinic	Medical clinic (certain pain care services and primary care services)	Blk 18 Marsiling Lane, #01-269, Singapore 730018
DR+ Medical & Paincare Upper Thomson	Medical clinic (certain pain care services and primary care services)	200 Upper Thomson Road, #01-11 Thomson Imperial Court, Singapore 574424
AE Medical Clinic	Medical clinic (certain pain care services and primary care services)	Blk 467B Fernvale Link, #01-529, Singapore 792467
Binjai Medical & Paincare Clinic	Medical clinic (certain pain care services and primary care services)	23 Binjai Park, Singapore 589828
Medihealth Bishan Clinic & Surgery	Medical clinic (certain pain care services and primary care services)	121 Bishan Street 12, #01-95, Singapore 570121
DR+ Medical Paincare Clinic	Medical clinic (certain pain care services and primary care services)	988 Upper Serangon Road, #01-07 Stars of Kovan, Singapore 534733
New City Skin Clinic	Medical clinic (dermatology services)	35 Selegie Road, #03-02 Parklane Shopping Mall, Singapore 188307
Ready Fit Physiotheraphy	Physiotherapy	23 Binjai Park, Singapore 589828 6 Raffles Boulevard, #03-137 Marina Square, Singapore 039594
The Family Clinic @ Towner	Medical clinic (certain pain care services and primary care services)	Blk 101 Towner Road, #01-202, Singapore 322101
The X-Ray Laboratory @ Towner	Health screening	Blk 101 Towner Road, #01-202, Singapore 322101
Express Medical Clinic and Express Medical X-Ray Laboratory	Medical clinic and Health screening	Blk 640 Rowell Road, #01-56, Singapore 200640
Singapore Paincare TCM Wellness	Traditional Chinese Medicine	6 Raffles Boulevard, #03-134-136 Marina Square, Singapore 039594
Centre for Screening & Surgery	Cancer treatment and screening	38 Irrawaddy Road Mount Elizabeth Novena Specialist Centre Suites #05-32, Singapore 329563
DR+ Medical & Paincare Tampines	Medical clinic (certain pain care services and primary care services)	844 Tampines Street 82, #01-135, Singapore 520844

SUSTAINABILITY REPORT

BOARD STATEMENT

The Board of Directors (the "**Board**") of Singapore Paincare Holdings Limited ("**SPCH**" or the "**Company**" and together with its subsidiaries, the "**Group**"), is pleased to present the sustainability report ("**Report**") of SPCH for the financial year ended 30 June 2022.

The Board and management of SPCH oversee and monitor of the economic, environmental, social and governance ("**EESG**") factors of the Group, and take them into consideration in the determination of the Group's strategic direction and policies. The Board has oversight of the EESG material factors which are reviewed annually and ensures that these factors are relevant and current for the business. The Board is also involved in the management and monitoring of these EESG factors through the Group's Sustainability Committee, which is chaired by the Group's Chief Executive Officer. The Sustainability Committee comprises key executives and representatives from various business functions in the Group. The Board and management of SPCH were involved in the preparation and review of this Report before it was approved and published.

This Report provides us with a valuable opportunity to engage our stakeholders and respond to issues that matter most to them and to our business, while at the same time, enhances the Company's assessment in risk management, strategy development, and stakeholder engagement activities as we work to further focus on and prioritise our sustainability and corporate social responsibility initiatives.

SUSTAINABILITY REPORT

This Report focuses on the Group's sustainability performance for the financial period from 1 July 2021 to 30 June 2022 ("**FY2022**") and covers entities under the Group where we have more than 50% shareholding. This Report has been prepared with reference to Global Reporting Initiative ("**GRI**") Standards and in compliance with Rules 711A, 711B and Practice Note 7F of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") as well as the SGX-ST's Sustainability Reporting Guide. We have chosen the GRI Standards as a reporting framework as it is a well-known and globally recognised sustainability reporting standard to report on our sustainability performance.

The Board will continue to oversee the Sustainability Committee and monitor the key factors in our sustainability practices with the Sustainability Committee, improving on our disclosures as well as progressively updating targets that are material to the sustainability of our business.

The Report is currently not externally assured but we may consider external assurance as this Report matures over time.

We welcome feedback on our sustainability report at louis.leow@sgpaincare.com.

Dr. Lee Mun Kam Bernard
Executive Director and Chief Executive Officer

Dr. Loh Foo Keong Jeffrey
Executive Director and Chief Operating Officer

ABOUT SINGAPORE PAINCARE HOLDINGS

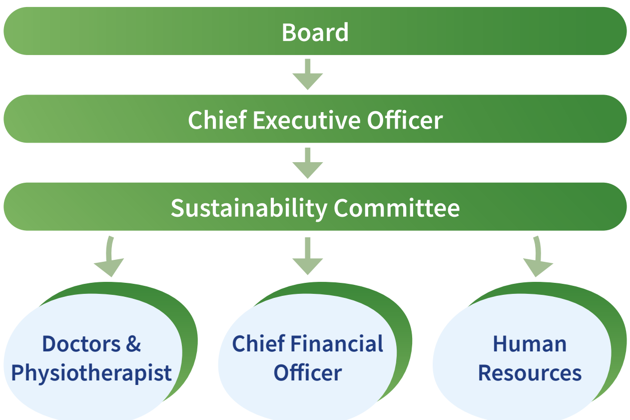
Singapore Paincare Holdings Limited ("**SPCH**" or the "**Company**" and together with its subsidiaries, the "**Group**") is one of a few medical services groups in Singapore specialising in the treatment of persistent pain conditions including acute and chronic pain due to injury, age-related pain conditions, functional pain disorders, post-surgical pain, and cancer pain. SPCH provides the entire spectrum of effective pain care treatment solutions that employ minimally invasive procedures and specialised injections, pharmacotherapy and cognitive behavioural therapy. The suite of services seeks to bridge the treatment gap between conservative physical therapies which may not be immediately effective, and open surgery which may entail higher risks and longer recovery periods. In line with the Group's value proposition of providing holistic pain care and general medical, Traditional Chinese Medicine ("**TCM**") and physiotherapy services are also offered as part of post-treatment rehabilitation.

In the preparation of this Report, we have classified the clinics into (i) Specialist Clinic & Services, (ii) GP Clinic/Health Screening, (iii) Allied Health Services, and (iv) Non-Medical Services segments.

SUSTAINABILITY GOVERNANCE

The sustainability focus for SPCH is to deliver long-term value to all our stakeholders: customers, employees, investors and the communities in which we operate. We are committed to ensuring that strong EESG criteria are integrated in the Company's strategy and business model and in our internal policies and processes.

Our Board has oversight of the EESG issues and is supported by the Group's Sustainability Committee, which is chaired by the Group's Chief Executive Officer. The Sustainability Committee comprises key executives and representatives from various business functions.



SUSTAINABILITY REPORT

STAKEHOLDER ENGAGEMENT

We have identified six key stakeholder groups, namely, regulators / government, patients, suppliers, employees, shareholders & investors, and the community. The channels we use to maintain dialogue with them are shown in the table below. For each group, the engagement method varies and includes formal and informal channels of communication. We are continuously improving the adequacy and effectiveness of our processes in response to changing business and operation environment.

STAKEHOLDERS	OUR ENGAGEMENT APPROACH	AREAS OF CONCERN
Regulators / Government	• Periodic reports of various performance and clinical indicators, quarterly and half yearly updates with the relevant ministries and regulatory bodies • SGXNet announcements • Annual reports	• Governance • Compliance
Patients	• Patients' engagements / meetings • Feedback through surveys • Customer Relationship Management processes	• Patient safety • Patient data privacy • Patient satisfaction
Suppliers	• Annual supplier performance reviews	• Timely payments
Employees	• Townhall meetings with senior management • Staff meetings • Performance appraisals • Employee surveys	• Workplace health & safety • Work life balance • Training and development of employees on critical skillsets to sustain competitiveness • Competitive compensation scheme • Non-discrimination • Diversity and equality
Shareholders & Investors	• SGXNet announcements • Shareholders' meetings • Annual report • Company website • Investor relations • Electronic communications	• Sustainable business growth • Fair and equitable treatment to all shareholders and investing public
Community	• Corporate social responsibility ("**CSR**") programs	• Social and financial contributions to the community at large

SUSTAINABILITY REPORT

MATERIALITY

The criteria for SPCH's material analysis were explored and selected based on industry standards, peer benchmarking based on companies with similar operations and management awareness. The material issues identified are listed in the table below and their level of importance was determined based on their influence on stakeholders and impact on its business risks and opportunities. These material topics were also presented to the Board for review and approval before their inclusion in this Report. In FY2022, an internal review was carried out on the relevance and currency of the material topics. An additional material topic which has been included in this year's Report is Resource Efficiency, which covers our energy usage, greenhouse gas emissions and water consumption. The table below summarises our material issues and the relevant GRI Standards which we have referenced in this Report.

FOCUS AREAS		MATERIAL TOPICS	GRI TOPIC SPECIFIC DISCLOSURES REFERENCED
Our Business		**Economic** • Economic performance	 GRI 201-1
		**Environmental** • Environmental compliance • Resource Efficiency	 GRI 307-1 GRI 302-1, GRI 305-2, GRI 303-1
		**Governance** • Socioeconomic compliance • Data privacy	 GRI 419-1 GRI 418-1
		**Social** • Patient experience • Patient health and safety	 - GRI 416-1
Our Employees		**Social** • Employee relations • Training and development • Occupational health & safety	 GRI 401-1 GRI 404-1 GRI 403-9

SUSTAINABILITY REPORT

OUR BUSINESS

ECONOMIC

(GRI 201-1)

Despite disruptions and constraints amidst the COVID-19 pandemic, the Group while experienced various operational challenges, continued to brace ourselves to progress towards becoming a holistic one-stop medical centre for paincare treatment.

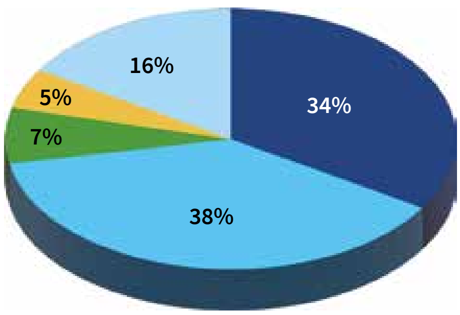
During FY2022, the Group demonstrated its resilience and we continued to be mindful, taking prudent and strategic steps to grow our business. While our overseas expansion plans were hindered by the COVID-19 pandemic, we pressed on to strengthen our local network. The acquisitions are earnings accretive as the Group continues to broaden our range of services.

The Group registered a 70.9% year-on-year increase in revenue to S$18.8 million in FY2022, up from S$11.0 million for the financial year ended 30 June 2021 ("**FY2021**"). The increase in revenue was driven by an increase in the number of patients due to the Group's participation in the national vaccination programme, the opening of Singapore's borders and the acquisition of a cancer screening clinic. The Group recorded a net profit attributable to shareholders of S$3.9 million in FY2022, an increase of 77.3% from S$2.2 million in FY2021.

The chart below provides a breakdown of our economic value distributed to various stakeholders, and the economic value retained.

FY2022

- Operating Costs
- Employee Wages and Benefits
- Capital Providers
- Government
- Economic value retained



Economic value generated	S$18.8 million
Economic value distributed	
Operating costs	S$6.36 million
Employee wages and benefits	S$7.23 million
Payments to providers of capital	S$1.35 million
Payments to government by country (taxes)	S$0.88 million
Economic value retained	S$2.98 million

For more details on our operations and financial information, please refer to the following sections of our annual report for FY2022:

- Operations & Financial Review on page 8 to 9
- Financial Statements and Notes to Financial Statements on page 69 to 128

The Group will continue to strive towards making paincare services more accessible and affordable to the masses, which in turn, propel for long-term sustainable growth.

SUSTAINABILITY REPORT

ENVIRONMENTAL

Environmental Compliance

(GRI 307-1)

We recognise the role that we play in the management of our operations and their impact on the environment. As a responsible corporation, we are committed to govern and minimise our environmental footprint to contribute to the climate change cause. Within the office operations, we have implemented two-sided printing and the use of recycled paper for printing as part of our environmental conservation efforts.

Our disposal of wastes, in particular biohazardous waste, from our general practitioner ("**GP**") and specialist clinics, is guided by the National Environment Agency for proper and safe disposal to prevent cross-contamination risks and safeguard public health. Our employees are trained to segregate biohazardous waste safely, which are subsequently disposed by licensed toxic industrial waste collectors.

We are pleased to disclose that there were no violation of laws and regulations in the environmental aspect during the year under review. We aim to maintain zero cases of environmental non-compliances in the financial year ending 30 June 2023 ("**FY2023**").

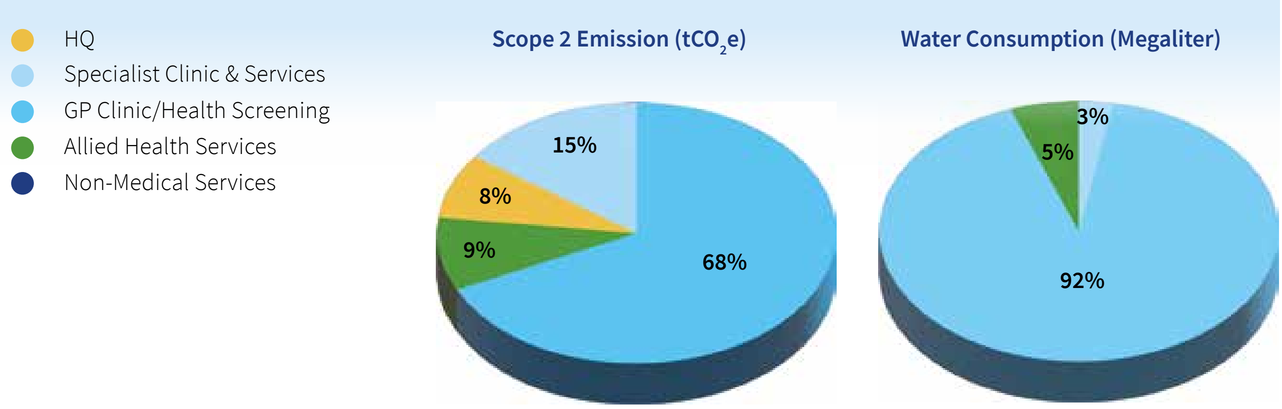
Resource Efficiency

(GRI 302-1, GRI 305-2)

In FY2022, we have started to monitor and measure our environmental footprint from our energy and water consumption. Over time, we aim to improve the quality and consistency of our data and deliver savings through resource efficiency. The energy consumed largely relates to the electricity usage in the offices and clinics used for lighting, cooling and operation of equipment. The water consumed is primarily for sanitation, cleaning and direct water use.

Our total energy consumed across the Group was 422,724 megajoules. This includes energy consumed from our 16 entities, except Singapore Paincare Wellness Pte. Ltd. and Health Network Asia Pte. Ltd. which are dormant companies. Partial year's data was used for entities which were acquired during FY2022 includes Centre for Screening and Surgery Pte Ltd and Singapore Paincare TCM Wellness Pte. Ltd. As SPCH moved into the current premise in October 2021, it did not have energy consumption data for the previously occupied premise. The segment, GP Clinics and Health Screening, contributed to approximately 68% of the total energy consumed. The Group's overall greenhouse gas emissions were 47.97 tonnes CO_2e ("**tCO_2e**").

The total volume of water consumed in FY2022 across the Group was 0.5906 megaliters ("**Ml**"). All the water consumed was provided by the local municipal water supply.



Business Segment	tCO_2e	Volume consumed (Ml)
HQ	4.02	0
Specialist Clinic & Services	6.95	0.0171
GP Clinic/Health Screening	32.54	0.5411
Allied Health Services	4.45	0.0324
Non-Medical Services	-	0
Total	**47.96**	**0.5906**

As this is our first year of data collection and reporting, we shall continue to monitor our performance so as to be able to set targets once we have a better understanding of our baseline.

SUSTAINABILITY REPORT

GOVERNANCE

Socioeconomic Compliance

(GRI 419-1 Socioeconomic compliance)

At SPCH, we know that responsible business practices are essential to fulfilling our mission of improving pain management for our patients. We demonstrate this advocacy by maintaining ethical and responsible policies and practices and embedding these throughout all levels of the organisation. We hold ourselves accountable for high standards of honesty, fairness, and integrity, and aim to develop a compliance-led quality culture throughout all levels of the organisation led from the top.

SPCH has in place healthcare compliance and anti-corruption policies designed to ensure interactions with healthcare professionals and organizations will benefit patients and enhance the practice of medicine. Every SPCH employee is responsible for adhering to these policies as well as complying with all laws and regulations. Our anti-corruption policies are further explained in the Annual Report on page 52.

Our clinic managers are responsible for ensuring compliance at their respective clinics, from drugs dispensing to procurement of goods. In the event of updates from the regulators such as the Ministry of Health, the corporate office will issue a notice to each clinic to ensure that all staff are updated with the latest requirements. All doctors are also required to attend a quarterly meeting where updates are shared and areas of concern are discussed.

In FY2022, we had not identified any non-compliance with laws and regulations. We aim to maintain zero cases of socioeconomic non-compliances in FY2023.

Data privacy

(GRI 418-1)

SPCH respects the privacy of every individual and is committed to protecting the confidentiality, integrity and availability of personal data it collects in accordance with the principles set out in our Security Policy, Information Technology ("**IT**") Security Management Policy and related guidelines. As part of our approach to risk management, various mitigation measures have been implemented to protect against IT system failure and malicious attacks. These include (but are not limited to) network firewalls and antiviral software.

A Data Protection Officer has been appointed for SPCH and will be working closely with the managers and doctors from the various clinics to ensure that our policies and practices are in compliance with the Personal Data Protection Act.

In FY2022, we were not aware of any breaches of customer privacy and/or identified leaks, thefts, or losses of customer data. We aim to maintain zero cases of customer or data privacy breach in FY2023.

Patient experience

We measure patient experience rather than satisfaction among both in-patients and out-patients through our Customer Relationship Management processes to understand what we can do better. Patients at our specialist clinics are also contacted 72 hours after their visit to obtain feedback on their experience which helps us to facilitate continuous service improvements.

Patient health & safety

(GRI 416-2)

Several of our activities are subject to regulations, either directly or through our clients or regulators. We also adhere to product promotional regulations and healthcare provider compliance codes. We take our responsibilities extremely seriously and fully recognise that failure to comply with laws and regulations could result in financial penalties and the potential for significant liability. In a dynamic healthcare sector, demand for modern, responsive services continues to rise. Despite the many challenges brought by COVID-19, we continue to grow our specialist services in pain care management. An important part of high-quality standards in care is ensuring that our doctors and physiotherapists have appropriate credentials and are operating within their allowed scope of work.

We have in place processes for adverse event reporting for patient safety, healthcare provider compliance and client satisfaction measures.

In FY2022, we were not aware of any incidents of non-compliance with regulations or voluntary codes concerning our healthcare services. We aim to maintain zero cases of non-compliances in FY2023.

SUSTAINABILITY REPORT

Corporate Governance

The Board and the management of SPCH are committed to the best practices in corporate governance to ensure the sustainability of the Group's operations. We believe that our constant drive for corporate excellence will allow us to establish a more transparent, accountable and equitable system, thereby increasing the value of the Company and its value to our shareholders and potential investors.

Please refer to our annual report for FY2022 from page 33 to 58, for more details on the Group's corporate governance practices, precautionary measures and risk management structure.

How we have worked with our business partners during the COVID-19 pandemic

The COVID-19 pandemic has been a challenging time for businesses and individuals. SPCH made several strategic adjustments to accommodate and ease the burden on our patients and suppliers alike. For our suppliers, we work closely with them to ensure that they carry a higher volume of inventory. During global shortages, when raw materials were on allocation, we were well supported by our regular regional suppliers because of our long-term business relationship with them.

To ensure the health and safety of our patients, we adopted the Ministry of Health's recommended practices such as installing TraceTogether apps in our clinics, and ensuring that the 1 metre safe distancing is adhered to at all times.

OUR EMPLOYEES

SOCIAL

Employee Relations
(GRI 401-1)

Our people are what make SPCH a success. We want to foster a caring and inclusive culture, along with a high level of engagement and support in areas including leadership development, training, safety, and employee well-being. As the organisation continues to grow, we are gradually integrating and aligning the various policies from the clinics with the aim of having a common approach for human resource management.

Culture and Engagement

We strive to foster a caring, empowered and productive culture to deliver high-quality patient outcomes and experience.

Safety

The safety of our employees is of utmost importance and we are committed to a high performing safety culture.

Reward and Recognition

We recognise the value of our people. We are committed to paying our employees fairly and competitively, having a supportive and rewarding workplace, celebrating our people and the positive impact they make.

Development and Training

We are focused on delivering career development, professional training and experience that supports the career and progression of all of our people.

Staff retention is a key focus due to increased pressures faced by the healthcare sector from the ongoing COVID-19 pandemic. To encourage staff retention, we continue to offer a supportive culture, flexible conditions and competitive packages. As at 30 June 2022, SPCH had a total headcount of 72 full-time and 8 part-time employees across our 13 clinics. Our overall headcount remained the same, and we had an overall hiring rate[1] of 102.5% and a turnover rate[2] of 75%. While our target was to improve our turnover rate of 37% in FY2021, the high turnover rate of nursing staff is a challenge faced globally by the healthcare industry due to shortage of trained healthcare professionals and a departure of skilled workers. This is due to the increasing demands of the job, which is a similar situation that we are facing in Singapore. Nevertheless, SPCH will continue with efforts to recruit and retain frontline workers, such as through competitive compensation and benefits packages, and to improve outreach to staff to ensure their well-being and provide support measures. With these efforts, we aim to reduce our turnover rate to 50% in FY2023.

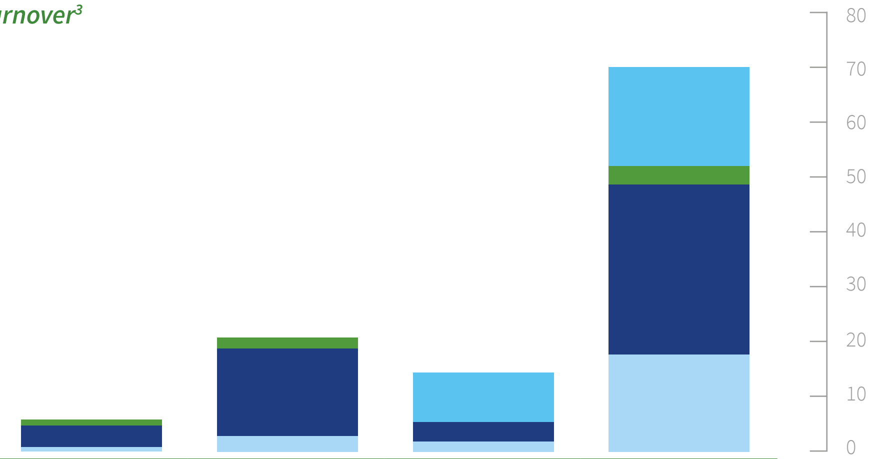
[1] Hiring rate is measured by taking overall number of new hires in FY2022 / Total number of employees as at end of FY2022
[2] Turnover rate is measured by taking overall number of employees who left in FY2022 / Total number of employees as at end of FY2022

SUSTAINABILITY REPORT

New Employee Hires and Employee Turnover[3]

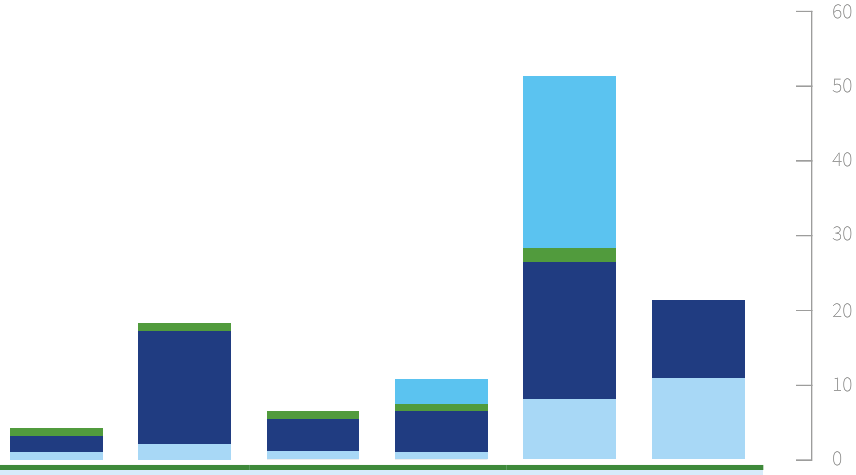
By Gender and Age Group

No. of New Hires by Gender



	Male	Female	Male	Female
	2021		**2022**	
HQ	0	0	8	18
Specialist Clinic & Services	1	2	0	3
GP Clinic/Health Screening	4	16	3	30
Allied Health Services	1	3	2	18
Non-Medical Services	0	0	0	0

No. of New Hires by Age Group

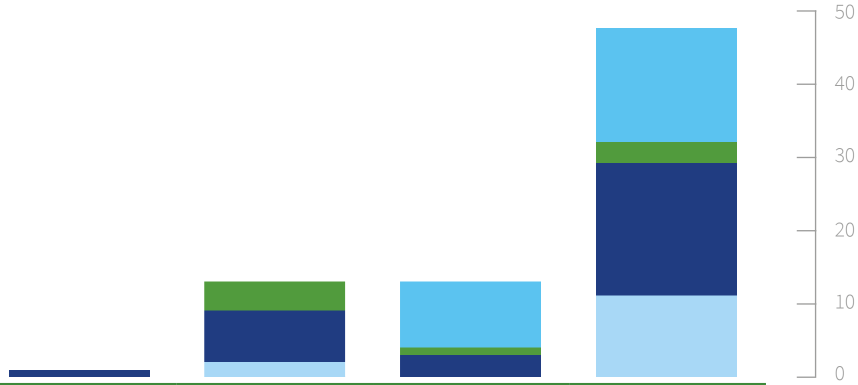


	Under 30 years old	30-50 years old	Over 50 years old	Under 30 years old	30-50 years old	Over 50 years old
	2021			**2022**		
HQ	0	0	0	3	23	0
Specialist Clinic & Services	1	1	1	1	2	0
GP Clinic/Health Screening	2	14	4	5	18	10
Allied Health Services	1	2	1	1	8	11
Non-Medical Services	0	0	0	0	0	0

[3] FY2021 data for "Non-Medical Services" has been updated as the headcount from that business unit should be 0 and not 11 as previously reported.

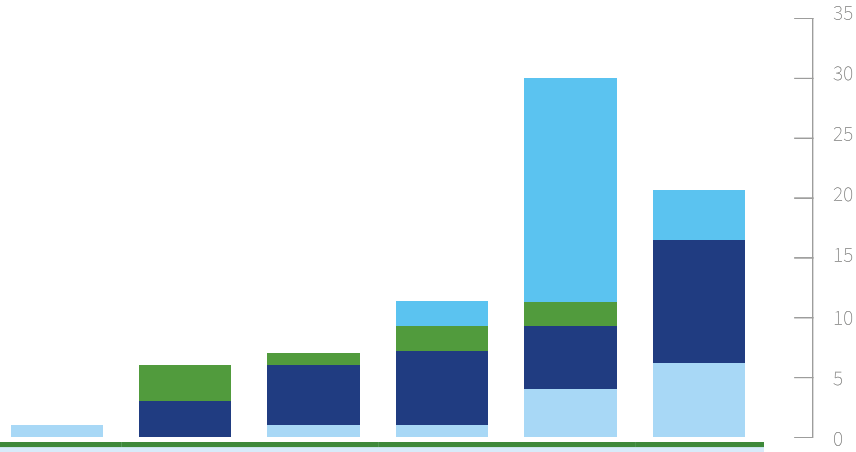
SUSTAINABILITY REPORT

Employee Turnover by Gender



	Male	Female	Male	Female
	2021		**2022**	
HQ	0	0	9	15
Specialist Clinic & Services	0	4	1	3
GP Clinic/Health Screening	1	7	3	18
Allied Health Services	0	2	0	11
Non-Medical Services	0	0	0	0

Employee Turnover by Age Group



	Under 30 years old	30-50 years old	Over 50 years old	Under 30 years old	30-50 years old	Over 50 years old
	2021			**2022**		
HQ	0	0	0	2	18	4
Specialist Clinic & Services	0	3	1	2	2	0
GP Clinic/Health Screening	0	3	5	6	5	10
Allied Health Services	1	0	1	1	4	6
Non-Medical Services	0	0	0	0	0	0

SUSTAINABILITY REPORT

New Employee Hires and Turnover by Gender

	No. of New hires				Hiring Rate			
	2021		2022		2021		2022	
	Male	Female	Male	Female	Male	Female	Male	Female
HQ	NA	NA	8	18	NA	NA	10.0%	22.5%
Specialist Clinic & Services	1	2	0	3	1.5%	3.0%	0.0%	3.8%
GP Clinic/Health Screening	4	16	3	30	6.0%	23.9%	3.8%	37.5%
Allied Health Services	1	3	2	18	1.5%	4.5%	2.5%	22.5%
Non-Medical Services	0	0	0	0	0.0%	0.0%	0.0%	0.0%
Total	**6**	**21**	**13**	**69**	**9.0%**	**31.4%**	**16.3%**	**86.3%**

	No. of Employees Who Resigned				Turnover Rate			
	2021		2022		2021		2022	
	Male	Female	Male	Female	Male	Female	Male	Female
HQ	NA	NA	9	15	NA	NA	11.3%	18.8%
Specialist Clinic & Services	0	4	1	3	0.0%	6.0%	1.3%	3.8%
GP Clinic/Health Screening	1	7	3	18	1.5%	10.4%	3.8%	22.5%
Allied Health Services	0	2	0	11	0.0%	3.0%	0.0%	13.8%
Non-Medical Services	0	0	0	0	0.0%	0.0%	0.0%	0.0%
Total	**1**	**13**	**13**	**47**	**1.5%**	**19.4%**	**19.4%**	**58.8%**

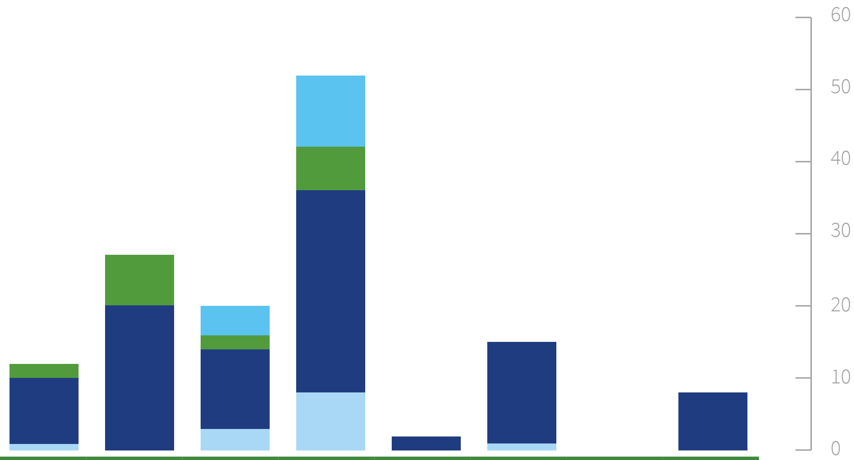
New Employee Hires and Turnover by Age Group

	No. of New Hires						Hiring Rate					
	2021			2022			2021			2022		
Age	< 30	30-50	> 50	< 30	30-50	> 50	< 30	30-50	> 50	< 30	30-50	> 50
HQ	NA	NA	NA	3	23	0	NA	NA	NA	3.8%	28.8%	0.0%
Specialist Clinic & Services	1	1	1	1	2	0	1.5%	1.5%	1.5%	1.3%	2.5%	0.0%
GP Clinic/Health Screening	2	14	4	5	18	10	3.0%	20.9%	6.0%	6.3%	22.5%	12.5%
Allied Health Services	1	2	1	1	8	11	1.5%	3.0%	1.5%	1.3%	10.0%	13.8%
Non-Medical Services	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	**4**	**17**	**6**	**10**	**51**	**21**	**6.0%**	**25.4%**	**9.0%**	**12.5%**	**63.8%**	**26.3%**

	No. of Employees Who Resigned						Turnover Rate					
	2021			2022			2021			2022		
Age	< 30	30-50	> 50	< 30	30-50	> 50	< 30	30-50	> 50	< 30	30-50	> 50
HQ	NA	NA	NA	2	18	4	NA	NA	NA	2.5%	22.5%	5.0%
Specialist Clinic & Services	0	3	1	2	2	0	0.0%	4.5%	1.5%	2.5%	2.5%	0.0%
GP Clinic/Health Screening	0	3	5	6	5	10	0.0%	4.5%	7.5%	7.5%	6.3%	12.5%
Allied Health Services	1	0	1	1	4	6	1.5%	0.0%	1.5%	1.3%	5.0%	7.5%
Non-Medical Services	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	**1**	**6**	**7**	**11**	**29**	**20**	**1.5%**	**9.0%**	**10.5%**	**13.8%**	**36.3%**	**25.0%**

SUSTAINABILITY REPORT

Full-Time and Part-Time Employees by Gender



	Male	Female	Male	Female	Male	Female	Male	Female
	2021		**2022**		**2021**		**2022**	
	Full Time Employees				**Part-time/Contract/ Temporary Employees**			
HQ	0	0	4	10	0	0	0	0
Specialist Clinic & Services	2	7	2	6	0	0	0	0
GP Clinic/Health Screening	9	20	11	28	2	14	0	8
Allied Health Services	1	0	3	8	0	1	0	0
Non-Medical Services	0	0	0	0	0	0	0	0

Percentage of Full-Time and Part-time Employees by Gender

Business Entity	**Full Time Employees**				**Part-time/Contract/ Temporary Employees**			
	Male		**Female**		**Male**		**Female**	
	2021	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**
HQ	NA	5.0%	NA	12.5%	NA	0.0%	NA	0.0%
Specialist Clinic & Services	3.6%	2.5%	12.5%	7.5%	0.0%	0.0%	0.0%	0.0%
GP Clinic/Health Screening	16.1%	13.8%	35.7%	35.0%	3.6%	0.0%	25.0%	10.0%
Allied Health Services	1.8%	3.8%	0.0%	10.0%	0.0%	0.0%	1.8%	0.0%
Non-Medical Services	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	**21.5%**	**25.1%**	**48.2%**	**65.0%**	**3.6%**	**0.0%**	**26.8%**	**10.0%**

NA: Data was not available for FY2021

SUSTAINABILITY REPORT

Training and Development

(GRI 404-1)

At SPCH, we recognise the importance for our employees to have inspiring, fulfilling and productive careers, with opportunities to grow and learn. We are currently reviewing our training and development programme so as to better allow our employees to attend self-paced online courses as well as on-the-job learning or executive programs. As the COVID-19 pandemic situation continued to require much of our Group's healthcare professionals to attend to patients, we were not able to prioritise training and development programmes in FY2022. Nonetheless, we aim to allow our employees achieve an average of at least two hours of training in FY2023.

Average training hours in FY2022 based on employee category and gender

Clinical					
Doctors		Clinic Managers		Clinic Staff	
Male	Female	Male	Female	Male	Female
7.15	0.93	0.00	0.00	0.00	0.00

Non-clinical					
Management		Executive		Non-Executive	
Male	Female	Male	Female	Male	Female
0.00	2.1	0.15	1.10	0.00	0.00

SUPPORTING OUR COMMUNITY

In September 2021, SPCH co-organised a Charity Draw with Sian Chay Medical Institution, a Social Service Agency registered with the Ministry of Health, to raise funds for the operating cost of Sian Chay Medical Institution. SPCH clinics, staff and the management team helped in the sale of the charity tickets. A total of S$250,000 was raised from this charity draw and the funds would be used to provide free Traditional Chinese Medicine consultation, low-cost medicine and treatment for the community regardless of race or religion.

Occupational Health and Safety

(GRI 403-9)

Health and safety at the clinics is overseen by the respective doctors and clinic managers. A common set of standard operating procedures is implemented and followed by all clinics and a buddy program is in place to ensure that new employees receive the necessary support from the doctors and clinic managers to familiarise themselves with the processes and procedures. We require our employees to report all work-related incidents so that we can gather the right information for future interventions and accident-improvement initiatives.

During daily meetings, all staff would receive detailed safety reports and observations from our frontline team members. We emphasise the importance of near miss reporting and observations of unsafe conditions in all our clinics so as to be able to take necessary preventive actions. In addition to empowering our people to care for themselves and their colleagues, SPCH constantly encourages staff to approach their immediate supervisors for help should they be facing any difficulties in carrying out their duties.

In FY2022, there were no cases of reportable incidents. We aim to maintain zero cases of reportable incidents in FY2023.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Ms. Lai Chin Yee
Non-executive Chairman
and Independent Director

Dr. Lee Mun Kam, Bernard
Executive Director
and Chief Executive Officer

Dr. Loh Foo Keong, Jeffrey
Executive Director
and Chief Operating Officer

Mr. Chong Weng Hoe
Independent Non-executive Director

Mr. Yap Beng Tat, Richard
(Ye Mingda, Richard)
Independent Non-executive Director

Dr. Lim Kah Meng
Independent Non-executive Director

AUDIT COMMITTEE

Ms. Lai Chin Yee
(Chairman)
Mr. Chong Weng Hoe
Mr. Yap Beng Tat, Richard

REMUNERATION COMMITTEE

Mr. Chong Weng Hoe
(Chairman)
Ms. Lai Chin Yee
Mr. Yap Beng Tat, Richard

NOMINATING COMMITTEE

Mr. Yap Beng Tat, Richard
(Chairman)
Ms. Lai Chin Yee
Mr. Chong Weng Hoe

COMPANY SECRETARY

Wong Yoen Har
(Associate of The Chartered Secretaries
Institute of Singapore)

REGISTERED OFFICE

101 Cecil Street
Tong Eng Building #10-01
Singapore 069533
Tel: +65 6972 2256
Fax: +65 6972 2258
Email: enquiries@sgpaincare.com

CONTINUING SPONSOR

Novus Corporate Finance Pte. Ltd.
7 Temasek Boulevard
#18-03B Suntec Tower 1
Singapore 038987

INDEPENDENT AUDITORS

BDO LLP
600 North Bridge Road
#23-01 Parkview Square
Singapore 188778

Partner-in-charge: Leong Hon Mun Peter
(appointed since financial year ended
30 June 2020)

SHARE REGISTRAR

Boardroom Corporate & Advisory
Services Pte. Ltd.
1 Harbourfront Avenue
#14-07 Keppel Bay Tower
Singapore 098632

INVESTOR RELATIONS

August Consulting
101 Thomson Road
#29-05 United Square
Singapore 307591

CORPORATE GOVERNANCE

Singapore Paincare Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**"), views corporate accountability, transparency and sustainability as strategic tools for enhancing long-term shareholders' value and are committed to observing high standards of corporate governance.

The Company adopts practices based on the Code of Corporate Governance (the "**2018 Code**") issued on 6 August 2018.

This report describes the Company's corporate governance practices that were in place for the financial year from 1 July 2021 to 30 June 2022 ("**FY2022**"), with reference to both the principles and provisions set out in the 2018 Code and Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of the Catalist (the "**Catalist Rules**"), where appropriate. Where the Company's practices vary from any provisions of the 2018 Code, appropriate explanations for the deviations and how the practices adopted are consistent with the intent of the relevant principle.

BOARD MATTERS

Principle 1: THE BOARD'S CONDUCT OF AFFAIRS

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

Provision 1.1 of the 2018 Code:

Directors are fiduciaries who act objectively in the best interests of the Company

As at the date of this report, the Board of Directors (the "**Board**" or the "**Directors**") is made up of the following members:

Ms. Lai Chin Yee (Non-executive Chairman and Independent Director)
Dr. Lee Mun Kam Bernard (Executive Director and Chief Executive Officer)
Dr. Loh Foo Keong Jeffrey (Executive Director and Chief Operating Officer)
Mr. Chong Weng Hoe (Independent Non-executive Director)
Mr. Yap Beng Tat, Richard (Ye Mingda, Richard) (Independent Non-executive Director)
Dr. Lim Kah Meng (Independent Non-executive Director)

The Board sets the tone for the Group in respect of ethnics, values and desired organisational structure, and ensures proper accountability within the Group.

The primary functions of the Board, apart from its statutory duties, include:

- Overseeing the overall management and business affairs of the Group;
- Formulating the Group's strategies, focusing on value creation and innovation and considering sustainability issues;
- Ensuring that the necessary resources are in place for the Group to meet its strategic objectives;
- Setting financial objectives and monitoring the Group's financial performance and management's performance;
- Overseeing the evaluation of the adequacy and effectiveness of financial reporting, internal controls and risk management frameworks;
- Setting the Group's approach to corporate governance, including the establishment of ethical values and standards; and
- Balancing the demands of the business with those of the Company's stakeholders and ensuring obligations to material stakeholder groups (including shareholders) are met.

CORPORATE GOVERNANCE

The Board adopted a Code of Business Conduct and Ethics for Directors which establishes the fundamental principles of professional and ethical conduct expected of the Directors in the performance of their duties. It includes guidelines on matters relating to conflicts of interest. When an actual, potential and perceived conflict of interest arises, the concerned Director must recuse himself or herself from discussions and decisions involving the matter and abstain from voting on resolutions regarding the matter.

Provision 1.2 of the 2018 Code:

Directors' duties, induction, training and development

All Directors are aware of their fiduciary duties and are committed to exercising due care and diligence in making their decisions and to objectively discharging their duties and responsibilities in the best interests of the Company. Aside from their statutory duties, the key roles of different classes of Directors are set out below:

- Executive Directors are members of the management of the Company (the "**Management**") who are involved in the day-to-day operations of the Group's business. They work closely with the Independent Directors on the long-term sustainability and success of the Group. They provide insights and recommendations on the Group's operations at the Board and Board Committee meetings.

- Independent Directors do not participate in the day-to-day operations of the Group's business and are deemed independent by the Board. They are familiar with the Group's business and are kept informed of the activities of the Group. They provide independent and objective advice and insights to the Board and the Management. They constructively challenge the Management on its decisions and contribute to the development of the Group's strategic goals and policies. They participate in the review of the Management's performance in achieving the strategic goals as well as the appointment, assessment and remuneration of the Executive Directors and key management personnel.

The Executive Directors are appointed by way of service agreements while the Independent Directors are appointed by way of letters of appointment. The duties and responsibilities of Directors are clearly set out in these service agreements and letters of appointment.

New Directors would be briefed on the Group's industry, business, organisation structure, and strategic plans and objectives. Relevant policies and procedural guidelines would also be provided. Orientation for new Directors includes visits to the Group's key premises to familiarise themselves with the operation.

It is a requirement under Rule 406(3)(a) of the Catalist Rules for first-time appointees on boards of public listed companies in Singapore to attend the Listed Entity Director ("**LED**") programme organised by the Singapore Institute of Directors ("**SID**") as prescribed under Practice Note 4D of the Catalist Rules.

Dr. Lim Kah Meng has completed part of the prescribed training, being LED 1, LED 8 and LED – Environmental, Social and Governance Essentials. In respect of the remaining SID courses, being LED 2 to LED 7, Dr. Lim Kah Meng has registered for the aforementioned courses to be held in October 2022 and confirmed his commitment to complete his prescribed training by 31 October 2022.

During FY2022, the Directors were provided with updates on changes in laws and regulations, including amendments to Catalist Rules and the 2018 Code, which are relevant to the Group. The external auditors regularly update the Audit Committee and the Board on the developments and implementation of the Singapore Financial Reporting Standards (International) ("**SFRS(I)**") which are applicable to the Group. Changes to regulations and accounting standards are monitored closely by the Management. In addition, the Management regularly updates and familiarises the Directors on the business activities of the Group during Board and Board Committee meetings.

CORPORATE GOVERNANCE

The Nominating Committee evaluates the individual Directors' competencies and recommends to the Board on training and development programmes for each Director. The Directors are also encouraged to attend relevant seminar and training programmes to enhance their skills and knowledge, the expenses of which will be borne by the Company.

Although the day-to-day management of the Company is delegated to the Executive Directors, there are matters which are required to be decided by the Board as a whole.

Provision 1.3 of the 2018 Code:

Matters requiring Board's approval

Matters specifically reserved for the Board's decision are formally documented in a schedule, incorporated in the Group's Accounting Policies and Procedural Manual and clearly communicated to the Management. These matters include:

- Changes to the Group's capital structure and corporate structure;
- Material investments, acquisitions and disposals of assets;
- Material capital expenditure;
- Material Group policies;
- Recommendation/declaration of dividend;
- Financial statements (half-year and full year), annual reports, circulars to shareholders and announcements to be submitted to the SGX-ST; and
- Appointment or removal of Directors, company secretary and Executive Officers of the Company.

Certain important matters could be subject to the recommendation by the respective Board Committees. Matters which the Board considers suitable for delegation to a Board Committee are contained in the terms of reference of the respective Board Committees.

Provision 1.4 of the 2018 Code:

Board Committees

Board Committees, namely Audit Committee ("**AC**"), Nominating Committee ("**NC**") and Remuneration Committee ("**RC**") have been established to assist the Board. Each Board Committee has its own terms of reference, setting out the composition, authorities and duties, which are approved by the Board. All Board Committees are chaired by an Independent Director. While these Board Committees are delegated with certain responsibilities, the responsibility for decisions relating to matters under the purview of the Board Committees ultimately lies with the entire Board.

The compositions of the Board Committees are as follows:-

Board Committees/ Designation	**AC**	**NC**	**RC**
Chairman	Lai Chin Yee	Yap Beng Tat, Richard	Chong Weng Hoe
Member	Chong Weng Hoe	Lai Chin Yee	Yap Beng Tat, Richard
Member	Yap Beng Tat, Richard	Chong Weng Hoe	Lai Chin Yee

The terms of reference of the respective Board Committees, which are reviewed by the Board on a regular basis, as well as other relevant information on the Board Committees can be found in the subsequent sections of this report.

CORPORATE GOVERNANCE

Board and Board Committee meetings are held regularly, with Board and AC meetings to be held at least twice a year and RC and NC meetings to be held at least once a year. Board and Board Committee meetings and annual general meetings are scheduled in advance to facilitate the Directors' attendance. Ad-hoc meetings will be convened when the Board's guidance or approval is required, outside of the scheduled Board meetings.

Provision 1.5 of the 2018 Code:

Attendance and participation in Board and Board Committee meetings

The Directors' attendance at the Board and the Board committees' meetings of the Company held in FY2022 are as below:

	Board	Audit	Nominating	Remuneration
Number of Meetings held in FY2022	2	2	1	1
Name of Directors	**Number of Meetings attended**			
Ms. Lai Chin Yee	2	2	1	1
Dr. Lee Mun Kam Bernard	2	2#	1#	1#
Dr. Loh Foo Keong Jeffrey	2	2#	1#	1#
Mr. Chong Weng Hoe	2	2	1	1
Mr. Yap Beng Tat, Richard	2	2	1	1
Dr. Lim Kah Meng	1	1#	1#	1#

Invited to sit in the meetings

In accordance with the Company's Constitution, a Director who is unable to attend a Board meeting can still participate in the meeting via telephone conference, video conference, audio visual or by means of a similar communication equipment or similar communication means whereby all persons participating can hear each other. Important matters concerning the Group can also be put to the Board and Board Committees for decision by way of written resolutions.

The NC has conducted an annual performance evaluation of the AC, RC and NC in terms of their roles and responsibilities and the conduct of their affairs as a whole for FY2022. The results are collated and the findings are analysed and discussed by the NC and reported to the Board. It is of the view that the performances of such Board Committees have been satisfactory.

Individual Director assessment is also conducted whereby each Director is evaluated on his/ her contributions to the proper guidance, diligent oversight and leadership, and the support his/ her lends to the Management in steering the Group.

The results of the Board, Board Committees and Individual Director evaluations are compiled by the Company Secretary and furnished to the NC. In discussing the results of the performance evaluations for FY2022, the Board and the Board Committee members are able to identify areas for improving their effectiveness.

The NC is of the view that the primary objective of the assessment exercise is to create a platform for the Board members to exchange feedback on the strengths and shortcomings of the Board with a view to strengthening its effectiveness. The assessment exercise also assists the Directors to focus on their key responsibilities and helps the NC in determining whether to re-nominate Directors who are due for retirement at the next annual general meeting including determining whether Directors with multiple Board representatives are able to and have adequately discharged their duties as Directors of the Company.

CORPORATE GOVERNANCE

The NC and the Board are generally satisfied with the Board and Board Committees' performance evaluation results with no significant problems identified in FY2022.

When a Director has multiple board representations, the NC also considers whether such Director is able to and has adequately carried out his duties as a Director of the Company, taking into consideration the Director's number of listed company, board representations and other principal commitments. In support of their candidature for directorship or re-election, Directors are to provide the NC with details of their other commitments and an indication of the time involved.

The Board and the NC have established a guideline on the maximum number of listed company directorships and other principal commitments that each Director is allowed to hold which can be found under Principle 4 of this report.

The Management recognises that relevant, complete and accurate information needs to be provided to the Directors prior to meetings and on an on-going basis to enable the Directors to make informed decisions and discharge their duties and responsibilities effectively and efficiently.

Provision 1.6 of the 2018 Code:

Complete, adequate and timely information to make informed decisions

The Management provides members of the Board with half yearly management accounts, as well as relevant background information relating to the matters that are discussed at the Board and Board Committee meetings. Such reports keep the Board informed of the Group's performance, financial position and prospects, and consist of the consolidated financial statements, major operational updates, background or updates on matters before the Board for decision or information. The Board is also provided with minutes of the previous Board meeting, and minutes of meetings of all Board Committees held. Detailed board papers are sent out to the Directors at least five working days before the scheduled meetings so that the Directors may better understand the issues beforehand, allowing for more time at such meetings for questions that Directors may have.

Any additional materials or information requested by the Directors are promptly furnished. If necessary, Management who are able to explain and provide insights to the matters to be discussed are invited to make the appropriate presentation and answer any queries that the Directors may have.

The Management will also inform the Board of all significant events as and when they occur and circulate board papers and supporting information on major transactions to facilitate a robust discussion before the transactions are entered into.

The Board has, at all times, separate and independent access to the Management, the Company Secretary and external professionals at the Company's expenses, including the sponsor, external auditors and internal auditors through electronic mail, telephone and face-to-face meetings.

Provision 1.7 of the 2018 Code:

Separately independent access to Management, company secretary and external advisers; Appointment and removal of the company secretary

The role of the Company Secretary is clearly defined and includes:

- Attending all Board and Board Committee meetings and ensuring that meeting procedures are followed;
- Together with the Management, ensuring that the Company complies with all relevant requirements of the Companies Act 1967 and the Catalist Rules;
- Advising the Board on all corporate governance matters; and
- Ensuring adequate and timely flow of information within the Board and Board Committees and between the Management and the Board.

The appointment and removal of the company secretary are subject to the approval of the Board as a whole.

CORPORATE GOVERNANCE

Principle 2: BOARD COMPOSITION AND GUIDANCE

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.

Provision 2.1 of the 2018 Code: Director independence

Provision 2.2 of the 2018 Code: Independent directors make up a majority of the Board

Provision 2.3 of the 2018 Code: Non-executive directors make up a majority of the Board

Board Independence

The Company has at least half the Board as Independent Directors and the Non-Executive Chairman is also an Independent Director, hence, there is a strong independent element on the Board. For FY2022, the Board consists of six Directors of whom four are independent and non-executive.

The independence of each Director is reviewed annually by the NC. Each Independent Director is required to complete a checklist to confirm his or her independence annually. The checklist is drawn up based on the guidelines provided in the 2018 Code and the Catalist Rules. The NC adopts the 2018 Code's definition of what constitutes an "Independent" Director in its review.

An Independent Director shall immediately disclose to the NC any relationships or circumstances that could interfere, or be reasonably perceived to interfere, with the exercise of his or her independent business judgement in the best interests of the Company. Taking into account the considerations on independence as set out in provision 2.1 of the 2018 Code, read together with Practice Guidance 2 of the 2018 Code, and Rules 406(3)(d)(i) and 406(3)(d)(ii) of the Catalist Rules, the NC and the Board ascertained that all Independent Directors, namely Ms. Lai Chin Yee, Mr. Yap Beng Tat, Richard, Mr. Chong Weng Hoe and Dr. Lim Kah Meng, are independent and none of the Independent Directors has any relationship with the Company, its related corporations, substantial shareholders or officers, which could interfere or be perceived to interfere with the Director's independent judgement. No Independent Director has served on the Board for more than nine years.

Provision 2.4 of the 2018 Code: Size and composition of the Board and Board Committee; Board diversity policy

Board Diversity

The Company has in place the Board Diversity Policy with a view to achieving a sustainable and balanced development as the Company sees diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing the Board's composition and selection of new Board members, the Board strive to ensure that:

(a) All candidates are included for consideration during the search for new appointments to the Board regardless of gender, age, nationalities or ethnicity;

(b) There is an appropriate mix of gender representation on the Board, taking into account the skills and experience the candidates can contribute; and

(c) External search consultants when looking for suitable candidates for appointment to the Board will be specifically directed to include diverse candidates and women candidates in particular.

In reviewing the composition of the Board, the NC considers the benefits of Board diversity from a number of aspects, including but not limited to gender, age, educational background, professional experience, skills and knowledge. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. The Board remains committed to implementing the Board Diversity Policy and continuing searching for member who has technology expertise and experiences that can assist the Group on new business segments and requirements.

CORPORATE GOVERNANCE

The NC will strive to ensure that:

- Female candidates are fielded for consideration for Board appointments;
- External search consultants, engaged to search for candidates for Board appointments, are required to present female candidates; and
- At least one female Director be appointed to the NC.

Currently, the Company has a lady director in the Board who has many years of experience in the areas of auditing, finance and accounting, taxation and treasury.

However, diversity is not merely limited to gender or any other personal attributes. The benefits of Board diversity could only be harnessed if Directors adopt an independent mindset when carrying out their responsibilities. In order to gather and leverage on diverse perspectives, the Non-executive Chairman and Independent Director strives to cultivate an inclusive environment where all Directors are able to speak up and participate in decision making.

The ultimate decision for new Board appointments will be based on merit and contribution that the selected candidates are expected to bring to the Board.

The Board has examined its size and is of the view that it is an appropriate size for effective decision-making, considering the nature and scope of the Group's operations. No individual or small group of individuals dominate the Board's decision making. The Board and Board Committees have an appropriate balance and mix of skills, knowledge and experience in the Group's core businesses and the areas of accounting and finance, legal and regulatory compliance, business management and risk management, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. The Board has one female Independent Director. The profiles of the Directors are set out in the "Board of Directors" section of the Annual Report.

Provision 2.5 of the 2018 Code:

Independent Directors meet regularly without the presence of the Management

To facilitate a more effective check on the Management, the Independent Directors meet at least once a year with the internal and external auditors without the presence of the Management. The Independent Directors also communicate with each other from time to time without the presence of the Management to discuss the performance of the Management and any matters of concern. Feedback arising from such meetings or discussions is provided to the Board or Non-executive Chairman and Independent Director, as appropriate.

Principle 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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.

Provision 3.1 of the 2018 Code:

Chairman and CEO are separate persons

The Board is chaired by Ms. Lai Chin Yee, Non-executive Chairman and Independent Director of the Company while Dr. Lee Mun Kam Bernard, is the Executive Director and Chief Executive Officer ("**CEO**") of the Company. The Non-executive Chairman and the CEO are not related. Hence, the roles of the Non-executive Chairman and the CEO have been clearly separated, each having their own areas of responsibilities. This is to ensure that an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making.

Provision 3.2 of the 2018 Code:

Division of responsibilities between Chairman and CEO

The Non-executive Chairman and Independent Director, Ms. Lai Chin Yee, ensures that corporate information is adequately disseminated to all Directors in a timely manner to facilitate the effective contribution of all Directors. She promotes a culture of openness and debate at the Board and ensures that adequate time is allocated for discussion of all strategic issues. The Non-executive Chairman and Independent Director is assisted by the Board Committees, external auditors and internal auditors who report to the Audit Committee in ensuring compliance with the Company's guidelines on corporate governance.

CORPORATE GOVERNANCE

The Executive Director and CEO, Dr. Lee Mun Kam Bernard, is responsible for the overall management of the Group and charting the corporate strategies for future growth with the support of the Executive Director and Chief Operating Officer, Dr. Loh Foo Keong, Jeffrey and the Management.

As the Non-executive Chairman is not part of the Management and is independent, no Lead Independent Director has been appointed.

Provision 3.3 of the 2018 Code:

Lead Independent Director

Principle 4: BOARD MEMBERSHIP

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.

Provision 4.1 of the 2018 Code:

NC to make recommendations to the Board on relevant matters

Provision 4.2 of the 2018 Code:

Composition of NC

The NC comprises three Independent Directors, namely Mr. Yap Beng Tat, Richard, Ms. Lai Chin Yee and Mr. Chong Weng Hoe. The Chairman of the NC is Mr. Yap Beng Tat, Richard.

The NC's responsibilities, as set out in its terms of reference, include the following:

- Developing and maintaining a formal and transparent process for the selection, appointment and re-appointment of Directors, taking into account the need for progressive renewal of the Board, and making recommendations to the Board on the appointment and re-appointment of Directors (including alternate Directors, if any), taking into consideration each Director's competencies, commitment, contribution and performance (for example, attendance, preparedness, participation and candour) including, if applicable, his or her performance as an Independent Director;
- Reviewing succession plans for the Directors, in particular, the appointment and/or replacement of the Chairman, CEO and Executive Officers;
- Deciding on how the Board's performance may be evaluated, and proposing objective performance criteria to assess the effectiveness of the Board as a whole, the Board Committees, and the contribution of each Director;
- Ensuring that all Directors submit themselves for re-nomination and re-election at least once every three years;
- Determining the composition of the Board, taking into account the future requirements of the Group, as well as the need for Directors who, as a group, provide an appropriate balance and diversity of skills, experience, gender and knowledge of the Group, and other considerations as set out in the 2018 Code, and setting the objectives for achieving Board diversity and reviewing the progress towards achieving these objectives;
- Determining on an annual basis, and as and when circumstances require, whether or not a Director is independent having regard to the requirements of the 2018 Code and any other salient factors;
- In respect of a Director who has multiple board representations on publicly listed companies, if any, reviewing and deciding, on an annual basis (or more frequently as the NC deems fit), whether such Director is able to and has been adequately carrying out his duties as a Director;
- Establishing guidelines on the maximum number of directorships and principal commitments for each Director (or type of Director) shall be;
- Reviewing training and professional development programmes for the Board and the Directors;

CORPORATE GOVERNANCE

- Assessing whether each Director is able to and has been adequately carrying out his duties as a Director; and
- Ensuring that new Directors are aware of their duties and obligations.

Provision 4.3 of the 2018 Code:

Process for the selection, appointment and re-appointment of Directors

The NC conducts an annual review of the balance, diversity and size of the Board to determine whether any changes are required in relation to the Board composition. Where the need for a new Director arises, candidates would first be sourced through the Company's network of contacts and referrals. The NC may engage a talent acquisition firm to identify a broader range of candidates. Suitable candidates would be interviewed by the NC and/or the Board and then assessed and nominated by the NC to the Board which retains the final discretion in appointing such new Director.

In recommending to the Board on appointment and re-appointment of Directors, the NC considers the following factors:

- Needs of the Group, Board Diversity Policy, expertise and experience of the candidate and his or her contribution and performance as Director of the Company, officer of other companies and/or professionals in his or her area of expertise;
- Number of public listed company directorships and other principal commitments;
- Whether the candidate is a fit and proper person in accordance with the MAS' fit and proper guidelines, which broadly takes into account the candidate's competence, honesty, integrity and financial soundness; and
- Independence of the candidate (for Independent Directors).

Regulation 103 of the Company's Constitution states that any Director so appointed by the Board shall hold office only until the next Annual General Meeting ("**AGM**") and shall then be eligible for re-election.

In addition, Regulation 97 of the Company's Constitution states that at each AGM, one-third (or, if their number is not a multiple of three, the number nearest to but not less than one-third) of the Directors shall retire from office and that all Directors shall retire from office at least once in every three year and such retiring Directors shall be eligible for re-election. As such, Mr. Chong Weng Hoe, Ms. Lai Chin Yee and Mr. Yap Beng Tat, Richard (Ye Mingda, Richard) will be subject to retirement by rotation at the forthcoming AGM. Mr. Chong Weng Hoe had indicated that he would not seek re-election as Director of Company at the forthcoming AGM, and will accordingly, retire as an Independent Non-Executive Director at the conclusion of the forthcoming AGM. Following the conclusion of the forthcoming AGM, Mr. Chong Weng Hoe will also cease to be the Chairman of the RC and a member of the AC and NC. Further details of his retirement are disclosed in the Company's SGXNet announcement made on 7 October 2022.

The NC has assessed and is satisfied that Ms Lai Chin Yee and Mr. Yap Beng Tat, Richard (Ye Mingda, Richard) are qualified for re-elections by virtue of their skills, experiences and their contributions of guidance and time to the Board.

Ms. Lai Chin Yee will, upon re-election as Director of the Company, remain as Chairman of the Board, Chairman of the AC and a member of the NC and RC. The Board considers Ms. Lai Chin Yee to be independent for the purpose of Rule 704(7) of the Catalist Rules.

Mr. Yap Beng Tat, Richard (Ye Mingda, Richard) will, upon re-election as Director of the Company, remain as Chairman of the NC and a member of the AC and RC. The Board considers Mr. Yap Beng Tat, Richard (Ye Mingda, Richard) to be independent for the purpose of Rule 704(7) of the Catalist Rules.

The details of the Directors seeking re-election as required under Rule 720(5) of the Catalist Rules are set out in the "Re-election of Directors" section of this Annual Report.

CORPORATE GOVERNANCE

As described under Principle 2 of this report, the Company has put in place a process to ensure the continuous monitoring of the independence of the Directors. Each Independent Director is required annually to complete a checklist to confirm his independence. Further, an Independent Director shall immediately disclose to the NC any relationships or circumstances that could interfere, or be reasonably perceived to interfere, with the exercise of his or her independent business judgement in the best interests of the Company. The NC is of the view that the Independent Directors are independent. As at the date of this report, there is no relationship or circumstance set forth in Provision 2.1 of the 2018 Code which puts the independence of the Independent Directors in question.

Provision 4.4 of the 2018 Code:

Circumstances affecting Director's independence

The NC ensures that new directors are aware of their duties and obligations. The NC also decides if a director is able to and has been adequately carrying out his or her duties as a director of the company. The company discloses in its annual report the listed company directorships and principal commitments of each director, and where a director holds a significant number of such directorships and commitments, it provides the NC's and Board's reasoned assessment of the ability of the director to diligently discharge his or her duties.

Provision 4.5 of the 2018 Code:

Multiple listed company directorships and other principal commitments

When a Director has multiple listed company directorships and other principal commitments, the NC also considers whether or not the Director is able to and has adequately carried out his duties as a Director of the Company.

The NC believes that putting a maximum limit on the number of directorships a Director can hold is arbitrary, given that time requirements for each vary, and thus should not be prescriptive.

The NC is satisfied that sufficient time and attention were given by the Directors to the affairs of the Company during FY2022, notwithstanding that they hold directorships in other listed companies and have other principal commitments, and will continue to do so in the financial year ending 30 June 2023.

The list of directorships held by Directors presently or in the preceding five years in other listed companies, and other principal commitments are set out in the "Board of Directors" section of this Annual Report.

No alternate Director has been appointed to the Board.

Principle 5: BOARD PERFORMANCE

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

Provisions 5.1 and 5.2 of the 2018 Code:

Assessment of effectiveness of the Board and Board Committees and assessing the contribution by the Chairman and each Director

The NC has established a review process and proposed objective performance criteria set out in assessment checklists which are approved by the Board. The NC will assess the Board's effectiveness as a whole by completing the Board Assessment Checklist, which takes into consideration factors such as the Board's structure, conduct of meetings, risk management and internal control, and the Board's relationship with the Management. The NC will also assess the Board's performance based on a set of quantitative criteria and financial performance indicators as well as share price performance. In addition, the NC will assess the individual Directors' performance by completing an Individual Director Assessment Checklist, which takes into consideration factors such as commitment of time for meetings, level of participation and contribution at such meetings and the technical knowledge of the Directors.

Where appropriate, the Board will review and make changes to the assessment forms to align with prevailing regulations and requirements. The performance criteria shall not be changed from year to year without justification. These assessments are to be carried out and overseen by the NC for each financial year to evaluate the effectiveness of the Board as a whole and recommendations based on these assessments would be tabled to the Board for discussion and/or adoption. The Non-executive Chairman and Independent Director will act on the results of the performance evaluation and the recommendation of the NC, and where appropriate, in consultation with the NC, new members may be appointed or resignation of Directors may be sought.

CORPORATE GOVERNANCE

Each member of the NC shall abstain from deliberating and voting on any resolutions in respect of the assessment of his performance or re-nomination as Director.

Based on the NC's review for FY2022, the Board operates effectively and each Director is contributing to the Board's effectiveness.

The Board has implemented a formal annual process for assessing the effectiveness of each Board Committee and the Board for FY2022.

Although no external facilitator had been engaged by the Board for this purpose, the NC has full authority to do so, if the need arises.

REMUNERATION MATTERS

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.

Principle 6: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

The RC comprises three Independent Directors, namely Mr. Chong Weng Hoe, Mr. Yap Beng Tat, Richard and Ms. Lai Chin Yee. The Chairman of the RC is Mr. Chong Weng Hoe.

Provision 6.1 of the 2018 Code:

RC to recommend remuneration framework and packages

Provision 6.2 of the 2018 Code:

Composition of RC

The RC's responsibilities, as set out in its terms of reference, include the following:

- Reviewing and recommending to the Board for approval on the framework of remuneration for the Directors and Executive Officers of the Group as well as the specific remuneration packages for each Executive Director and Executive Officer, ensuring that a significant and appropriate proportion of the remuneration is structured so as to link rewards to corporate and individual performance;

- Reviewing annually the remuneration, bonuses, pay increase and/or promotions of employees who are related to the Directors or substantial shareholders to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with the respective job scopes and level of responsibilities, and reviewing and approving any new employment of related employees and the proposed terms of their employment;

- Reviewing the obligations arising in the event of termination of service contracts entered into between the Group and the Executive Directors or Executive Officers, as the case may be, to ensure that the service contracts contain fair and reasonable termination clauses which are not overly generous;

- If necessary, seeking expert advice within and/or outside the Company on remuneration matters, ensuring that existing relationships, if any, between the Company and the appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants;

- Performing an annual review of the remuneration packages in order to maintain their attractiveness to retain and motivate the Directors and Executive Officers, and to align the interests of the Directors and Executive Officers with the interests of the shareholders and other stakeholders and promote the long- term success of the Company; and

- Ensuring that the remuneration of Non-Executive Directors is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities.

The recommendations of the RC shall be submitted for endorsement by the Board. Each RC member shall abstain from reviewing, deliberating and voting on any resolution in respect of his remuneration package or that of any employees who are related to him.

CORPORATE GOVERNANCE

The RC considers all aspects of remuneration (including Director's fees, salaries, allowances, bonuses, options, share-based incentives and awards, benefits in kind and termination payments) in the review of remuneration packages for the Directors and Executive Officers with an aim to be fair and to avoid rewarding poor performance, before making any recommendation to the Board.

Provision 6.3 of the 2018 Code:

RC to consider and ensure all aspects of remuneration are fair

The Independent Directors receive Directors' fees in accordance with their contributions, taking into account factors such as effort and time spent and their responsibilities. The Directors' fees are recommended by the RC and endorsed by the Board for approval by the shareholders of the Company at the annual general meeting. Save as disclosed in this Annual Report, the Independent Directors do not receive any other remuneration from the Company.

The Executive Directors have each entered into a service agreement with the Company, under which terms of their employment are stipulated in the service agreements.

There are no excessively long or onerous removal clauses in these service agreements. The service agreements are valid for five years with effect from 30 July 2020, thereafter, the employment shall be automatically renewed annually and either party may terminate the service agreement by giving to the other party not less than six months' notice in writing, or in lieu of notice, payment of an amount equivalent to six months' salary based on the Executive Director's last drawn monthly salary.

The RC members are familiar with remuneration matters as they are regularly updated of market practices. During FY2022, the Company did not engage any remuneration consultant to seek advice on remuneration matters. Moving forward, the RC will consider the need to engage such external remuneration consultants and where applicable, it will review the independence of the external firm before engaging them.

Provision 6.4 of the 2018 Code:

Expert advice on remuneration

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

Principle 7: LEVEL AND MIX OF REMUNERATION

Remuneration of Executive Directors and Executive Officers comprise fixed components, including salaries and CPF, and a variable bonus component. Their remuneration is linked to both corporate and individual performance and aligned with shareholders' interests to promote long-term success of the Group.

Provisions 7.1 and 7.3 of the 2018 Code:

Remuneration of Executive Directors and key management personnel are appropriately structured to encourage good stewardship and promote long-term success of the Company

The remuneration paid/payable to Executive Directors and Executive Officers are determined by the Board after considering the following:

(1) Salary - salary is determined based on the complexity of the required responsibilities and tasks, and market comparables.

(2) Variable or performance related bonus - variable remuneration depends on the profit of the Group and relevant individuals' key performance indicators.

The Group's remuneration policy is to ensure that the remuneration offered is competitive and sufficient to attract, retain and motivate the Directors and the key management personnel of the required experience and expertise to successfully manage the Group for the long term. No Director is involved in any discussion relating to his own remuneration, terms and conditions of service, and the review of his performance.

Having reviewed the variable component in the remuneration packages of the Executive Directors and Executive Officers, the RC is of the view that it is not necessary to institute contractual provisions to reclaim incentive components of remuneration from Executive Directors and Executive Officers in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Group. The Company believes that there are alternative legal avenues to these specific contractual provisions that will enable the Company to recover financial losses arising from such exceptional events from the Executive Directors and Executive Officers.

CORPORATE GOVERNANCE

The Independent Directors are paid Directors' fees which take into consideration their contribution, effort, time spent and responsibilities. They are not overly remunerated to the extent that their independence may be compromised.

Long term incentive schemes such as SPCH ESOS and SPCH PSP are also available to Non-Executive Independent Directors.

Provision 7.2 of the 2018 Code:

Remuneration of Non-executive Directors dependent on contribution, effort, time spent and responsibilities

Principle 8: DISCLOSURE ON REMUNERATION

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.

Provision 8.1 of the 2018 Code:

Remuneration disclosures of Directors and key management personnel

A separate annual remuneration report is not prepared as the matters which need to be disclosed in such annual remuneration report have already been sufficiently disclosed in this report and in the financial statements of the Company.

A breakdown (in percentage terms) of the remuneration earned by each Director and the CEO during FY2022 is as follows:

Remuneration band and name of Director	Director's fee (%)	Salary and CPF (%)	Variable or performance related bonus (%)	Total (%)
Above $1,000,000				
Lee Mun Kam Bernard	–	61	39	100
$750,000 to $1,000,000				
Loh Foo Keong Jeffrey	–	63	37	100
Below $250,000				
Lai Chin Yee	100	–	–	100
Chong Weng Hoe	100	–	–	100
Yap Beng Tat, Richard	100	–	–	100
Lim Kah Meng	100	–	–	100

The disclosure of exact remuneration of the Board and Key Management may compromise our Company's competitive advantage over its competitors especially in the industry which the Group operates in. As such, the Board believes that the sensitive and confidential nature of such information of each Director, Executive Officer and Key Management Personnel needs to be safeguarded.

The Board is of the opinion that it is in the best interest of the Company to maintain confidentiality of the exact remuneration details of the directors. The Board believes to disclose the remuneration in band of S$250,000 and also a breakdown in percent terms will be adequate to address the transparency for our Group's remuneration package.

CORPORATE GOVERNANCE

The Board is of the view that notwithstanding the deviation from Provision 8.1 of the 2018 Code, the Company is transparent on its remuneration policies, which has been disclosed not only as part of compliance with Principle 8 but also in respect of Principle 7 of the 2018 Code. In particular, the Company has elaborated on the remuneration policy governing the remuneration of the Executive Directors and Executive Officers, and the factors taken into account for the remuneration of the Independent Directors. The Company has also disclosed the remuneration paid to each Director using bands of $250,000, as well as the breakdown of the components of their remuneration, for transparency. Accordingly, the Board is of the view that the non-disclosure of the exact quantum of the remuneration of each Director will not be prejudicial to the interest of shareholders and complies with the intent of Principle 8.1 of the 2018 Code.

The Company has less than five key management personnel and the remuneration of the key management personnel of the Company is as follows:

Remuneration band and name of key management personnel	**Salary and CPF (%)**	**Variable or performance related bonus (%)**	**Total (%)**
Below $250,000			
Leow Yong Kin[1]	81	19	100
Ng Phick Suan[2]	100	–	100

Notes:

(1) Leow Yong Kin was appointed as the Financial Controller on 20 September 2021 and promoted as the Chief Financial Officer with effect from 1 July 2022.

(2) Ng Phick Suan resigned as the Financial Controller with effect from 31 October 2021.

After careful consideration, the Board is of the view that full disclosure of the aggregate remuneration of the key management personnel is not in the best interests of the Company in view of, *inter alia*, the Company currently having only one key management personnel and the confidential nature of remuneration matters. The Company is of the view that its practices of disclosing the remuneration of key management personnel in bands of S250,000 are consistent with the intent of provision 8 of the 2018 Code, taking into account the strategic objectives of the Company pursuant to Principle 8 of the 2018 Code.

Provision 8.2 of the 2018 Code:

Remuneration disclosure of related employees

Save for the Executive Directors, there are no employees who were substantial shareholders of the Company in FY2022.

The remuneration (including salary, bonus and CPF) paid in FY2022 to Ms. Wong Jing Yi Joyce, spouse of Executive Director and Chief Operating Officer, Dr. Loh Foo Keong Jeffrey, for services rendered to the Group on an individual basis are set out in the following remuneration bands:

Remuneration band and name of related employee	**Salary and CPF (%)**	**Variable or performance related bonus (%)**	**Total (%)**
$100,000-$150,000			
Wong Jing Yi Joyce[1]	89	11	100

(1) Ms. Wong is employed as Senior Clinic Manager of Lian Clinic Pte Ltd and has been in charge for the operation of Lian Clinic since January 2016.

CORPORATE GOVERNANCE

Long term incentive schemes are provided in the form of SPCH Employee Share Option Scheme ("**SPCH ESOS**") and SPCH Performance Share Plan ("**SPCH PSP**") for eligible employees including Executive Directors (collectively, the "**Share Plans**"). Details of SPCH ESOS and SPCH PSP are disclosed in the Company's offer document dated 13 July 2020 ("**Offer Document**"). The administration committee for the SPCH PSP and SPCH ESOS ("**Administration Committee**") comprises the members of the RC and NC, including Ms. Lai Chin Yee, Mr. Chong Weng Hoe and Mr. Yap Beng Tat Richard. During FY2022, no share options and no performance shares were granted, vested or cancelled.

Provision 8.3 of the 2018 Code:

Details of performance share plan and employee share option scheme

Singapore Paincare Holdings Limited Performance Share Plan ("SPCH PSP")

Summary of the SPCH PSP	SPCH PSP is a compensation scheme that promotes higher performance and rewards exceptional achievement. SPCH PSP is based on the principle of pay-for-performance and is designed to enable Company to reward, retain and motivate employees of the Group to achieve superior performance. The objective of this rewarding scheme is to give the Company greater flexibility to align the interests of employees of our Group especially key executives, with the interests of Shareholders.
Participants of the SPCH PSP	SPCH PSP allows for participation by full time employees of the Group (including Executive Directors) and Non-Executive Directors (including Independent Directors), controlling shareholders and their associates subject to them meeting the eligibility criteria.
Administration of the SPCH PSP	The SPCH PSP shall be managed by the members of the Company's Administration Committee, which has the absolute discretion to determine persons who will be eligible to participate in the SPCH PSP.
Awards Entitlement	Awards represent the right of a participant to receive fully-shares free of charge ("**Awards**")
Size of SPCH PSP	The aggregate number of shares which may be offered under the Share Plans should not exceed 15% of the Company's total issued capital (excluding treasury shares) on the date preceding the date of the relevant grant.
Vesting Period	No minimum vesting period is prescribed under SPCH PSP for Awards and the length of the vesting period in respect of each Award will be determined on a case-by-case basis by the Administration Committee.

There were no Awards granted under SPCH PSP in FY2022. Accordingly, there were no Awards granted under SPCP PSP to (i) Directors of the Company; (ii) participants who are controlling shareholders of the Company and their associates; and (iii) participants other than the Directors of the Company and controlling shareholders of the Company and their associates, who received Awards comprising shares representing five per cent (5.0%) or more of the aggregate of the total number of new shares available under the SPCH PSP since the commencement of the SPCH PSP. The Company does not have a parent company.

Details on the SPCH PSP are set out in the Company's Offer Document.

CORPORATE GOVERNANCE

Singapore Paincare Holdings Limited Employee Share Option Scheme ("SPCH ESOS")

Summary of the SPCH ESOS	SPCH ESOS provides eligible participants an opportunity to participate in the equity of the Company and to motivate employees towards better performance through increased dedication and loyalty. SPCH ESOS is primarily designed to reward and retain employees whose services are vital to the Company's success.
Participants of the SPCH ESOS	SPCH ESOS allows for participation by only confirmed employees of the Group (including Executive Directors) and Non-Executive Directors (including Independent Directors), controlling shareholders and their associates subject to them meeting the eligibility criteria.
Administration of the SPCH ESOS	The SPCH PSP shall be managed by the Company's Administration Committee, which shall have the powers to determine, *inter alia*, the following: - (a) persons to be granted SPCH ESOS; (b) number of options to be offered; and (c) recommendations for modification to the SPCH ESOS
Size of SPCH ESOS	The aggregate number of shares which may be offered under the Share Plans should not exceed 15% of the Company's total issued capital (excluding treasury shares) on the date preceding the date of the relevant grant.
Exercise Period	No minimum exercise period is prescribed under SPCH ESOS for options and the length of the exercise period in respect of each option will be determined on a case-by-case basis by the Administration Committee.
Exercise Period of Options under the SPCH ESOS	The Exercise price for each option shall be determined by the Administration Committee, in its absolute discretion, on the date of grant, at: - (a) a price equal to the market price; or (b) a price which is set at a discount to the market, provided (i) the maximum discount shall not exceed 20% of the Market Price (or such other percentage or amount as may be determined by the Administration Committee and permitted by the SGX-ST); and (ii) the shareholders in general meeting shall have authorised, in a separate option, the making of offers and grants of options under the SPCH ESO at a discount not exceeding the maximum discount as aforesaid

The aggregate number of shares which may be offered under the Share Plans should not exceed 15.0% of the company's total issued share capital (excluding treasury shares) on the date preceding the date of the relevant grant. The Share Plans were adopted on 16 June 2020 for a period of ten years and will expire on 15 June 2030.

There were no options granted under the SPCH ESOS since the adoption of the SPCH ESOS on 16 June 2020 to 30 June 2022.

Details on the SPCH ESOS are set out in the Company's Offer Document.

CORPORATE GOVERNANCE

ACCOUNTABILITY AND AUDIT

Principle 9: RISK MANAGEMENT AND INTERNAL CONTROLS

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.

Provision 9.1 of the 2018 Code:

Board determines the nature and extent of significant risks

Risk analysis and management is undertaken within the Group as a source of sustainable business benefit and competitive advantage. The Board is responsible for the management of the Group's significant risks and is assisted by the AC in the oversight of the risk management and internal control systems of the Group.

The AC, with the assistance of the internal and external auditors, annually reviews the adequacy and effectiveness of the Group's risk management and internal control systems, including financial, operational, compliance and information technology controls.

The internal auditor, RSM Risk Advisory Pte Ltd ("**RSM**"), has carried out an internal audit on the system of internal controls and reported the findings to the AC. In this respect, the AC has reviewed the internal audit findings and noted that the Company is closely monitored to ensure timely and proper implementation of the internal auditors' recommendation. No material internal control weaknesses had been raised by the internal and external auditors in the course of their audits for FY2022 which have not been adequately addressed.

Provision 9.2 of the 2018 Code:

Assurance from CEO, CFO and other key management personnel

The Board received assurance from the CEO and the Chief Financial Officer ("**CFO**") that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances.

In addition, the Board received assurance from the CEO, Chief Operating Officer and the CFO that the Company's risk management and internal control systems are adequate and effective.

Based on the reviews carried out by the AC, work performed by the internal and external auditors and assurance from the Management referred to in the preceding paragraphs, the Board, with the concurrence of the AC, is satisfied that the system of internal controls (including financial, operational, compliance and information technology controls) and risk management systems in place are adequate and effective as at 30 June 2022.

The Board notes that no system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgement in decision making, human errors, losses, fraud or other irregularities. As such, the Company's risk management and internal controls systems are regularly evaluated and improved to ensure its relevance to the Company's operations.

Principle 10: AUDIT COMMITTEE

The Board has an Audit Committee which discharges its duties objectively

Provisions 10.2 and 10.3 of the 2018 Code:

Composition of AC; AC does not comprise former partners or directors of the Company's auditing firm

The AC comprises three Independent Directors, namely Ms. Lai Chin Yee, Mr. Chong Weng Hoe and Mr. Yap Beng Tat, Richard. The Chairman of the AC is Ms. Lai Chin Yee.

All members of the AC are appropriately qualified and have relevant accounting or related financial management expertise and experience. They are not former partners or directors of the Company's auditing firm.

Ms. Lai Chin Yee graduated from National University of Singapore with a Bachelor of Accountancy in 1987. She has more than 30 years of experience in the areas of auditing, finance and accounting, taxation and treasury.

CORPORATE GOVERNANCE

Mr. Chong Weng Hoe graduated from the National University of Singapore with a Bachelor of Engineering (Electrical) in 1989 and obtained a Master of Business Administration (Accountancy) from Nanyang Technology University in 1997.

Mr. Yap Beng Tat, Richard obtained his Bachelor of Accountancy from the Nanyang Technological University in 2005. He has more than 15 years of experience in areas of audit, corporate finance and valuation.

Provision 10.1 of the 2018 Code:

Duties of AC

The AC's responsibilities, as set out in its terms of reference, include the following:

- assisting the Board of Directors in the discharge of its responsibilities on financial reporting matters;
- reviewing the assurance from the CEO and CFO on the financial records and financial statements;
- reviewing with the internal and external auditors, the audit plans, scope of work, evaluation of the system of internal accounting controls, management letter and management's response, and results compiled by the Group's internal and external auditors, and ensure coordination between the internal and external auditors, and the management;
- reviewing the half-yearly results announcements, annual financial statements and the external auditors' report on those financial statements before submission to the Board of Directors for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards as well as compliance with the Catalist Rules and any other statutory or regulatory requirements;
- reviewing the assistance given by the management to the auditors, and discuss problems and concern, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of the management where necessary);
- reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit function and assessing the independence and objectivity of the external auditors;
- reviewing and discussing with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the management's response;
- making recommendations to the Board of Directors on (a) the proposals to shareholders on the appointment, re-appointment and removal of the external auditors, and (b) the remuneration and terms of engagement of the external auditors;
- reviewing significant financial reporting issues and judgments, with the CFO and the external auditors, so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance, before their submission to the Board of Directors;
- reviewing and report to the Board of Directors at least annually the adequacy and effectiveness of the Group's internal controls and risk management systems with the CFO and the internal and external auditors, including financial, operation, compliance and information technology controls via reviews carried out by the internal auditors;
- reviewing and approve transactions falling within the scope of Chapter 9 and Chapter 10 of the Catalist Rules (if any);

CORPORATE GOVERNANCE

- reviewing any potential conflicts of interest;

- setting out a framework to resolve or mitigate any potential conflicts of interest, as well as monitor compliance with such framework;

- undertaking such other reviews and projects as may be requested by the Board of Directors and report to the Board of Directors its findings from time to time on matters arising and requiring the attention of the AC;

- reviewing the Group's financial risk areas, with a view to providing an independent oversight on the Group's financial reporting, with the outcome of such review to be disclosed in the annual reports, or if the findings are material, to be immediately announced via Singapore Exchange Network;

- reviewing and establish procedures for receipt, retention and treatment of complaints received by the Group, *inter alia*, criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group;

- reviewing policies and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, to ensure that such policies and arrangements continue to be in place for independent investigation and appropriate follow-up, and to ensure that the Company publicly discloses, and clearly communicates to employees the existence of a whistle-blowing policy and the procedures for raising such concerns;

- reviewing interested person transactions to ensure that they are on normal commercial terms and do not prejudice the interest of the Company and its minority shareholders; and

- generally undertaking such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time.

The AC is authorised to investigate any matter within its terms of reference, and has full access to, and co-operation of, the Management. The AC has full discretion to invite any Director, Executive Officer or key management personnel to attend its meetings and has access to reasonable resources, including independent professional advice, to enable it to discharge its functions.

The Group has complied with Rules 712 and 715 of the Catalist Rules in relation to the appointment of its external auditors. The aggregate amount of fees paid/payable to the external auditors, BDO LLP, for audit services for FY2022 were S$151,200 and the non-audit service rendered by BDO LLP in respect of the agreed upon procedure for CPF compliance matter was S$3,000. The AC, having reviewed the scope and value of the non-audit services provided by the external auditor, is satisfied that the independence and objectivity of the external auditor is not impaired.

In recommending the re-appointment of BDO LLP as the external auditor for the financial year ending 30 June 2023, the AC had taken into consideration the Audit Quality Indicator Disclosure Framework published by the Accounting and Corporate Regulatory Authority.

The Company has outsourced its internal audit function to RSM, a corporate member of the Institute of Internal Auditors Singapore. The primary reporting line of the internal auditors is to the AC and administratively to the CFO. The hiring, removal, evaluation of the internal auditors and compensation to be paid to them is recommended by the AC and approved by the Board.

Provision 10.4 of the 2018 Code:

Primary reporting line of the internal audit function is to AC; Internal audit function has unfettered access to Company's documents, records, properties and personnel

CORPORATE GOVERNANCE

The internal audit team has unrestricted access to the Company's documents, records, properties and personnel, including the AC. The internal audit team is staffed with personnel with relevant qualifications and experience and takes reference from the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors when performing their reviews. The AC is satisfied that the internal audit function is independent, effective, adequately resourced to perform its functions and has appropriate standing within the Group. Mr Dennis Lee, the head of the internal audit function team of RSM, is highly qualified with almost 17 years of audit, internal audit and risk management experience. RSM carries out its function in accordance with the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The internal audit function is independent of the activities it audits. During FY2022, the internal auditors completed an internal control review of the Group's key processes such as human resources and payroll management, procurement and payment. The related internal audit reports, including Management's responses and implementation status, have been communicated to the AC.

Provision 10.5 of the 2018 Code:

AC meets with the auditors without the presence of Management annually

The AC endeavours to meet at least once a year with the external and internal auditors without the presence of the Management so that any concern and/or issue can be raised directly and privately.

The AC met with the internal auditors and external auditors without the presence of Management in August 2022 to discuss, amongst other matters, the conduct of audit for the Group's financial statements for FY2022.

SIGNIFICANT ACCOUNTING MATTERS

In the review of the financial statements for FY2022, the AC has discussed with the Management on the significant accounting principles that were applied and their judgement of items that might affect the accuracy and completeness of the financial statements.

The key audit matters, which are included in the independent auditors' report for FY2022, were discussed with the Management and the external auditor and were reviewed by the AC.

WHISTLE-BLOWING CHANNELS

The Company has in place a whistle-blowing policy and procedures for employees of the Group and other persons to raise concerns about possible improprieties in matters of financial reporting, fraudulent behaviour and other significant matters directly to the AC in confidence and without fear of reprisals. Details of this policy are disseminated to employees of the Group and is made available on the Company's website at https://www.sgpaincareholdings.com/whistleblowing-policy/.

Possible improprieties such as suspected fraud, corruption, dishonest practices and other significant matters can be reported to AC Chairman, Ms. Lai Chin Yee via email, report@sgpaincareholdings.com.

The Company's whistle-blowing policy aims to (a) provide a trusted avenue for employees, vendors, customers and other stakeholders to report serious wrongdoings or misconducts, particularly to fraud, governance or ethics, without fear; and (b) ensure that robust arrangements are in place to facilitate independent investigation of the reported issues with appropriate follow up actions. The Company will treat all information received confidentially and protect the identity of all whistle-blowers. It is also committed to ensuring that whistle-blowers will be treated fairly, and protected against detrimental or unfair treatment for whistle-blowing in good faith.

CORPORATE GOVERNANCE

All whistle-blowing complaints are independently investigated and appropriate actions will be taken. The AC, which is responsible for oversight and monitoring of whistle-blowing, reviews and ensures that independent investigations and any appropriate follow-up actions are carried out, taking into account factors such as the seriousness of the issues, the credibility of the concern and the likelihood of confirming the allegation from attributable sources. The AC will follow a set of guidelines to ensure proper conduct of investigations and appropriate closure actions following completion of the investigations, including administrative, disciplinary, civil and/or criminal actions and remediation of control weaknesses that may arise to fraud or misconduct. In addition, the AC reviews the whistle-blowing policy regularly to ensure that it remains current.

To date, no significant matter was raised through the Group's whistle-blowing channels.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Principle 11: SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

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.

Provision 11.1 of the 2018 Code:

Company provides shareholders with the opportunity to participate effectively and vote at general meetings

The Board ensures that the shareholders are treated fairly and equitably. All material information which would likely affect the price or value of the Company's shares shall be disclosed adequately and in a timely manner. Presentations to shareholders will be made available on SGXNET and the Company's website (if applicable).

In presenting the Group's financial results to shareholders, it is the aim of the Board to provide shareholders with a balanced and understandable assessment of the Company's performance, position and prospects.

The Company's principal form of dialogue with shareholders takes place at general meetings. Notices of general meetings are dispatched to shareholders, together with the annual report and/or circulars within the notice period as prescribed by the relevant regulations. Where necessary, additional explanatory notes will be provided for relevant resolutions which are to be tabled at general meetings to enable shareholders to exercise their vote on an informed basis. The Company strives to hold general meetings at venues which are accessible to shareholders. At general meetings, shareholders will be given the opportunity to voice their views and direct their questions to the Board regarding the Company.

Shareholders will also be briefed during the general meetings on voting procedures of the general meetings.

The SGX-ST publishes investor guides to help the investment community in their preparation for annual general meetings and other general meetings. The links to SGX-ST's investor guides have been included on the Company's website under the "Investor Relations" section for ease of reference by shareholders.

All resolutions proposed at general meetings shall be put to vote by way of a poll. All votes cast, for or against, and the respective percentages, in respect of each resolution are tallied and disclosed at the meeting and an announcement with the detailed results showing the numbers of votes cast for and against for each resolution and the respective percentage will be released via SGXNET after the general meetings.

CORPORATE GOVERNANCE

The Board notes that the best practice is to have separate resolutions on each substantially separate issue. The Company shall avoid 'bundling' resolutions unless the resolutions are interdependent and linked so as to form one significant proposal. In situations where resolutions are inter-conditional, the Company will provide clear explanations.

Provision 11.2 of the 2018 Code:

Separate resolution on each substantially separate issue

All Directors, including the chairpersons of various Board Committees, and the Executive Officers shall attend general meetings to address shareholders' queries and receive feedback from shareholders.

In view of the COVID-19 pandemic, the last AGM of the Company on 15 October 2021 was held by electronic means pursuant to the COVID-19 ((Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. All Directors attended the last AGM of the Company on 15 October 2021.

The external auditor, BDO LLP, shall also be invited to attend general meetings and will assist in addressing queries from the shareholders relating to the conduct of the audit and the preparation and content of the independent auditor's report.

The Chairman of the meeting will facilitate constructive dialogue between shareholders and the Board, the Management, the external auditors and other relevant professionals.

Provision 11.3 of the 2018 Code:

All Directors attend general meetings

The Company's Constitution allows all shareholders to appoint not more than two proxies to attend and vote on their behalf and also provides that a proxy need not be a shareholder of the Company. Registered shareholders who are unable to attend the general meetings are entitled to appoint up to two proxies, unless the shareholder is a relevant intermediary (as defined in Section 181 of the Companies Act 1967). A relevant intermediary may appoint more than two proxies to participate in shareholders' meetings, but each proxy must be appointed to exercise rights attached to a different share or shares held by such shareholder.

The Company's Constitution permits voting in absentia only by appointment of proxy. As the authenticity of shareholders' identity and other related integrity issues still remain a concern, the Company has decided, for the time being, not to implement voting in absentia by mail or electronic means.

Provision 11.4 of the 2018 Code:

Company's Constitution allow for absentia voting of shareholders

Minutes of general meetings which include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting and responses from the Board and the Executive Officers will be published on the Company's corporate website at https://www.sgpaincareholdings.com/investor-relations/.

Provision 11.5 of the 2018 Code:

Minutes of general meetings are published on the Company's corporate website as soon as practicable

The Company does not have a fixed dividend policy in place.

Subject to its Constitution and the Companies Act 1967, the Company may, by ordinary resolution of shareholders, declare dividends at a general meeting, but it may not pay dividends in excess of the amount recommended by the Directors. The declaration and payment of dividends will be determined at the sole discretion of the Directors subject to the approval of the shareholders. Subject to its Constitution and the Companies Act 1967, the Directors may also declare an interim dividend without the approval of the shareholders.

Provision 11.6 of the 2018 Code:

Dividend policy

CORPORATE GOVERNANCE

The form, frequency and amount of future dividend of the Company's shares will depend on the earnings, financial position, results of operations, cash flows, capital needs, general business conditions, terms of borrowing arrangements (if any), plans for expansion, and other factors as the Board may deem appropriate.

Despite not having a fixed dividend policy, the Directors have recommended a final dividend (tax-exempt one-tier) of S$0.012 per ordinary share for the financial year ended 30 June 2022.

Principle 12: ENGAGEMENT WITH SHAREHOLDERS

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.

Provision 12.1 of the 2018 Code:

Company provides avenues for communication between the Board and shareholders and discloses steps taken to solicit and understand the views of shareholders

The Company uses various platforms to effectively engage the shareholders and the investment community, with an emphasis on timely, accurate, fair and transparent disclosure of information. In addition to general meetings and where the opportunities arise, the senior Management of the Company will also meet with investors, analysts and the media, as well as participate in investor relations activities to solicit and understand the views of the investment community.

The Company is committed to treating all shareholders fairly and equitably and to keep all its shareholders and other stakeholders informed of its corporate activities which would be likely to materially affect the price or value of its shares, on a timely basis.

The Board is mindful of the obligation to provide shareholders with information on all major developments that affect the Group in accordance with the Catalist Rules and the Companies Act. Information is communicated to shareholders on a timely basis through:

- Announcements and press releases via SGXNET;
- Company's website (www.sgpaincareholdings.com); and
- Annual reports.

The investor relations team takes an active role in communications with shareholders and the investment community to address their queries or concerns and to update them on the latest corporate development.

Provisions 12.2 and 12.3 of the 2018 Code:

Company has in place an investor relations policy; Investor relations policy sets out mechanism of communication between the shareholders and the Company

The Company has in place an investor relations policy which promotes the timely dissemination of relevant information to the Company's shareholders and prospective investors to enable them to make well-informed investment decisions and to ensure a level playing field. This is to promote regular, effective and fair communication with shareholders and prospective investors. The policy is available at the Company's website under the "Investor Relations" section.

Shareholders and the investment community can contact the Company's investor relations team by telephone at +65-69722256 or email at enquiries@sgpaincareholdings.com.

CORPORATE GOVERNANCE

MANAGING STAKEHOLDERS RELATIONSHIPS

Principle 13: ENGAGEMENT WITH STAKEHOLDERS

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.

Provisions 13.1 and 13.2 of the 2018 Code:

Engagement with material stakeholder groups

The Company takes pride in meeting and exceeding the expectations of the stakeholders. The Company will ensure that all engagement platforms, among others, customer satisfaction survey forms, webinars, Facebook and health talks are clearly set up and available to stakeholders.

As part of its continuing listing obligations, the Company has, in accordance with the requirements of the Catalist Rules, included a sustainability report with this Annual Report which sets out its strategy and key areas of focus in relation to the management of stakeholder relationships.

Provision 13.3 of the 2018 Code:

Corporate website to engage stakeholders

Stakeholders who wish to know more about the Group and the business and governance practices can visit the Company's website at https://www.sgpaincareholdings.com. The website includes an investor relations section containing the Company's financial highlights, annual reports, corporate announcements, whistle-blowing policy and investor relations policy.

DEALINGS IN SECURITIES

The Company has adopted policies in line with the requirements under Rule 1204(19) of the Catalist Rules on dealings in the Company's securities. The policies have been made known to Directors, Executive Officers and any other persons as determined by the Management who may possess unpublished material price-sensitive information of the Group.

The Company prohibits its officers from dealing in the Company's shares on short-term considerations or when they are in possession of unpublished price-sensitive information. The Company, its Directors and officers are not allowed to deal in the Company's shares during the periods commencing one month before the Company's half year and full year financial statements, as the case may be, and ending on the date of the announcement of the relevant financial results.

The Company, Directors and employees of the Company are also advised to observe insider trading laws at all times. Directors are required to report all dealings to the company secretary.

CORPORATE GOVERNANCE

INTERESTED PERSON TRANSACTIONS ("IPTs")

The Group has adopted a policy in respect of any transactions with interested persons and requires all such transactions to be at arm's length, on normal commercial terms and not prejudicial to the Company and its minority shareholders. All interested person transactions will be documented and submitted periodically to the AC for their review.

The Company does not have a general shareholders' mandate for interested person transactions pursuant to Rule 920 of the Catalist Rules. The details of IPTs entered into in FY2022 are set out as follows:-

Name of Interested Persons	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) (S$'000)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000) (S$'000)
MedBridge Marketing Pte. Ltd.(1)	Associate of the Executive Director and Chief Executive Officer, Dr. Lee Mun Kam Bernard	420	–

Note:

(1) Rental of the units at 290 Orchard Road, #18-03, Singapore 238859 and 38 Irrawaddy Road, #07-33, Singapore 329563 from MedBridge Marketing Pte. Ltd., which is 100% owned by Dr. Lee Mun Kam Bernard, the Executive Director and Chief Executive Officer of the Company. Please refer to the Offer Document for more details.

MATERIAL CONTRACTS

Pursuant to Rule 1204(8) of the Catalist Rules, the Company confirms that save as disclosed in the sections "Interested Person Transactions", "Directors' Statement" and "Notes to the Financial Statements" of this Annual Report, there were no other material contracts and loans of the Company and its subsidiaries involving the interests of the CEO or any Director or controlling shareholder, either still subsisting at the end of FY2022 or if not then subsisting, which were entered into since the end of the previous financial year.

CORPORATE GOVERNANCE

NON-SPONSOR FEES

There was no non-sponsor fee paid to the Company's sponsor, Novus Corporate Finance Pte. Ltd. in FY2022.

UTILISATION OF PROCEEDS

(i) Use of IPO proceeds

The Company refers to the net cash proceeds amounting to S$3.54 million (excluding cash listing expenses of approximately S$1.79 million) raised from the Company's listing on the Catalist board of SGX-ST on 30 July 2020.

As at the date of this Annual Report, the status on the use of the IPO Proceeds is as follows:-

Use of net proceeds	Amount allocated (S$'000)	Amount allocated after reallocation[(1)] (S$'000)	Amount utilised as at the date of this Annual Report (S$'000)	Balance of net proceeds as at the date of this Annual Report (S$'000)
Expand range of pain care services	1,100	1,100	–	1,100
Expand business operations locally and regionally	1,400	2,441	(2,400)[(2)]	41
Working capital	1,041	–	–	–
Total	**3,541**	**3,541**	**(2,400)**	**1,141**

Notes:

(1) S$1.041 million of the net proceeds initially allocated for the Group's working capital had been reallocated to expand the Group's business operations locally and regionally (the "**Reallocation**"). Please refer to the Company's announcement dated 30 November 2020 for more details.

(2) Utilised for the acquisition of 40% of the total issued share capital of KCS Anesthesia Services Pte. Ltd..

Save for the Reallocation, the above utilisation is in accordance with the intended use as stated in the Offer Document.

(ii) Use of proceeds from the Placement

The Company refers to the net cash proceeds amounting to S$3.95 million (excluding cash subscription expense of approximately S$0.01 million) raised from the Company's private placement on 27 November 2020 (the "**Placement**"). As at the date of this Annual Report, the net cash proceeds of S$3.95 million from the Placement has yet to be utilised. The Company will make periodic announcements on the use of the proceeds from the Placement as and when the proceeds from the Placement are materially disbursed.

DIRECTORS' STATEMENT

The Directors of Singapore Paincare Holdings Limited (the "Company") present their statement to the members together with the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 30 June 2022 and the statement of financial position of the Company as at 30 June 2022.

1. Opinion of the Directors

In the opinion of the Board of Directors,

(a) the consolidated financial statements of the Group and the statement of financial position of the Company together with the notes thereon 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 30 June 2022, and of the financial performance, changes in equity and cash flows of the Group for the financial year then ended; 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 as follows:

Ms. Lai Chin Yee	(Non-executive Chairman and Independent Director)
Dr. Lee Mun Kam Bernard	(Executive Director and Chief Executive Officer)
Dr. Loh Foo Keong Jeffrey	(Executive Director and Chief Operating Officer)
Mr. Chong Weng Hoe	(Independent Non-executive Director)
Mr. Yap Beng Tat, Richard	(Independent Non-executive Director)
Dr. Lim Kah Meng	(Independent Non-executive Director)

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 object is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

4. Directors' interests in shares or debentures

The Directors of the Company holding office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Companies Act 1967 (the "Act"), except as follows:

	Shareholdings registered in the name of Directors		Shareholdings in which Directors are deemed to have an interest	
	Balance at 1 July 2021	Balance at 30 June 2022	Balance at 1 July 2021	Balance at 30 June 2022
	Number of ordinary shares			
The Company				
Dr. Lee Mun Kam Bernard	48,508,500	48,701,500	–	–
Dr. Loh Foo Keong Jeffrey	27,659,700	27,659,700	–	–

By virtue of Section 7 of the Act, Dr. Lee Mun Kam Bernard is deemed to have interests in the shares of all subsidiary corporations of the Company at the beginning and at the end of the financial year.

DIRECTORS' STATEMENT

4. Directors' interests in shares or debentures (Continued)

In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company state that, according to the register of directors' shareholdings, the directors' interest as at 21 July 2022 in the shares of the Company have not changed from those disclosed as at 30 June 2022.

5. Share options

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

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations.

There were no unissued shares of the Company or its subsidiary corporations under option as at the end of the financial year.

Employee Share Option Scheme

The Company has implemented an Employee Share Option Scheme known as the SPCH Employee Share Option Scheme ("Share Option Scheme"). The Share Option Scheme was approved and adopted by the shareholders at an Extraordinary General Meeting of the Company held on 16 June 2020. No options have been granted pursuant to the Share Option Scheme as at the date of this report.

Performance Share Plan

The Company has implemented a Performance Share Plan known as the SPCH Performance Share Plan ("Performance Share Plan"). The Performance Share Plan was approved and adopted by the shareholders at an Extraordinary General Meeting of the Company held on 16 June 2020. No shares have been granted pursuant to the Performance Share Plan as at the date of this report.

6. Audit committee

The Audit Committee of the Company is chaired by Ms. Lai Chin Yee, the Non-executive Chairman and Independent Director, and includes Mr. Chong Weng Hoe, an Independent Non-executive Director and Mr. Yap Beng Tat, Richard, an Independent Non-executive Director. The Audit Committee has carried out its functions in accordance with Section 201B(5) of the Act, including reviewing the following, where relevant, with the Executive Directors and external auditors of the Company:

(i) assisting the Board of Directors in the discharge of its responsibilities on financial reporting matters;

(ii) reviewing the assurance from the Chief Executive Officer and Chief Financial Officer on the financial records and financial statements;

(iii) reviewing with the internal and external auditors, the audit plans, scope of work, evaluation of the system of internal accounting controls, management letter and management's response, and results compiled by the Group's internal and external auditors and ensure coordination between the internal and external auditors, and the management;

(iv) reviewing the half-yearly results announcements, the annual financial statements and the external auditors' report on those financial statements before submission to the Board of Directors for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards as well as compliance with the Catalist Rules and any other statutory or regulatory requirements;

DIRECTORS' STATEMENT

6. Audit committee (Continued)

(v) reviewing the assistance given by the management to the auditors, and discuss problems and concern, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of the management where necessary);

(vi) reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit function and assessing the independence and objectivity of the external auditors;

(vii) reviewing and discussing with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the management's response;

(viii) making recommendations to the Board of Directors on (a) the proposals to shareholders on the appointment, re-appointment and removal of the external auditors, and (b) the remuneration and terms of engagement of the external auditors;

(ix) reviewing significant financial reporting issues and judgments, with the Chief Financial Officer and the external auditors, so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance, before their submission to the Board of Directors;

(x) reviewing and report to the Board of Directors at least annually the adequacy and effectiveness of the Group's internal controls and risk management systems with the Chief Financial Officer and the internal and external auditors, including financial, operation, compliance and information technology controls via reviews carried out by the internal auditors;

(xi) reviewing and approve transactions falling within the scope of Chapter 9 and Chapter 10 of the Catalist Rules (if any);

(xii) reviewing any potential conflicts of interest;

(xiii) setting out a framework to resolve or mitigate any potential conflicts of interest, as well as monitor compliance with such framework;

(xiv) undertaking such other reviews and projects as may be requested by the Board of Directors and report to the Board of Directors its findings from time to time on matters arising and requiring the attention of the Audit Committee;

(xv) reviewing the Group's financial risk areas, with a view to providing an independent oversight on the Group's financial reporting, with the outcome of such review to be disclosed in the annual reports, or if the findings are material, to be immediately announced via Singapore Exchange Network;

(xvi) reviewing and establish procedures for receipt, retention and treatment of complaints received by the Group, *inter alia*, criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group;

(xvii) reviewing policies and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, to ensure that such policies and arrangements continue to be in place for independent investigation and appropriate follow-up, and to ensure that the Company publicly discloses, and clearly communicates to employees the existence of a whistle-blowing policy and the procedures for raising such concerns;

(xviii) reviewing of interested person transaction to ensure that they are on normal commercial terms and that they do not prejudice the interest of the Company and its minority shareholders; and

(xix) generally undertaking such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time.

DIRECTORS' STATEMENT

6. Audit committee (Continued)

The Audit Committee confirmed that it has undertaken a review of all non-audit services provided by the external auditors to the Group and is satisfied that the nature and extent of such services would not affect the independence of the external auditors.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its functions properly. It also has full discretion to invite any Director and Executive Officer of the Group to attend its meetings. The external auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the Board of Directors the nomination of BDO LLP, for re-appointment as external auditors of the Company at the forthcoming Annual General Meeting.

7. Independent auditors

The independent auditors, BDO LLP, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors,

Dr. Lee Mun Kam Bernard
Director

Dr. Loh Foo Keong Jeffrey
Director

Singapore
7 October 2022

INDEPENDENT AUDITORS' REPORT

To the Members of Singapore Paincare Holdings Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Singapore Paincare Holdings Limited (the "Company") and its subsidiaries (the "Group") as set out on page 69 to page 128, which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 June 2022;
- the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows of the Group for the financial 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 and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") 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 30 June 2022, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSA"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("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 most significance in our audit of the financial statements of the current financial year. 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.

INDEPENDENT AUDITORS' REPORT

To the Members of Singapore Paincare Holdings Limited

KEY AUDIT MATTER	AUDIT RESPONSE
1 Impairment assessment of goodwill	
As at 30 June 2022, the Group's goodwill amounted to $10,297,076. In accordance with SFRS(I) 1-36 *Impairment of Assets*, the Group is required to test goodwill for impairment annually, or more frequently if there are indicators that goodwill may be impaired. For the purpose of impairment assessment, the management applied the value-in-use (discounted cash flow forecasts) method to determine the recoverable amounts for the respective cash generating units to which the goodwill belongs. Any shortfall between the recoverable amount and the carrying amount of the respective cash generating unit would be recognised as an impairment loss. Arising from the assessment, no impairment loss of goodwill was recognised during the financial year. We have determined impairment assessment of goodwill to be a key audit matter as the impairment assessment involved management's significant judgements and estimates with regard to the key assumptions used in estimating the discounted future cash flows, including the revenue growth rates, average gross margin and the discount rate. Refer to Notes 3.2(i) and 5 to the accompanying financial statements.	We performed the following audit procedures, amongst others: ● Reviewed the robustness of management's budgeting process by comparing the actual results to previously forecasted results; ● Discussed with management and assessed the reasonableness of management's key assumptions and estimates applied by comparing revenue growth rates, average gross margin and discount rate against historical data and recent trends and market outlook, as appropriate; ● Performed sensitivity analysis of the key assumptions, including the revenue growth rates, average gross margin and discount rate, used in the discounted cash flow forecasts; ● Engaged our internal valuation specialist to evaluate the reasonableness of the discount rate used; and ● Assessed the adequacy of the disclosures in the financial statements with respect to the goodwill impairment assessment.

INDEPENDENT AUDITORS' REPORT

To the Members of Singapore Paincare Holdings Limited

KEY AUDIT MATTER	AUDIT RESPONSE
2 Impairment assessment of carrying amounts of investments in subsidiaries and associates	
As at 30 June 2022, the carrying amount of the Company's investment in subsidiaries amounted to $15,541,153. The carrying amount of the Group's and the Company's investment in associates amounted to $1,239,342 and $1,241,205 respectively, net of an allowance for impairment loss of $1,112,000 and $885,000 respectively as at 30 June 2022. The subsidiaries and associates comprise a network of clinics located throughout Singapore and are primarily engaged in providing medical services such as paincare services, general medical consultations and health screening services. During the financial year ended 30 June 2022, arising from indicators of impairment in certain investment in subsidiaries and associates, the management carried out an impairment assessment to determine whether an impairment loss in relation to investments in subsidiaries and associates should be recognised in the financial statements. Management determined the recoverable amounts based on the value-in-use calculations by estimating the expected discounted future cash flows to be derived from the investments in those subsidiaries and associates. Arising from the assessment, no impairment loss was recognised on the investments in subsidiaries and associates during the financial year, except for an investment in associates. The management had provided an impairment loss of $1,112,000 and $885,000 to the Group's and the Company's carrying amount of investment in associates respectively for the financial year. We focused on the impairment assessment of the subsidiaries and associates as a key audit matter owing to the significant management judgements and estimates involved in the key assumptions used in estimating the expected discounted future cash flows, including the revenue growth rates, average gross margin and the discount rates. Refer to Notes 3.2(ii), 6, 7 and 26 to the accompanying financial statements.	We performed the following audit procedures, amongst others: ● Reviewed management's assessment for indicators of impairment relating to investments in subsidiaries and associates and their assessment of impairment; ● Reviewed the robustness of management's budgeting process by comparing the actual results to previously forecasted results; ● Discussed with management and assessed the reasonableness of management's key assumptions and estimates applied by comparing revenue growth rates, average gross margin and discount rate against historical data and recent trends and market outlook, as appropriate; ● Performed sensitivity analysis of the key assumptions, including the revenue growth rates, average gross margin and discount rate, used in the discounted cash flow forecasts; ● Engaged our internal valuation specialist to evaluate the reasonableness of the discount rate used; and ● Assessed the adequacy of the disclosures in the financial statements with respect to the impairment assessment of investments in subsidiaries and associates.

INDEPENDENT AUDITORS' REPORT

To the Members of Singapore Paincare Holdings Limited

KEY AUDIT MATTER	AUDIT RESPONSE
3 Fair value measurement of derivative financial instruments	
Derivative financial instruments arising from the call option and put option entered with the vendor of KCS Anaesthesia Services Pte. Ltd. ("KCS") and shareholder of GM Medical and Paincare Pte. Ltd. ("GMMP") in prior financial year. The fair value of the derivative financial instruments as at 30 June 2022 amounted to $2,508,000 is determined by the management, assisted by its external valuer as at the end of the reporting period. We have determined fair value of derivative financial instruments to be a key audit matter owing to the significant management judgements and estimations involved in determining the fair value of the derivative financial instruments as at the financial year end, considering that the fair values are measured using significant unobservable inputs (Level 3). Refer to Notes 3.2(v), 9 and 32.4 to the accompanying financial statements.	We performed the following audit procedures, amongst others: ● Obtained update and supporting documents on the call option and put option arrangements to assess appropriate accounting treatment; ● Assessed the independence and competency of the external valuer which included considering their experiences and qualification in performing valuations for fair value measurement of derivative financial instruments; ● Reviewed the valuation reports issued by the external valuer and, with the assistance of our internal valuation specialist, assessed the reasonableness of the key assumptions and valuation methods used in determination of fair value measurement of derivative financial instruments; ● Discussed with the external valuer on the valuation methodologies used and the results of their work; and ● Assessed the adequacy of the disclosures in the financial statements with respect to the derivative financial instruments.

Other Information

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

INDEPENDENT AUDITORS' REPORT

To the Members of Singapore Paincare Holdings Limited

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

INDEPENDENT AUDITORS' REPORT

To the Members of Singapore Paincare Holdings Limited

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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 most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' 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.

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditors' report is Leong Hon Mun Peter.

BDO LLP
Public Accountants and
Chartered Accountants

Singapore
7 October 2022

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2022

	Note	Group 2022 $	Group 2021 $	Company 2022 $	Company 2021 $
ASSETS					
Non-current assets					
Plant and equipment	4	5,518,778	2,190,334	81,798	111,411
Intangible assets	5	10,406,753	6,621,463	109,677	148,387
Investments in subsidiaries	6	–	–	15,541,153	12,276,902
Investments in associates	7	1,239,342	2,235,626	1,241,205	2,126,205
Other receivables	8	22,079	–	2,065,084	135,209
Derivative financial assets	9	2,508,000	1,878,405	2,508,000	1,878,405
		19,694,952	12,925,828	21,546,917	16,676,519
Current assets					
Inventories	10	1,023,401	774,231	–	–
Trade and other receivables	8	2,708,188	1,555,316	4,044,842	3,144,668
Prepayments		128,501	100,762	17,033	10,403
Cash and bank balances	11	15,173,035	15,839,538	7,714,725	11,710,975
		19,033,125	18,269,847	11,776,600	14,866,046
Total assets		38,728,077	31,195,675	33,323,517	31,542,565
EQUITY AND LIABILITIES					
Equity					
Share capital	12	25,683,684	25,683,684	25,683,684	25,683,684
Merger reserve	13	(5,552,876)	(5,552,876)	–	–
Other reserve	14	177,484	177,484	412,484	412,484
Retained earnings	15	5,801,353	3,247,156	2,919,106	1,638,004
Equity attributable to owners of the parent		26,109,645	23,555,448	29,015,274	27,734,172
Non-controlling interests		359,593	(41,166)	–	–
Total equity		26,469,238	23,514,282	29,015,274	27,734,172
Non-current liabilities					
Bank borrowings	16	2,176,475	2,843,900	1,992,000	2,630,000
Lease liabilities	17	3,793,701	1,370,218	798,142	46,244
Derivative financial liabilities	9	–	2,444	–	2,444
Other payables	18	42,484	127,867	–	–
Provisions	19	51,953	29,717	–	–
		6,064,613	4,374,146	2,790,142	2,678,688
Current liabilities					
Trade and other payables	18	2,986,068	1,010,252	600,914	321,358
Bank borrowings	16	725,424	811,758	696,000	754,000
Lease liabilities	17	1,200,005	661,911	221,187	54,347
Contract liabilities	20	93,252	28,501	–	–
Income tax payable		1,189,477	794,825	–	–
		6,194,226	3,307,247	1,518,101	1,129,705
Total liabilities		12,258,839	7,681,393	4,308,243	3,808,393
Total equity and liabilities		38,728,077	31,195,675	33,323,517	31,542,565

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 30 June 2022

	Note	2022	2021
		$	$
Revenue	21	18,836,933	10,956,104
Other items of income			
Other income	22	1,046,632	660,908
Items of expense			
Changes in inventories		249,170	(85,270)
Inventories and consumables used		(3,412,764)	(2,206,487)
Employee benefits expense	23	(7,227,060)	(3,681,356)
Depreciation and amortisation expenses	24	(1,149,350)	(729,287)
Short term and low asset value lease expenses	26	(4,760)	(2,590)
Other expenses		(3,386,086)	(2,339,889)
Finance costs	25	(145,774)	(228,418)
Share of results of associates, net of tax		402,383	275,439
Profit before income tax	26	5,209,324	2,619,154
Income tax expense	27	(882,741)	(460,658)
Profit for the financial year, representing total comprehensive income for the financial year		4,326,583	2,158,496
Profit and total comprehensive income attributable to:			
Owners of the Company		3,901,373	2,199,840
Non-controlling interests		425,210	(41,344)
		4,326,583	2,158,496
Earnings per share			
- Basic (cents)	28	2.17	1.30
- Diluted (cents)	28	2.17	1.30

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2022

	Note	Share capital $	Merger reserve $	Other reserve $	Retained earnings $	Equity attributable to owners of the parent $	Non-controlling interests $	Total equity $
Balance at 1 July 2021		25,683,684	(5,552,876)	177,484	3,247,156	23,555,448	(41,166)	23,514,282
Profit for the financial year		–	–	–	3,901,373	3,901,373	425,210	4,326,583
Total comprehensive income for the financial year		–	–	–	3,901,373	3,901,373	425,210	4,326,583
Distributions to owners								
Dividends paid	29	–	–	–	(1,347,176)	(1,347,176)	–	(1,347,176)
Total transactions with owners		–	–	–	(1,347,176)	(1,347,176)	–	(1,347,176)
Transactions with non-controlling interests								
Subscription of shares by non-controlling interest in subsidiaries		–	–	–	–	–	49	49
Dividends		–	–	–	–	–	(24,500)	(24,500)
Total transactions with non-controlling interests		–	–	–	–	–	(24,451)	(24,451)
Balance at 30 June 2022		25,683,684	(5,552,876)	177,484	5,801,353	26,109,645	359,593	26,469,238

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2022

	Note	Share capital $	Merger reserve $	Other reserve $	Retained earnings $	Equity attributable to owners of the parent $	Non-controlling interests $	Total equity $
Balance at 1 July 2020		13,797,282	(5,552,876)	177,484	2,178,680	10,600,570	–	10,600,570
Profit for the financial year		–	–	–	2,199,840	2,199,840	(41,344)	2,158,496
Total comprehensive income for the financial year		–	–	–	2,199,840	2,199,840	(41,344)	2,158,496
Contributions by and distributions to owners								
Issue of shares	12	12,394,120	–	–	–	12,394,120	–	12,394,120
Share issue expenses	12	(507,718)	–	–	–	(507,718)	–	(507,718)
Dividends	29	–	–	–	(1,131,364)	(1,131,364)	–	(1,131,364)
Total transactions with owners		11,886,402	–	–	(1,131,364)	10,755,038	–	10,755,038
Transactions with non-controlling interests								
Subscription of shares by non-controlling interest in subsidiaries		–	–	–	–	–	178	178
Total transactions with non-controlling interests		–	–	–	–	–	178	178
Balance at 30 June 2021		25,683,684	(5,552,876)	177,484	3,247,156	23,555,448	(41,166)	23,514,282

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 June 2022

	Note	2022 $	2021 $
Operating activities			
Profit before income tax		5,209,324	2,619,154
Adjustments for:			
Amortisation of intangible assets		38,710	38,710
Bad debts written off		131	79
Depreciation of plant and equipment		141,447	45,205
Depreciation of right-of-use assets		969,193	645,372
Fair value (gain)/loss on derivative financial instruments		(632,039)	203,634
Plant and equipment written off		1,604	–
Listing expense		–	340,000
Impairment loss on investment in associate		1,112,000	–
Interest expense		145,774	228,418
Gain of derecognition of right-of-use assets		–	(1,597)
Loss on lease modification		10,399	5,257
Loss allowance on doubtful receivables		–	21,328
Reversal of impairment on doubtful receivables		(11,432)	(2,441)
Share of results of associates, net of tax		(402,383)	(275,439)
Operating cash flows before working capital changes		6,582,728	3,867,680
Inventories		(225,387)	85,270
Trade and other receivables		(927,084)	(340,925)
Prepayments		(27,729)	(73,289)
Trade and other payables and contract liabilities		1,537,901	70,519
Cash generated from operations		6,940,429	3,609,255
Income tax paid		(488,089)	(553,953)
Net cash from operating activities		6,452,340	3,055,302
Investing activities			
Acquisition of subsidiaries and business, net of cash acquired		(3,683,770)	(470,000)
Acquisition of associate		–	(2,400,000)
Deposit for acquisition of business		–	(58,500)
Dividend received from an associate		280,000	270,000
Purchase of plant and equipment		(550,312)	(297,079)
Net cash used in investing activities		(3,954,082)	(2,955,579)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 June 2022

	Note	2022	2021
		$	$
Financing activities			
Advances from non-controlling interests	A	173,944	127,867
Repayment to non-controlling interests	A	(166,383)	–
Dividends paid		(1,347,176)	(1,131,364)
Share issue expenses		–	(447,719)
Interest paid		(66,326)	(35,511)
Proceeds from bank borrowings		–	5,000,000
Proceeds from issuance of shares		–	9,294,120
Proceeds from non-controlling interest		–	178
Repayment of bank borrowings		(753,759)	(1,344,342)
Repayment of principal portion of lease liabilities		(929,223)	(629,755)
Repayment of interest portion of lease liabilities		(75,838)	(47,626)
Net cash (used in)/from financing activities		(3,164,761)	10,785,848
Net change in cash and bank balances		(666,503)	10,885,571
Cash and bank balances at beginning of financial year		15,839,538	4,953,967
Cash and bank balances at end of financial year		15,173,035	15,839,538

Note A: Reconciliation of liabilities arising from financing activities:

	Balance at 1 July 2021	Non-cash changes			Cash flows	Balance at 30 June 2022
		Liability assumed during acquisition of Centre for Screening and Surgery Pte. Ltd.	Accretion of interests	Dividends payable		
	$	$	$	$	$	$
Non-trade payables due to non-controlling interests	127,867	274,507	340	24,500	7,561	434,775

	Balance at 1 July 2020	Cash flows	Balance at 30 June 2021
	$	$	$
Non-trade payables due to non-controlling interests	–	127,867	127,867

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

These notes form an integral part of and should be read in conjunction with the financial statements.

1. General corporate information

Singapore Paincare Holdings Limited (the "Company") is a public limited company incorporated and domiciled in Singapore. The Company was listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 30 July 2020.

The Company's registered office and its principal place of business is located at 101 Cecil Street #10-01 Tong Eng Building Singapore 069533. The registration number of the Company is 201843233N. The Group's ultimate controlling party is Dr. Lee Mun Kam Bernard.

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

The principal activities of the subsidiaries are set out in Note 6 to the financial statements.

The statement of financial position of the Company as at 30 June 2022 and the consolidated financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 30 June 2022 were authorised for issue in accordance with a Directors' resolution dated 7 October 2022.

2. Summary of significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") under the historical cost convention, except as disclosed in the accounting policies below.

The individual financial statements of each entity within the Group are measured and presented in the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore dollar ("$"), which is the functional currency of the Company and the presentation currency of the financial statements. The financial statements are expressed in $, unless otherwise stated.

The preparation of financial statements in compliance with SFRS(I)s requires the management to make judgements, estimates and assumptions that affect the Group's application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the financial year in which the estimate is revised if the revision affects only that financial year, or in the financial year of revision and future years if the revision affects both current and future financial years.

Critical accounting judgements and key source of estimation uncertainty used that are significant to the financial statements are disclosed in Note 3 to the financial statements.

During the current financial year, the Group and the Company have adopted all the new and revised SFRS(I) that are relevant to their operations and effective for the current financial year. The adoption of these new or revised SFRS(I) did not result in changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior financial years.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

New standards, amendments and interpretations issued but not yet effective

As at the date of authorisation of these financial statements, the following SFRS(I) were issued but not yet effective and have not been early adopted in these financial statements:

			Effective date (annual periods beginning on or after)
SFRS(I) 10 and SFRS(I) 1-28 (Amendments)	:	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
SFRS(I) 3 (Amendments)	:	Reference to the Conceptual Framework	1 January 2022
SFRS(I) 1-16 (Amendments)	:	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
SFRS(I) 1-37 (Amendments)	:	Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to SFRS(I)s 2018-2020			1 January 2022
SFRS(I) 4 (Amendments)	:	Extension of the Temporary Exemption from Applying SFRS(I) 9	To be determined
SFRS(I) 17	:	Insurance Contracts	1 January 2023
SFRS(I) 17 (Amendments)	:	Initial Application of SFRS(I) 17 and SFRS(I) 9 – Comparative Information	1 January 2023
SFRS(I) 1-1 (Amendments)	:	Classification of Liabilities as Current or Non-current	1 January 2023
Various	:	Amendments to SFRS(I) 17	1 January 2023
SFRS(I) 1-1 and SFRS(I) Practice Statement 2 (Amendments)	:	Disclosure of Accounting Policies	1 January 2023
SFRS(I) 1-8 (Amendments)	:	Definition of Accounting Estimates	1 January 2023
SFRS(I) 1-12, SFRS(I) 1 (Amendments)	:	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

Consequential amendments were also made to various standards as a result of these new or revised standards.

Management anticipates that the adoption of the above SFRS(I), if applicable, will not have a material impact on the financial statements of the Group and the Company in the period of their initial adoption.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries made up to the end of the reporting period. The financial statements of the subsidiaries are prepared for the same reporting date as that of the parent company.

Accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group to ensure consistency.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation (Continued)

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which that control ceases. In preparing the consolidated financial statements, inter-company transactions, balances and unrealised gain on transaction between group companies are eliminated. Unrealised losses are eliminated unless the transaction provides evidence of an impairment loss of the asset transferred.

Non-controlling interests in subsidiaries relate to the equity in subsidiaries which is not attributable directly or indirectly to the owners of the parent. They are shown separately in the consolidated statement of comprehensive income, financial position and changes in equity.

Non-controlling interests in the acquiree that have a present ownership interest and entitle its holders to a proportionate share of the equity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having deficit balance.

Changes in the Group's interest in subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the 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 interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

When the Group loses control of subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

2.3 Business combinations

The acquisitions of subsidiaries are accounted for using the acquisition method. The considerations transferred for the acquisitions are measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. Consideration transferred also includes the fair value of any contingent consideration measured at the acquisition date. Subsequent changes in fair value of contingent consideration which is deemed to be an asset or liability will be recognised to profit or loss.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 *Business Combinations* are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held-for-sale in accordance with SFRS(I) 5 *Non-current Assets Held-for-Sale and Discontinued Operations*, which are recognised and measured at the lower of cost and fair value less costs to sell.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

2. Summary of significant accounting policies (Continued)

2.3 Business combinations (Continued)

Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 are recognised at their fair values at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits* respectively;

- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with SFRS(I) 2 *Share-based Payment*; and

- assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 are measured in accordance with that standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and initially measured at the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net acquisition date fair value amounts of the identifiable assets acquired and the liabilities and contingent liabilities assumed.

If, after reassessment, the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Acquisition under common control

Business combination arising from transfers of interest in entities that are under common control are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. For this purpose, comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously and no adjustments are made to reflect the fair values or recognised any new assets or liabilities, including no goodwill is recognised as a result of the combination. The components of equity of the acquired entities are added to the same components within the Group's equity. Any difference between the consideration paid for the acquisition and share capital of acquiree is recognised directly to equity as merger reserve.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

2. Summary of significant accounting policies (Continued)

2.4 Plant and equipment

Plant and equipment are initially recorded at cost. Subsequent to initial recognition, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

The cost includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the plant and equipment.

Subsequent expenditure relating to the plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that the future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the Company, and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

The residual values, estimated useful life and depreciation method are reviewed at each financial year-end to ensure that the residual values, period of depreciation and depreciation method are consistent with previous estimates and expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment.

Small value assets items which cost less than $3,000 are recognised as an expense directly in profit or loss in the financial year of acquisition.

Depreciation is calculated using the straight-line method to allocate the depreciable amounts of the plant and equipment over their estimated useful life as follows:

	Years
Computer equipment	1-3
Medical equipment	3-5
Furniture and fittings	3-5
Office equipment	3-5
Renovation	3-5

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss arising on disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

2. Summary of significant accounting policies (Continued)

2.5 Intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

The useful life of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite life are amortised on a straight-line basis over the estimated economic useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least once 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. The amortisation expense on intangible assets with finite useful life is recognised in profit or loss.

Intangible assets with indefinite useful life or not yet available for use are tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying amount may be impaired either at individual or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the changes in useful life from indefinite to finite is made on prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Goodwill

Goodwill arising on the acquisition of subsidiary represents the excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition date fair value of any previously held equity interest in the acquiree over the acquisition date 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 units 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.

Computer software

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

2. Summary of significant accounting policies (Continued)

2.5 Intangible assets (Continued)

Computer software (Continued)

Computer software is subsequently carried at cost less accumulated amortisation and accumulated impairment losses, if any. These cost of computer software are amortised to profit or loss using the straight-line method over their estimated useful life of 3 years.

The useful life and amortisation method are reviewed at the end of each reporting period to ensure that the period of amortisation and amortisation method are consistent with previous estimates and expected pattern of consumption of the future economic benefits embodied in the computer software.

Customer contract

Customer contract was acquired through business combinations, and measured at fair value as at the date of acquisition. Subsequently, customer contract is carried at cost less accumulated amortisation and impairment losses, if any. Amortisation is recognised in profit or loss on a straight-line basis over 9 months.

Customer contract is assessed for impairment whenever there is an indication that the intangible asset may be impaired. The useful life and amortisation method are reviewed at the end of each reporting period to ensure that the period of amortisation and amortisation method are consistent with previous estimates and the expected pattern of consumption of the future economic benefits.

Trademarks

Trademarks are stated at cost less accumulated amortisation and any accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over 5.2 years, which is shorter of their useful lives and periods of contractual rights.

2.6 Subsidiaries

Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from its involvement with the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Investments in subsidiaries are accounted for at cost, less impairment loss, if any, in the Company's statement of financial position.

2.7 Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Associates are initially recognised in the consolidated statement of financial position at cost, and subsequently accounted for using the equity method less any impairment losses. Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is included in the carrying amount of the investment in associate.

Under the equity method, the Group's share of post-acquisition profits and losses and other comprehensive income is recognised in the consolidated statement of comprehensive income. Post-acquisition changes in the Group's share of net assets of associates and distributions received are adjusted against the carrying amount of the investments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

2. Summary of significant accounting policies (Continued)

2.7 Associates (Continued)

Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment) are not recognised, unless the Group and the Company have incurred legal or constructive obligations to make good those losses or made payments on behalf of the associate.

Where a Group transacts with an associate, unrealised profits are eliminated to the extent of the Group's interest in the associate. Any eliminated gain that is in excess of the carrying amount of the Group's interest in the associate should be recognised as deferred income. Unrealised losses are also eliminated, but only to the extent that there is no impairment.

As the dates of the associate's financial statements used are not co-terminous with that of the Group, the Group's share of results is arrived at based on the latest available un-audited management financial statements up to the end of the reporting period. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Where the investment in associate is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

Investments in associates are carried at cost, less any impairment loss in the Company's statement of financial position.

2.8 Impairment of non-financial assets excluding goodwill

The carrying amounts of non-financial assets excluding goodwill are reviewed at the end of each reporting period to determine whether there is any indication of impairment loss and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups of assets. Impairment loss is recognised in profit or loss.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. Recoverable amount is determined for individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, the recoverable amount is determined for the cash-generating unit to which the assets belong. The fair value less costs to sell is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable willing parties less costs of disposal. Value-in-use is the present value of estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life, discounted at pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the asset or cash-generating unit for which the future cash flow estimates have not been adjusted.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

2. Summary of significant accounting policies (Continued)

2.8 Impairment of non-financial assets excluding goodwill (Continued)

An assessment is made at the end of each reporting period as to whether there is any indication that an impairment loss recognised in prior years for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. An impairment loss recognised in prior years is reversed only if there has been a change in the estimates used to determine the 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. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment loss are recognised in profit or loss. After such a reversal, the depreciation or amortisation is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

2.9 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 of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price at which inventories can be realised in the ordinary course of business, less estimated costs to be incurred to make the sale. Where necessary, allowance is made for obsolete, slow-moving and defective inventories to adjust the carrying value of those inventories to the lower of cost and net realisable value.

2.10 Financial assets

The Group and the Company recognise a financial asset in their statements of financial position when, and only when, the Group and the Company become a party to the contractual provision of the instrument.

The Group and the Company classify their financial assets into one of the categories below, depending on the Group's and the Company's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset. The Group and the Company shall reclassify their affected financial assets when and only when the Group and the Company change their business model for managing these financial assets. The Group's and the Company's accounting policy for each category is as follows:

Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Interest income from these financial assets is included in interest income using the effective interest rate method.

Impairment provisions for trade receivables are recognised based on the simplified approach within SFRS(I) 9 using the lifetime expected credit losses. During this process, the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectible, the gross carrying value of the asset is written off against the associated provision.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

2. Summary of significant accounting policies (Continued)

2.10 Financial assets (Continued)

Amortised cost (Continued)

Impairment provisions for receivables from subsidiaries, associates, other receivables due from third parties and cash and bank balances are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether at each reporting date, there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group's and the Company's financial assets measured at amortised cost comprise trade and other receivables, excluding grant receivables and advance payment, and cash and bank balances in the statements of financial position.

Derecognition of financial assets

The Group and the Company derecognise a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits with banks. 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.

2.12 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity and recognised at the fair value of the consideration received. Incremental costs directly attributable to the issuance of new equity instruments are shown in the equity as a deduction from the proceeds.

2.13 Financial liabilities

Financial liabilities are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. The Group and the Company determine the classification of their financial liabilities at initial recognition. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Other financial liabilities

Trade and other payables

Trade and other payables (excluding goods and services tax payable) are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method.

2. Summary of significant accounting policies (Continued)

2.13 Financial liabilities (Continued)

Other financial liabilities (Continued)

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to profit or loss over the period of the borrowings using the effective interest method.

Borrowings which are due to be settled within 12 months after the end of the reporting period are presented as current borrowings even though the original terms were for a period longer than 12 months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the end of the reporting period and before the financial statements are authorised for issue. Other borrowings due to be settled more than 12 months after the end of the reporting period are presented as non-current borrowings in the statements of financial position.

Derecognition of financial liabilities

The Group and the Company derecognise their financial liabilities when, and only when, the Group's and the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount and the consideration paid is recognised in profit or loss.

2.14 Provisions

Provisions are recognised when the Group and the Company have a present legal or constructive obligation 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 a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.15 Derivative financial instruments

Derivative financial instruments held by the Group and the Company are recognised as assets or liabilities on the statements of financial position and classified as financial assets or financial liabilities at fair value through profit or loss.

The Group and the Company classified call options and put options as derivative financial instruments. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivative financial instruments that do not qualify for hedge accounting are taken to profit or loss for the financial years when the changes occur.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

2. Summary of significant accounting policies (Continued)

2.16 Revenue recognition

Revenue is recognised when a performance obligation is satisfied. Revenue is measured based on consideration 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 (i.e. sales related taxes). The consideration promised in the contracts with customers may include fixed amounts and variable amounts, if any.

Provision of medical services

Revenue from the provision of medical services generally relate to performance obligations to provide consultations, clinical treatments and related products, net of discounts to customers. In the rendering of these services, there are no variable considerations noted in the contracts with customers. Performance obligations for all medical services are satisfied over a period of less than one day when services are rendered. Hence, revenue is recognised at a point in time upon completion of the services. The Group allocated transaction price for each identified performance obligations for medical services offered in package. A contract liability is recognised when the Group has not yet performed under the contract but has received advanced payments from the customer or advanced billing to the customer. Contract liabilities are recognised as revenue as the Group fulfils its performance obligation under the contract.

2.17 Grants

Grants are recognised at the fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grants relate to expenditures, which are not capitalised, the fair value of grants are credited to profit or loss as and when the underlying expenses are included and recognised in profit or loss to match such related expenditures.

Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statements of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal instalment. Grants which are receivable in relation to expenses to be incurred in the subsequent financial year, are included as government grant receivables and deferred grant income, classified as current assets and current liabilities respectively.

2.18 Leases

As lessee

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- leases of low value assets; and
- leases with a duration of twelve months or less.

The payments for leases of low value assets and short-term leases are recognised as an expense on a straight-line basis over the lease term.

Initial measurement

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Group's and the Company's incremental borrowing rate on commencement of the lease is used.

Variable lease payments are only included in the measurement of the lease liability if it is depending on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

2. Summary of significant accounting policies (Continued)

2.18 Leases (Continued)

As lessee (Continued)

Initial measurement (Continued)

On initial recognition, the carrying amount of lease liabilities also includes:

- a fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group and the Company if it is reasonably certain to assess that option; and
- any penalties payables for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of lease liabilities, reduced by any lease incentives received and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group and the Company are contractually required to dismantle, remove or restore the leased asset.

The Group and the Company present the right-of-use assets in plant and equipment and lease liabilities separately from other liabilities in the statements of financial position.

Subsequent measurement

Right-of-use assets are subsequently measured at cost less any accumulated depreciation, any accumulated impairment loss and, if applicable, adjusted for any remeasurement of the lease liabilities. The right-of-use assets under cost model are depreciated on a straight-line basis over the shorter of either the remaining lease term or the remaining useful life of the right-of-use assets. If the lease transfers ownership of the underlying asset by the end of the lease term or if the cost of the right-of-use asset reflects that the Group and the Company will exercise the purchase option, the right-of-use assets are depreciated over the useful life of the underlying asset on the following bases:

	Years
Premises	2-10

The carrying amount of right-of-use assets are reviewed for impairment when events or changes in circumstances indicate that the right-of-use asset may be impaired. The accounting policy on impairment is as described in Note 2.8 to the financial statements.

Subsequent to initial measurement, lease liabilities are adjusted to reflect interest charged at a constant periodic rate over the remaining lease liabilities, lease payment made and if applicable, account for any remeasurement due to reassessment or lease modifications.

After the commencement date, interest on the lease liabilities are recognised in profit or loss, unless the costs are eligible for capitalisation in accordance with other applicable standards.

2. Summary of significant accounting policies (Continued)

2.18 Leases (Continued)

As lessee (Continued)

Subsequent measurement (Continued)

When the Group and the Company revise their estimate of any lease term (i.e. probability of extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments over the revised term. The carrying amount of lease liabilities is similarly revised when the variable element of the future lease payment dependent on a rate or index is revised. In both cases, an equivalent adjustment is made to the carrying amount of the right-of-use assets. If the carrying amount of the right-of-use assets is reduced to zero and there is a further reduction in the measurement of lease liabilities, the remaining amount of the remeasurement is recognised directly in profit or loss.

When the Group and the Company renegotiate the contractual terms of a lease with the lessor, the accounting treatment depends on the nature of the modification:

- If the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional right-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;

- In all other cases where the renegotiation increases the scope of the lease (i.e. extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount;

- If the renegotiation results in a decrease in scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference being recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For lease contracts that convey a right to use an identified asset and require services to be provided by the lessor, the Group and the Company have elected to account for the entire contract as a lease. The Group and the Company do not allocate any amount of contractual payments to, and account separately for, any services provided by the lessor as part of the contract.

As lessor - Subleases

When the Group and the Company are intermediate lessors, it accounts for its interest in the head lease and the sublease separately. The Group and the Company assess the lease classification with a sublease with reference to the right-of-use asset arising from the head lease.

When the sublease is assessed as a finance lease, the Group and the Company derecognise the right-of-use asset relating to the head lease that it transfers to the sublessee and recognises the net investment in the sublease as “Lease receivables”. Any differences between the right-of-use asset derecognised and the net investment in sublease is recognised in profit or loss. Lease liability relating to the head lease is retained in the statements of financial position, which represents the lease payments owed to the head lessor.

2.19 Employee benefits

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in profit or loss in the same financial year as the employment that gives rise to the contributions.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

2. Summary of significant accounting policies (Continued)

2.19 Employee benefits (Continued)

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for unutilised leave as a result of services rendered by employees up to the end of the reporting period.

2.20 Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised as expenses in the profit or loss in the financial year in which they are incurred. Borrowing costs are recognised on a time-proportion basis in profit or loss using the effective interest method.

2.21 Income tax

Income tax expense comprises current and deferred taxes. Income tax expense is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity, or in other comprehensive income.

Current income tax expense is the expected tax payable on the taxable income for the financial year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to income tax payable in respect of previous financial years. Taxable income differs from profit reported as profit or loss because it excluded items of income or expenses that are taxable or deductible in other years and it further excludes items of income or expenses that are not taxable or tax deductible.

Deferred tax is provided, using the balance sheet liability method, for 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 is measured using the tax rates expected to be applied to the temporary differences when they are realised or settled, based on tax rates enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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 profits will be available against which the temporary differences can be utilised.

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.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same tax authority and where there is intention to settle the current tax assets and liabilities on a net basis.

Deferred tax liabilities are recognised for all taxable temporary differences associated with investments in subsidiaries and associate, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

2. Summary of significant accounting policies (Continued)

2.22 Dividends

Dividends are recognised when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which the dividends are approved by shareholders.

2.23 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses (including revenue and expenses relating to transactions with other components of the Group) and whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance.

The Group is not required to report separately information about its operating segments in the financial statements as the Group only has one predominant segment.

3. Critical accounting judgements and key sources of estimation uncertainty

3.1 Critical judgements made in applying the accounting policies

In the process of applying the accounting policies, the management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements except as discussed below.

(i) Determination of the lease term

The Group and the Company lease office space and clinic premises from third parties and related parties. Included in the lease arrangement, there are extension and termination option held and exercisable only by the Group and the Company. In determining the lease term, management considers the likelihood of either to exercise the extension option, or not to exercise the termination option. Management considers all facts and circumstances that create an economic incentive to extend and economic penalty or costs relating to the termination of lease.

Management has included potential cash outflows of $3,231,547 (2021: $1,558,800) and $579,247 (2021: $Nil) in the measurement of the Group's and the Company's lease liabilities respectively for clinic premises and office space, as it is reasonably certain that the extension option will be exercised. The assessment on lease terms is reviewed at the end of each reporting period if there is a significant change in the Group's and the Company's intentions, business plan or other circumstances unforeseen since it was first estimated.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and the reported amounts of revenue and expenses within the next financial year are discussed below:

(i) Goodwill

Management determines whether goodwill is impaired at least on an annual basis and whenever there is an indication that they are impaired. The process of evaluating potential impairment of goodwill requires significant judgements and assumptions. Management estimates the recoverable amount of the cash-generating units ("CGU") to which the goodwill has been allocated. Recoverable amount of the CGU is determined based on value-in-use calculations. The value-in-use calculations are based on a discounted cash flow model. The recoverable amount is most sensitive to discount rate used for the discounted cash flow model as well as the expected future cash inflows, and average gross margin used. Any excess of the carrying values over the discounted future cash flows are recognised as impairment loss in profit or loss. The carrying amount of the Group's goodwill as at 30 June 2022 was $10,297,076 (2021: $6,473,076) and no allowance for impairment loss was recognised as disclosed in Note 5 to the financial statements.

(ii) Impairment of investments in subsidiaries and associates

The Company follows the guidance of SFRS(I) 1-36 *Impairment of Assets*, in determining whether investments in subsidiaries and associates are impaired. This determination requires significant judgements and assumptions. The Company evaluates, among other factors, the duration and extent to which the recoverable amount of an investment is less than its carrying amount, the financial health and near-term business outlook of the investments, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

Investments in subsidiaries and associates are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. The recoverable amounts of these assets and where applicable, CGU have been determined based on value-in-use calculations. The recoverable amount is most sensitive to discount rate used for the discounted cash flow model as well as the expected future cash inflows, average gross margin and the average revenue growth rate used. The Company's carrying amount of investments in subsidiaries and associates as at 30 June 2022 was $15,541,153 (2021: $12,276,902), and $1,241,205, net of an allowance for impairment loss of $885,000 (2021: $2,126,205, net of an allowance for impairment loss of $Nil) respectively. The Group's carrying amount of investment in associates as at 30 June 2022 was $1,239,342, net of an allowance for impairment loss of $1,112,000.

(iii) Loss allowance on receivables

Trade and other receivables

Management determines the expected loss arising from default for trade receivables, by categorised them based on its historical loss pattern, historical payment profile as well as credit risk profile of customer.

Notwithstanding the above, the Group evaluates the expected credit loss on customers in financial difficulties separately. The carrying amounts of trade and other receivables of the Group as at 30 June 2022 were $2,730,267 (2021: $1,555,316).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty (Continued)

(iii) Loss allowance on receivables

Amounts due from subsidiaries

Management determines whether there is significant increase in credit risk of these subsidiaries since initial recognition. Management reviews the financial performance and results of these subsidiaries. No loss allowance was recognised as at 30 June 2022 and 30 June 2021. The amounts due from subsidiaries are disclosed in Note 8 to the financial statements.

(iv) Measurement of lease liabilities

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term. The Group and the Company have determined the discount rate by reference to the respective lessees' incremental borrowing rate when the rate inherent in the lease is not readily determinable. The Group and the Company obtain the relevant market interest rate after considering the financial position of the lessees as well as the term of the lease. Management considers its own credit spread information from industry data available as well as any security available in order to adjust the market interest rate obtained from similar economic environment, term and value of the lease.

The incremental borrowing rate applied to lease liabilities as at 30 June 2022 range from 2.28% to 3.28% (2021: 2.28%). The carrying amount of lease liabilities of the Group and the Company as at 30 June 2022 was $4,993,706 (2021: $2,032,129) and $1,019,329 (2021: $100,591) respectively.

(v) Fair value measurement of derivative financial instruments

The derivative financial instruments arising from the call options and put options as disclosed in Note 9 to the financial statements. The derivative financial instruments are measured at fair value as at the date of issuance of respective call options and put options arrangement and at the end of the reporting period.

The fair values of derivative financial instruments have been determined by the management, assisted by its external valuer, and are considered as level 3 recurring fair value measurements. The significant input to the valuations includes earnings volatility rate. Significant assumptions were made by the management in estimating the future profit forecast. The carrying amounts of the derivative financial instruments of the Group and the Company relating to the derivative financial assets and liabilities as at 30 June 2022 were approximately $2,508,000 (2021: $1,878,405) and $Nil (2021: $2,444) respectively.

If the earnings volatility rate is higher or lower by 90% (2021: 59%) from management’s estimates, the Group’s profit would have been higher or lower by approximately $669,000 (2021: $351,000).

(vi) Provision for uncertainty over tax treatments

The Group applied SFRS(I) INT 23 *Uncertainty over income tax treatments* guidance on accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. Due to the existence of uncertain tax treatments, the management estimated a provision of $308,000 (2021: $308,000) as at 30 June 2022 for additional income taxes relating to the Group’s business operation structure. One of the directors of the Company has undertaken the entire potential tax liability arising from the uncertain tax treatments by Inland Revenue Authority of Singapore (“IRAS”) and the amount has been paid to the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

4. Plant and equipment

	Computer equipment	Medical equipment	Furniture and fittings	Office equipment	Renovation	Premises[1]	Total
	$	$	$	$	$	$	$
Group							
Cost							
Balance at 1 July 2021	49,956	184,291	25,763	19,083	407,032	3,099,070	3,785,195
Arising from acquisition of a subsidiary	–	52,965	–	–	–	133,622	186,587
Additions	14,668	96,855	3,884	–	434,905	3,268,906	3,819,218
Lease modification	–	–	–	–	–	434,883	434,883
Written off	–	–	–	(1,604)	–	–	(1,604)
Balance at 30 June 2022	64,624	334,111	29,647	17,479	841,937	6,936,481	8,224,279
Accumulated depreciation							
Balance at 1 July 2021	29,393	118,941	20,238	14,593	241,080	1,170,616	1,594,861
Depreciation for the financial year	12,378	50,223	2,503	1,624	74,719	969,193	1,110,640
Balance at 30 June 2022	41,771	169,164	22,741	16,217	315,799	2,139,809	2,705,501
Net carrying amount							
Balance at 30 June 2022	22,853	164,947	6,906	1,262	526,138	4,796,672	5,518,778
Cost							
Balance at 1 July 2020	26,303	107,701	19,548	17,479	218,015	2,578,624	2,967,670
Additions	23,653	76,590	6,215	1,604	189,017	449,860	746,939
Lease modification	–	–	–	–	–	147,213	147,213
Lease termination	–	–	–	–	–	(76,627)	(76,627)
Balance at 30 June 2021	49,956	184,291	25,763	19,083	407,032	3,099,070	3,785,195
Accumulated depreciation							
Balance at 1 July 2020	25,331	103,895	19,368	12,431	218,015	564,622	943,662
Depreciation for the financial year	4,062	15,046	870	2,162	23,065	645,372	690,577
Lease termination	–	–	–	–	–	(39,378)	(39,378)
Balance at 30 June 2021	29,393	118,941	20,238	14,593	241,080	1,170,616	1,594,861
Net carrying amount							
Balance at 30 June 2021	20,563	65,350	5,525	4,490	165,952	1,928,454	2,190,334

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

4. Plant and equipment (Continued)

	Computer equipment $	Office equipment $	Furniture and fittings $	Premises[1] $	Total $
Company					
Cost					
Balance at 1 July 2021	8,065	3,346	6,215	109,737	127,363
Additions	–	–	–	42,271	42,271
Balance at 30 June 2022	8,065	3,346	6,215	152,008	169,634
Accumulated depreciation					
Balance at 1 July 2021	3,701	2,417	690	9,144	15,952
Depreciation for the financial year	1,689	925	2,072	67,198	71,884
Balance at 30 June 2022	5,390	3,342	2,762	76,342	87,836
Net carrying amount					
Balance at 30 June 2022	2,675	4	3,453	75,666	81,798
Cost					
Balance at 1 July 2020	2,997	3,346	–	76,627	82,970
Additions	5,068	–	6,215	109,737	121,020
Lease termination	–	–	–	(76,627)	(76,627)
Balance at 30 June 2021	8,065	3,346	6,215	109,737	127,363
Accumulated depreciation					
Balance at 1 July 2020	2,997	1,301	–	17,028	21,326
Depreciation for the financial year	704	1,116	690	31,494	34,004
Lease termination	–	–	–	(39,378)	(39,378)
Balance at 30 June 2021	3,701	2,417	690	9,144	15,952
Net carrying amount					
Balance at 30 June 2021	4,364	929	5,525	100,593	111,411

(1) The Group and the Company lease office space and clinic premises for the purpose of back office operations and providing medical services respectively. Right-of-use assets arising from the premises' leasing arrangements are presented under 'Premises'.

During the financial year, the Group has entered into a sales and lease back transaction with a non-controlling interest for a medical equipment with carrying amount of $43,335 (2021: $Nil) as at the end of the reporting period. Arising from this transaction, the associated payable to the non-controlling interest is disclosed in Note 18 to the financial statement.

For the purpose of consolidated statement of cash flows, the Group's additions to plant and equipment during the financial year were financed as follows:

	2022 $	2021 $
Additions plant and equipment	3,819,218	746,939
Non-cash transaction on addition of premises	(3,268,906)	(449,860)
Cash payment to acquire plant and equipment	550,312	297,079

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

5. Intangible assets

	Computer software $	Customer contract $	Goodwill $	Trademark $	Total $
Group					
Cost					
Balance at 1 July 2021	5,000	166,000	6,473,076	200,000	6,844,076
Additions	–	–	3,824,000	–	3,824,000
Balance at 30 June 2022	5,000	166,000	10,297,076	200,000	10,668,076
Accumulated amortisation					
Balance at 1 July 2021	5,000	166,000	–	51,613	222,613
Amortisation for the financial year	–	–	–	38,710	38,710
Balance at 30 June 2022	5,000	166,000	–	90,323	261,323
Net carrying amount					
Balance at 30 June 2022	–	–	10,297,076	109,677	10,406,753
Remaining useful life at end of financial year	–	–	Indefinite	2.8 years	
Cost					
Balance at 1 July 2020	5,000	166,000	6,003,176	200,000	6,374,176
Additions	–	–	469,900	–	469,900
Balance at 30 June 2021	5,000	166,000	6,473,076	200,000	6,844,076
Accumulated amortisation					
Balance at 1 July 2020	5,000	166,000	–	12,903	183,903
Amortisation for the financial year	–	–	–	38,710	38,710
Balance at 30 June 2021	5,000	166,000	–	51,613	222,613
Net carrying amount					
Balance at 30 June 2021	–	–	6,473,076	148,387	6,621,463
Remaining useful life at end of financial year	–	–	Indefinite	3.8 years	

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

5. Intangible assets (Continued)

	Company	
	2022	2021
	$	$
Trademark		
Cost		
Balance at beginning and end of financial year	200,000	200,000
Accumulated amortisation		
Balance at beginning of financial year	51,613	12,903
Amortisation for the financial year	38,710	38,710
Balance at end of financial year	90,323	51,613
Net carrying amount		
Balance at end of financial year	109,677	148,387
Remaining useful life at end of financial year	2.8 years	3.8 years

Amortisation expense was included in “depreciation and amortisation expenses” line item of profit or loss.

Goodwill arising from the business combinations was related to acquisition of subsidiaries and businesses, of which, each subsidiary or business is an individual cash-generating unit (“CGU”) that are expected to benefit from the business combinations. The carrying amount of goodwill had been allocated as follows:

	Group	
	2022	2021
	$	$
Name of subsidiaries		
Lian Clinic Pte. Ltd. (“LCPL”)	3,295,421	3,295,421
HMC Medical Pte. Ltd. (“HMC”)	1,421,822	1,421,822
AE Medical Sengkang Pte. Ltd. (“AESK”)	643,741	643,741
AE Medical Fernvale Pte. Ltd. (“AEF”)	642,192	642,192
CS Yoong Anaesthesiology and Pain Services Pte. Ltd. (“CSY”)	249,900	249,900
GM Medical Paincare Pte. Ltd. (“GMMP”)	220,000	220,000
Medihealth Clinic Pte. Ltd. (“MHC”)	560,000	–
Centre for Screening and Surgery Pte. Ltd. (“CSS”)	3,264,000	–
	10,297,076	6,473,076

Impairment test for goodwill

As at 30 June 2022, the recoverable amount of the CGU has been determined based on value-in-use calculations using management-approved discounted cash flow projections covering a period of 5 years. Management assessed 5 years cash flows and projection to terminal year for the financial forecast of the CGU is appropriate considering management’s plan for its business plan in the near future.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

5. Intangible assets (Continued)

Impairment test for goodwill (Continued)

Key assumptions used for value-in-use calculations:

	Average revenue growth rates		Average gross margin		Discount rate	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
LCPL	5%	5%	75%	70%	12%	12%
HMC	5%	5%	78%	75%	12%	12%
AESK	10%	5%	65%	55%	12%	12%
AEF	15%	5%	75%	75%	12%	12%
CSY	7%	10%	85%	95%	12%	12%
GMMP	5%	15%	75%	75%	12%	12%
MHC	8%	–	85%	–	12%	–
CSS	10%	–	90%	–	12%	–

Terminal growth of 1.0% (2021: 1.0%) was applied to all CGUs in the cash flows projection to terminal year.

Average revenue growth rates and average gross margin – The forecasted average revenue growth rates and average gross margin are based on management's expectations for each CGU from historical trends as well as average growth rates of the industry.

Discount rate - Management estimates discount rate that reflect current market assessments of the time value of money and the risks specific to the CGUs.

With regards to the assessment of value-in-use for goodwill, management believes that no reasonably possible changes in any key assumptions would cause the carrying value of the respective CGUs to materially exceed its recoverable amounts.

As at the end of the reporting period, the recoverable amount of the CGU was determined to be higher than its carrying amount and thus, no impairment loss was recognised.

6. Investments in subsidiaries

	Company	
	2022	**2021**
	$	**$**
Unquoted equity shares, at cost	15,541,153	12,276,902
Unquoted equity shares, at cost		
Balance at beginning of financial year	12,276,902	12,026,480
Additions	3,264,251	250,422
Balance at end of financial year	15,541,153	12,276,902

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

6. Investments in subsidiaries (Continued)

As at the end of the reporting period, the Company carried out a review of the recoverable amount of its investment in subsidiaries, as a result of indicators of impairment based on the existing performance of certain subsidiaries during the financial year. The estimates of the recoverable amounts are determined based on value-in-use calculations. The key assumptions used in measuring value-in-use included average revenue growth rates from 5% to 15% (2021: 5% to 15%), average gross margin of 65% to 90% (2021: 55% to 95%) and discount rate of 12% (2021: 12%). Arising from the assessment, no impairment loss was recognised on the investments in subsidiaries during the financial year.

The details of the subsidiaries held by the Company are as follows:

Name of company	Principal place of business	Principal activities	Proportion of ownership interest held by the Company		Proportion of ownership interest held by the non-controlling interests	
			2022	2021	2022	2021
			%	%	%	%
Paincare Center Pte. Ltd.[1]	Singapore	Operation of medical clinic and the provision of medical services	100	100	–	–
Singapore Paincare Center @ Novena Pte. Ltd.[1, 2]	Singapore	Operation of medical clinic and the provision of medical services	100	100	–	–
AE Medical Sengkang Private Limited[1, 2]	Singapore	Operation of medical clinic and the provision of medical services	100	100	–	–
AE Medical Fernvale Pte. Ltd.[1, 2]	Singapore	Operation of medical clinic and the provision of medical services	100	100	–	–
HMC Medical Pte. Ltd.[1, 2]	Singapore	Operation of medical clinic and the provision of medical services	100	100	–	–
Lian Clinic Pte. Ltd.[1]	Singapore	Operation of medical clinic and the provision of medical services	100	100	–	–
GM Medical Paincare Pte. Ltd.[1, 2]	Singapore	Operation of medical clinic and the provision of medical services	51	51	49	49
Ready Fit Physiotherapy Private Limited[1, 2]	Singapore	Provision of physiotherapy services	51	51	49	49
CS Yoong Anaesthesiology and Pain Services Pte. Ltd.[1, 2]	Singapore	Providing anaesthesia services and paincare management services	100	100	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

6. Investments in subsidiaries (Continued)

The details of the subsidiaries held by the Company are as follows: (Continued)

Name of company	Principal place of business	Principal activities	Proportion of ownership interest held by the Company		Proportion of ownership interest held by the non-controlling interests	
			2022	2021	2022	2021
			%	%	%	%
Singapore Paincare Wellness Pte. Ltd. (Formerly known as Singapore Paincare Solution Pte. Ltd.)[(1), (2)]	Singapore	Dormant	100	100	–	–
Health Network Asia Pte. Ltd.[(1), (2)]	Singapore	Management consultancy services for healthcare organisations	100	100	–	–
Medihealth Clinic Pte. Ltd.[(1), (2)]	Singapore	Operation of medical clinic and the provision of medical services	60	60	40	40
Kovan Medical and Paincare Clinic Pte. Ltd.[(1), (2)]	Singapore	Operation of medical clinic and the provision of medical services	60	60	40	40
Singapore Paincare TCM Wellness Pte. Ltd.[(1), (2)]	Singapore	Operation of clinics and other general medical services (Non-Western)	100	–	–	–
Tampines Medical and Paincare Clinic Pte. Ltd. (Formerly known as DR+ Medical Service Pte. Ltd.)[(1), (2)]	Singapore	Operation of medical clinic and the provision of medical services	100	–	–	–
Center for Screening and Surgery Pte. Ltd.[(1), (2)]	Singapore	Specialised Medical Services (including day surgical centres)	51	–	49	–

(1) Audited by BDO LLP, Singapore
(2) Not considered a significant subsidiary under Rule 718 of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

6. Investments in subsidiaries (Continued)

Incorporation of subsidiaries

On 11 August 2020, the Company and a third party incorporated a subsidiary, GM Medical Paincare Pte. Ltd. ("GMMP"), a company incorporated in Singapore and the Company subscribed for 51 ordinary shares at $1 each, which represented an equity interest of 51%.

On 23 September 2020, the Company and a third party incorporated a subsidiary, Ready Fit Physiotherapy Private Limited ("RFP"), a company incorporated in Singapore and the Company subscribed for 51 ordinary shares at $1 each, which represented an equity interest of 51%.

On 8 October 2020, the Company incorporated a wholly-owned subsidiary, Singapore Paincare Wellness Pte. Ltd. (formerly known as Singapore Paincare Solution Pte. Ltd.), a company incorporated in Singapore with a cash consideration of $100.

On 24 February 2021, the Company incorporated a wholly-owned subsidiary, Health Network Asia Pte. Ltd., a company incorporated in Singapore with a cash consideration of $100.

On 20 April 2021, the Company and a third party incorporated a subsidiary, Medihealth Clinic Pte. Ltd. ("MCPL"), a company incorporated in Singapore and the Company subscribed for 60 ordinary shares at $1 each, which represented an equity interest of 60%.

On 25 May 2021, the Company and a third party incorporated a subsidiary, Kovan Medical and Paincare Clinic Pte. Ltd. ("KMPC"), a company incorporated in Singapore and the Company subscribed for 60 ordinary shares at $1 each, which represented an equity interest of 60%.

On 1 November 2021, the Company incorporated a wholly-owned subsidiary, Singapore Paincare TCM Wellness Pte. Ltd., a company incorporated in Singapore with a cash consideration of $100.

On 9 December 2021, the Company incorporated a wholly-owned subsidiary, Tampines Medical and Paincare Clinic Pte. Ltd. (formerly known as DR+ Medical Service Pte. Ltd.), a company incorporated in Singapore with a cash consideration of $100.

Acquisition of subsidiaries and business

On 27 August 2020, GMMP, a 51%-owned subsidiary of the Company entered into a sale and purchase agreement to acquire the business and assets in respect of C.M.C. Wong Binjai Clinic ("CMC") for a total cash consideration of $220,000.

On 31 March 2021, the Company acquired entire equity interest in CS Yoong Anaesthesiology and Pain Services Pte. Ltd. ("CSY") for a cash consideration of $250,000.

On 1 July 2021, MCPL, a 60%-owned subsidiary of the Company entered into a sale and purchase agreement to acquire the business and assets in respect of Medihealth Bishan Clinic and Surgery ("Medihealth") for a total cash consideration of $583,783.

On 28 February 2022, the Company acquired 51% equity interest in CSS for a cash consideration of $3,264,051.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

6. Investments in subsidiaries (Continued)

Acquisition of subsidiaries and business (Continued)

The fair values of the identifiable assets and liabilities of Medihealth and CSS as at the date of acquisition during the current financial year were:

	Medihealth	CSS	Total
	$	$	$
2022			
Plant and equipment	–	186,587	186,587
Inventories	23,783	–	23,783
Trade and other receivables	–	230,238	230,238
Prepayments	–	10	10
Cash and bank balances	–	105,564	105,564
Total assets	23,783	522,399	546,182
Trade and other payables	–	384,882	384,882
Lease liabilities	–	137,417	137,417
Total liabilities	–	522,299	522,299
Net identifiable assets at fair value	23,783	100	23,883
Fair value of consideration paid			
- cash consideration	583,783	3,264,051	3,847,834
- non-controlling interest measured at the non-controlling interests' proportionate share of net identifiable assets	–	49	49
Goodwill arising from acquisition	560,000	3,264,000	3,824,000

The fair values of the identifiable assets and liabilities of CMC and CSY as at the date of acquisition during the previous financial year were:

	CMC	CSY	Total
	$	$	$
2021			
Other receivable	–	100	100
Net identifiable assets at fair value	–	100	100
Fair value of consideration paid			
- cash consideration	220,000	250,000	470,000
Goodwill arising from acquisition	220,000	249,900	469,900

Trade and other receivables acquired comprise gross trade and other receivables amounting to $230,238 (2021: $100) which approximates fair value. It is expected that full contractual amount of receivables can be collected.

Goodwill of $3,824,000 (2021: $469,900) arising from the acquisitions is attributable to expected synergies that can be achieved in integrating these subsidiaries into the Group's existing business such as expanding the Group's presence in Singapore and tapping on the subsidiaries' workforce expertise and these are also the primary reasons for the acquisitions. These intangibles identified are subsumed into goodwill as they do not meet the recognition criteria for identifiable intangible assets. The goodwill is not deductible for tax purposes.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

6. Investments in subsidiaries (Continued)

Acquisition of subsidiaries and business (Continued)

Revenue and profit before tax for the financial year ended 30 June 2022 contributed by Medihealth, the business acquired by MCPL and CSS to the Group were as follows:

	Medihealth	CSS
	$	$
Revenue	1,092,715	659,093
Profit before income tax	259,177	266,500

If the combination of the entities had taken place at the beginning of the financial year, the Group's revenue for the financial year ended 30 June 2022 would have been $20,100,013 and profit before income tax would have been $5,710,404.

The effect of acquisition of subsidiary and business on the consolidated statement of cash flows were as follows:

	2022	2021
	$	$
Total purchase consideration	3,847,834	470,000
Less: Deposit paid in previous financial year	(58,500)	–
Less: Cash and cash equivalents of subsidiary and business acquired	(105,564)	–
Net cash outflow from acquisitions	3,683,770	470,000

Non-controlling interests

The non-controlling interests of GMMP, RFP, MCPL, KMPC and CSS that are not 100% owned by the Group are considered to be insignificant to the Group.

7. Investments in associates

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Unquoted equity investments, at cost	2,126,205	2,126,205	2,126,205	2,126,205
Allowance for impairment loss	(1,112,000)	–	(885,000)	–
Share of post-acquisition results of associates, net of dividends	225,137	109,421	–	–
	1,239,342	2,235,626	1,241,205	2,126,205

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

7. Investments in associates (Continued)

Movement in allowance for impairment loss was as follows:

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Balance at beginning of financial year	–	–	–	–
Impairment loss during the financial year	1,112,000	–	885,000	–
Balance at end of financial year	1,112,000	–	885,000	–

At the end of the reporting period, the Group and the Company carried out a review of the recoverable amount of the carrying values of Sen Med Holdings Pte. Ltd. and its subsidiaries (“SMH”), as a result of indicators of impairment during the financial year. The estimates of the recoverable amounts are determined based on value-in-use calculations. The key assumptions used in measuring value-in-use included revenue growth rates from -18% to 47% (2021: -8% to 22%), average gross margin of 67% to 96% (2021: 66% to 79%) and discount rate of 14% (2021: 15%). Arising from the assessment, an allowance for impairment loss of $1,112,000 (2021: $Nil) and $885,000 (2021: $Nil) was recognised on the Group’s and the Company’s investments in associates respectively during the financial year.

Following the impairment loss recognised in SMH, the recoverable amount was equal to the carrying amount. Therefore, any adverse movement in a key assumption in SMH’s value-in-use computations would lead to further impairment.

At end of reporting period, the associates are as follows:

Name of company	Principal place of business	Principal activities	Effective equity interest	
			2022	2021
			%	%
Sen Med Holdings Pte. Ltd.[(1)]	Singapore	Investment holding	45	45
KCS Anaesthesia Services Pte. Ltd.[(2)]	Singapore	Specialised medical services (anaesthesia service and paincare management)	40	40
Held by Sen Med Holdings Pte. Ltd.				
The Family Clinic @ Towner Pte. Ltd.[(1)]	Singapore	Operation of medical clinic and the provision of medical services	45	45

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

7. Investments in associates (Continued)

At end of reporting period, the associates are as follows: (Continued)

Name of company	Principal place of business	Principal activities	Effective equity interest	
			2022	2021
			%	%
Held by Sen Med Holdings Pte. Ltd. (Continued)				
X-Ray + Medical Screening Pte. Ltd.[1]	Singapore	Provision of medical diagnostic imaging centres	45	45
Express Medical Pte. Ltd.[1]	Singapore	Operation of medical clinic and the provision of medical services	45	45

(1) Equity accounted based on the management's financial statements aligned to the Group's financial year
(2) Audited by BDO LLP, Singapore

The principal activities of these associates are in line with the Group's strategy to grow in the medical related business.

The financial year end of Sen Med Holdings Pte. Ltd. ("SMH") is 31 March. For the purposes of applying the equity method of accounting, a realignment of financial statements from 31 March 2022 to 30 June 2022 was prepared by the management of SMH. The financial year end of KCS Anaesthesia Services Pte. Ltd. ("KCS") is 30 June.

Both associates had no contingent liabilities and capital commitments as at the end of the reporting period.

Acquisition of equity interest in associates

On 2 December 2020, the Company acquired 40% of equity interest of KCS for a cash consideration of $2,400,000. In connection with the acquisition, the Company was granted with call option to purchase remaining 60% equity interest in KCS from the vendor and a put option to sell its 40% equity interest in KCS to the vendor under the terms and conditions of call and put option deed in the acquisition arrangement. The vendor was also granted with a call option to purchase 60% equity interest in KCS from the Company. Further details on the call option and put option agreements are described in Note 9 to the financial statements.

The fair values of the identifiable assets and liabilities of KCS as at the date of acquisition was:

	2021
	$
Current assets	441,701
Current liabilities	(360,258)
Net assets of the associate	81,443
Proportion of equity interest in the associate	40%
Proportion of share of net assets	32,577
Fair value of call and put options (Note 9)	2,079,595
Cash consideration	2,400,000
Goodwill arising from acquisition	287,828

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

7. Investments in associates (Continued)

Acquisition of equity interest in associates (Continued)

Goodwill arising from previous year acquisition which amounted to approximately $287,828 was measured as the excess of aggregate consideration transferred over the fair value of identifiable net assets acquired, and the amount forms part of carrying amount of investments in associates.

Summarised financial information of associates

The summarised financial information below reflects the amounts presented in the financial statements of associates (and not the Group's share of those amounts), is as follows:

	KCS	SMH
	$	$
2022		
Assets and liabilities		
Current assets	709,640	826,933
Non-current assets	–	394,724
Current liabilities	632,384	493,944
Non-current liabilities	–	118,810
Net assets	77,256	608,903
Income and expenses		
Revenue	1,313,781	1,944,677
Total comprehensive income	670,778	258,840
Dividend received	280,000	–
2021		
Assets and liabilities		
Current assets	902,758	496,071
Non-current assets	–	633,283
Current liabilities	823,600	779,291
Net assets	79,158	350,063
Income and expenses		
Revenue	753,132	1,854,573
Total comprehensive income	397,713	258,563
Dividend received	–	270,000

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

7. Investments in associates (Continued)

Reconciliation of summarised financial information

Reconciliation of summarised financial information presented, to the carrying amount of the Group's interest in associates, is as follows:

	KCS $	SMH $	Total $
2022			
Net assets	77,256	608,903	
Proportion of Group's ownership	40%	45%	
Group's share of interest in associate	30,902	274,006	304,908
Add: Goodwill	287,828	1,758,606	2,046,434
Less: Allowance for impairment loss	–	(1,112,000)	(1,112,000)
Net carrying amount	318,730	920,612	1,239,342
2021			
Net assets	79,158	350,063	
Proportion of Group's ownership	40%	45%	
Group's share of interest in associate	31,663	157,529	189,192
Add: Goodwill	287,828	1,758,606	2,046,434
Net carrying amount	319,491	1,916,135	2,235,626

8. Trade and other receivables

	Group		Company	
	2022 $	2021 $	2022 $	2021 $
Non-current				
Other receivables				
- subsidiaries	–	–	1,275,891	135,209
Lease receivables	22,079	–	789,193	–
	22,079	–	2,065,084	135,209
Current				
Trade receivables				
- third parties	1,860,797	1,268,190	–	–
Less: Loss allowance on doubtful receivables	(63,697)	(75,129)	–	–
	1,797,100	1,193,061	–	–
Other receivables				
- third parties	7,607	22,470	–	8,166
- subsidiaries	–	–	3,504,598	2,960,802
- associates	166,872	160,650	166,667	160,000
Grant receivables	113,102	–	113,102	–
Deposits	594,649	100,222	106,667	15,700
Advance payment	–	58,500	–	–
Lease receivables	28,858	20,413	153,808	–
	2,708,188	1,555,316	4,044,842	3,144,668
Total	2,730,267	1,555,316	6,109,926	3,279,877

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

8. Trade and other receivables (Continued)

Lease receivables relate to sublease of clinic premises which were classified as finance lease as disclosed in Note 2.18 to the financial statements.

Trade receivables are generally on 30 to 90 (2021: 30 to 90) days credit terms.

The current deposits mainly relate to refundable deposits placed for the leasing of premises which are capitalised as right-of-use assets and purchase of medical equipment.

The non-trade amounts due from subsidiaries and associates are unsecured, non-interest bearing and repayable on demand, except for an amount due from a subsidiary amounting to $476,756 (2021: $Nil) which is unsecured, bears interest of 2.5% (2021: Nil) per annum and is repayable over 60 (2021: Nil) monthly instalments comprising principal and interest.

The non-current amounts due from subsidiaries are non-trade in nature, unsecured, non-interest bearing, repayable after 12 months subsequent to the reporting date and are expected to be settled in cash except for an amount due from a subsidiary amounting to $359,999 (2021: $Nil) which is unsecured, bears interest of 2.5% (2021: Nil) per annum, repayable monthly after 12 months subsequent to the report date and are expected to be settled in cash. The fair value of the non-current amounts due from subsidiaries is within Level 3 of the fair value hierarchy. The management estimates the fair value of this non-current amounts due from subsidiaries using the market borrowing rate at 2% (2021: 2%) per annum at the end of the reporting period. The fair value of the non-current amounts due from subsidiaries amounted to approximately $1,226,347 (2021: $129,958).

The grant receivables are related to Jobs Growth Incentive and Enterprise Development Grant announced by the Singapore Government to provide wage support to employers to expand local hiring from September 2020 to March 2022 and business expansion respectively.

Loss allowance for receivables

Non-trade receivables from subsidiaries and associates

The Group and the Company have taken into account information that they have available internally about these subsidiaries' and associates' past, current and expected operating performance and cash flow position. The Group and the Company monitor and assess at each reporting date for any indicator of significant increase in credit risk on the amount due from the respective subsidiaries and associates, by considering their financial performance and results. At the end of the reporting period, the Group and the Company have assessed their subsidiaries' and associates' financial performance to meet the contractual cash flow obligation and is of the view that no expected credit loss allowance is required for non-trade amounts due from subsidiaries and associates. Amounts due from subsidiaries and associates are considered to be low credit risk and subject to immaterial credit loss. Credit risk for these assets has not increased significantly since their initial recognition.

Trade receivables

The Group determined, by reference to past default experience and expected credit losses ("ECL"), which incorporate forward looking estimates. In calculating the ECL rates, the Group considers historical loss rates for each aging bracket of customers and adjust for forward looking macroeconomic data that may affect the ability of the debtors to settle receivables.

However, the management has made specific provision for impairment loss of $63,697 and $75,129 for the financial years ended 30 June 2022 and 30 June 2021 respectively on individually impaired receivables after the assessment of the recoverability and extended credit terms being given.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

8. Trade and other receivables (Continued)

At the end of the reporting period, the analysis of trade receivables and the carrying amount of allowances for impairment loss are as follows:

	ECL Weightage	Gross carrying amount	Loss allowance on receivables	Net carrying amount
		$	$	$
Group				
2022				
Other customers collectively assessed				
Not past due	0%	1,492,607	–	1,492,607
Past due less than 1 month	0%	147,718	–	147,718
Past due 1 to 2 months	0%	19,714	–	19,714
Past due 2 to 3 months	0%	22,562	–	22,562
Past due over 3 months	0%	114,499	–	114,499
		1,797,100	–	1,797,100
Credit impaired customers		63,697	(63,697)	–
		1,860,797	(63,697)	1,797,100
2021				
Other customers collectively assessed				
Not past due	0%	1,073,843	–	1,073,843
Past due less than 1 month	0%	46,859	–	46,859
Past due 1 to 2 months	0%	26,613	–	26,613
Past due 2 to 3 months	0%	17,792	–	17,792
Past due over 3 months	0%	27,954	–	27,954
		1,193,061	–	1,193,061
Credit impaired customers		75,129	(75,129)	–
		1,268,190	(75,129)	1,193,061

Movements in the loss allowance on receivables were as follows:

	Group	
	2022	**2021**
	$	$
Credit impaired customers		
Balance at beginning of financial year	75,129	56,242
Allowance made during the financial year	–	21,328
Allowance written back during the financial year	(11,432)	(2,441)
Balance at end of financial year	63,697	75,129

The currency profile of trade and other receivables as at the end of the reporting period is Singapore dollar.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

9. Derivative financial assets/(liabilities)

	Group and Company	
	2022	2021
	$	$
Non-current assets		
Call option and put option	2,508,000	1,878,405
Non-current liabilities		
Call option	–	(2,444)

	Group and Company			
	Derivative financial assets		Derivative financial liabilities	
	2022	2021	2022	2021
	$	$	$	$
Call and put options				
Balance at beginning of financial year	1,878,405	–	(2,444)	–
Recognition of derivative financial instruments at initial recognition through investment in associate (Note 7)	–	2,079,595	–	–
Recognition of derivative financial instruments at initial recognition through profit/loss	–	68,373	–	(8,301)
Fair value gain/(loss) on re-measurement	629,595	(269,563)	2,444	5,857
Balance at end of financial year	2,508,000	1,878,405	–	(2,444)

<u>Call option and put option</u>

Call option and put options of KCS

(i) The Company is granted with call option where the Company has the right to purchase 60% equity interest in KCS from the vendor based on eight times of average earnings per share based on the audited financial statements of KCS for the financial years from 2021 to 2023, during the period between 28 February 2023 to 28 May 2023.

(ii) The Company is granted with put option where the Company has the right to sell the equity interest of KCS to the vendor at a sum of certain percentage of the purchase consideration paid, should KCS fail to meet its profit target. Profit target is agreed at the aggregate net operating profit after tax of KCS for profit target period from 1 March 2020 to 28 February 2023.

(iii) The Company has the right to sell to the vendor its 40% equity interest in KCS should the vendor terminate his employment contract.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

9. Derivative financial assets/(liabilities) (Continued)

Call option and put option (Continued)

Call option and put option of GMMP

(i) The Company is granted with option, where the Company has the right to purchase 49% equity interest in GMMP from the non-controlling interest from the period commencing thirty-six months after the completion of Sale and Purchase Agreement ("SPA") of C.M.C Binjai's acquisition, for thirty-six months. The exercise price is based on (a) number of call option shares multiplied by $200,000 over total number of shares issued as at call option notice if net operating profit is less than $200,000 or (b) 5 times of average earnings per share based on the latest audited financial statements of GMMP if latest audited net operating profit more than $200,000.

(ii) The Company is granted with put option, where the Company has the right to sell the Company's 51% equity interest in GMMP to the vendor from the period commencing thirty-six months after the completion of SPA of C.M.C Binjai's acquisition, for thirty-six months.

(iii) The non-controlling interest is granted with a call option where the non-controlling interest has the right to purchase its 51% equity interest in GMMP from the Company should the Company fail to exercise the call option as described in point (i).

As at the end of the reporting period, the fair value of the above option has been remeasured using the Monte Carlo Simulation model (2021: Monte Carlo Simulation model) and are considered as level 3 recurring fair value measurements as disclosed in Note 32.4 to the financial statements.

10. Inventories

	Group	
	2022	**2021**
	$	**$**
Medicine supplies	1,023,401	774,231

The cost of inventories recognised as an expense and comprise "inventories and consumables used and changes in inventories" line items in profit and loss amounted to $2,798,072 (2021: $2,245,073) for the financial year ended 30 June 2022.

11. Cash and bank balances

The currency profile of cash and bank balances of the Group and the Company as at the end of the reporting period is Singapore dollar.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

12. Share capital

	Group and Company			
	2022	2021	2022	2021
	Number of ordinary shares		$	$
Issued and fully-paid	179,623,416	179,623,416	25,683,684	25,683,684

	Group and Company	
	Number of ordinary shares	$
2022		
Issued and fully-paid		
Balance at beginning and end of financial year	179,623,416	25,683,684
2021		
Issued and fully-paid		
Balance at beginning of financial year	103,458	13,797,282
Sub-division of shares(i)	113,286,510	13,797,282
Issuance of consultancy fee shares(ii)	3,636,364	400,000
Issuance of shares pursuant to the conversion of redeemable loans(iii)	20,454,542	2,700,000
Issuance of shares pursuant to an initial public offering exercise(iv)	24,246,000	5,334,120
Issuance of shares pursuant to a private placement(v)	18,000,000	3,960,000
Balance at end of financial year	179,623,416	26,191,402
Less : Share issue expenses(vi)	–	(507,718)
Total share capital	179,623,416	25,683,684

(i) On 9 July 2020, the shareholders of the Company approved the sub-division of each existing ordinary shares into 113,286,510 ordinary shares in the issued share capital of the Company.

(ii) On 13 July 2020, the Company increased its issued and fully paid-up share capital by way of allotment and issuance of 3,636,364 new ordinary shares at an issue price of $0.11 per ordinary share amounting to $400,000 as payment of consultancy fee.

(iii) On 13 July 2020, the redeemable convertible loan of $2,700,000 provided by the pre-placement investors was converted into 20,454,542 new ordinary shares in the share capital of the Company at an issue price of $0.132 per ordinary share.

(iv) On 29 July 2020, the Company increased its issued and fully paid-up share capital by way of allotment and issuance of 24,246,000 new ordinary shares at an issue price of $0.22 per ordinary share for cash consideration of $5,334,120 pursuant to an initial public offering.

(v) On 27 November 2020, the Company increased its issued and fully paid-up share capital by way of allotment and issuance of 18,000,000 new ordinary shares at an issue price of $0.22 per ordinary share for cash consideration of $3,960,000 pursuant to a private placement.

(vi) Share issuance expenses consist of, among others, an allocation portion of professional fees paid to the consultant and independent auditors of the Company in respect of professional services rendered as consultancy service and independent reporting accountants respectively in connection with the Company's initial public offering. The allocation portion of professional fees amounted to $60,000 and $28,050 respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

13. Merger reserve

Merger reserve represents the difference between the consideration paid and the issued and fully paid share capital of subsidiaries acquired under common control that are accounted for by applying the "pooling-of-interest" method.

14. Other reserve

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Equity component of redeemable convertible loan ("RCL")	177,484	177,484	177,484	177,484
Other reserve	–	–	235,000	235,000
	177,484	177,484	412,484	412,484

Equity component of RCL

The amount of $177,484 relates to the equity portion of the RCL issued to vendors to support the Company's listing process and working capital pursuant to the deed of amendments to RCL entered on 12 May 2020. The issuance of the Company's ordinary shares is fixed at 20,454,542, which was fully converted into ordinary shares of the Company on 13 July 2020.

Other reserve

Other reserve of the Company represents the transfer of equity investment in SMH which was classified as financial asset at FVTPL in its subsidiary, Paincare Center Pte. Ltd.. On 5 July 2019, the gain on transfer of the financial asset at FVTPL to the Company is recognised as other reserve amounting to $235,000 as it is considered as a transaction with owner.

15. Retained earnings

Movements in retained earnings of the Company were as follows:

	Company	
	2022	2021
	$	$
Balance at beginning of financial year	1,638,004	1,171,422
Total comprehensive income for the financial year	2,628,278	1,597,946
Dividends	(1,347,176)	(1,131,364)
Balance at end of financial year	2,919,106	1,638,004

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

16. Bank borrowings

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Current				
Temporary bridging loan I	29,424	57,758	–	–
Temporary bridging loan II	696,000	754,000	696,000	754,000
	725,424	811,758	696,000	754,000
Non-current				
Temporary bridging loan I	184,475	213,900	–	–
Temporary bridging loan II	1,992,000	2,630,000	1,992,000	2,630,000
	2,176,475	2,843,900	1,992,000	2,630,000
	2,901,899	3,655,658	2,688,000	3,384,000
Effective interest rate per annum				
Bank borrowings	2 – 2.5%	2 – 2.5%	2%	2%

Temporary bridging loan I

Temporary bridging loan I is repayable over 60 monthly instalments comprising principal and interest. It is supported by deed of guarantee provided by the Company and a non-controlling interest.

Temporary bridging loan II

Temporary bridging loan II is repayable over 60 monthly instalments comprising principal and interest. It is supported by deed of guarantee provided by the certain subsidiaries of the Company. The temporary bridging loan II is subject to financial covenants imposed by the bank.

The carrying amount of the Group's and Company's non-current term loans approximate their fair values as the current lending rate for similar types of lending arrangement are not materially different from the rate obtained by the Group and the Company.

As at the end of the reporting period, the Group and the Company have banking facilities as follows:

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Banking facilities granted	3,800,000	3,800,000	3,500,000	3,500,000
Banking facilities utilised	3,800,000	3,800,000	3,500,000	3,500,000

The currency profile of bank borrowings as at the end of the reporting periods is Singapore dollar.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

17. Lease liabilities

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Presented in statements of financial position				
- Current	1,200,005	661,911	221,187	54,347
- Non-current	3,793,701	1,370,218	798,142	46,244
	4,993,706	2,032,129	1,019,329	100,591
Balance at beginning of financial year	2,032,129	2,071,208	100,591	61,035
Additions	3,246,969	449,860	1,045,609	109,737
Lease modification	503,443	179,662	–	–
Lease termination	–	(38,846)	–	(38,846)
Arising from acquisition of a subsidiary	137,417	–	–	–
Interest expense	78,809	47,626	14,939	1,147
Lease payments				
- Principal portion	(929,223)	(629,755)	(126,871)	(31,335)
- Interest portion	(75,838)	(47,626)	(14,939)	(1,147)
Balance at end of financial year	4,993,706	2,032,129	1,019,329	100,591

The maturity analysis of lease liabilities of the Group and the Company at the end of the reporting period are as follows:

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Contractual undiscounted cash flows				
- Within one financial year	1,311,638	700,875	241,538	56,075
- After one financial year but within five financial years	3,298,305	1,400,629	748,305	46,729
- After five financial years	755,093	10,400	89,943	–
	5,365,036	2,111,904	1,079,786	102,804
Less: Future interest expense	(371,330)	(79,775)	(60,457)	(2,213)
Present value of lease liabilities	4,993,706	2,032,129	1,019,329	100,591

As at 30 June 2022, the incremental borrowing rate applied in the lease range from 2.28% to 3.28% (2021: 2.28%).

All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

Rental of storage space of the Group and the Company qualify as low value assets and the Group also leases certain equipment on the short-term basis. The election of short-term leases is made by class of underlying assets with similar nature and use in the Group's operations whereas the low asset value lease exemption is made on lease-by-lease basis.

The Group had total cash outflows for leases of $1,009,821 (2021: $679,971).

The currency profile of lease liabilities as at the end of the reporting period is Singapore dollar.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

18. Trade and other payables

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Non-current				
Other payables				
- non-controlling interests	42,484	127,867	–	–
Current				
Trade payables				
- third parties	301,732	82,538	–	–
Goods and services tax payable, net	216,194	157,649	33,543	31,548
	517,926	240,187	33,543	31,548
Other payables				
- third parties	358,275	323,039	54,044	70,748
- non-controlling interests	392,291	–	–	–
- subsidiaries	–	–	98,984	53,346
Accrued expenses				
- employees	298,271	158,709	94,569	26,990
- directors of the Company	694,092	71,250	193,750	71,250
- directors of the subsidiaries	373,782	14,817	–	–
- others	351,431	202,250	126,024	67,476
	2,986,068	1,010,252	600,914	321,358
Total	3,028,552	1,138,119	600,914	321,358

Trade payables are unsecured, non-interest bearing and are normally settled between 30 to 60 days' (2021: 30 to 60 days) credit terms.

The non-trade payables due to non-controlling interests and subsidiaries are unsecured, non-interest bearing and repayable on demand, except for a non-trade payables due to a non-controlling interest amounting to $19,313 (2021: $Nil) which is secured by a medical equipment with carrying amount of $43,335 (2021: $Nil) (Note 4), bears interest of 3.32% and is repayable monthly until January 2023.

The non-current amounts due to non-controlling interests of subsidiaries are non-trade in nature, unsecured, non-interest bearing, repayable after 12 months subsequent to the reporting date and are expected to be settled in cash. The fair value of the non-current amounts due to non-controlling interest of subsidiaries is within Level 3 of the fair value hierarchy. The management estimates the fair value of this non-current amounts due to non-controlling interests of subsidiaries using the market borrowing rate at 2% (2021: 2%) per annum at the end of the reporting period. The fair value of the non-current amounts due to non-controlling interests of the subsidiaries are amounted to approximately $40,834 (2021: $122,901).

The accrued expenses mainly relate to provision of bonus and other remuneration for the directors of the Company, directors of the subsidiaries, employees of the Group and other accrued operating expenses.

The currency profile of trade and other payables as at the end of the reporting period is Singapore dollar.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

19. Provisions

	Group	
	2022	2021
	$	$
Provision for reinstatement cost		
Balance at beginning of financial year	29,717	29,530
Addition	21,937	–
Interest arising from unwinding of discount	299	187
Balance at end of financial year	51,953	29,717

The provision for reinstatement cost is the estimated cost of dismantlement, removal or restoration of plant and equipment arising from the acquisition or use of asset, which is capitalised and included in the cost of plant and equipment.

20. Contract liabilities

Contract liabilities primarily relate to the Group's obligation to perform service to the patients for which the Group has received consideration in advance, and are recognised as revenue when the Group performs the services.

Changes in contract liabilities are highlighted as follows:

	Group	
	2022	2021
	$	$
Balance at beginning of financial year	28,501	28,191
Amount recognised as revenue	(4,180)	(4,193)
Cash received in advance of performance and not recognised as revenue	68,931	4,503
Balance at end of financial year	93,252	28,501

The contract liabilities of the Group are provision of medical services within the next 12 months, hence, the allocation of aggregate transaction price to the remaining performance obligations and explanation on when the Group expects the revenue to be recognised are not disclosed.

21. Revenue

	Group	
	2022	2021
	$	$
Revenue from contracts with customers, recognised at point in time	18,836,933	10,956,104

The Group principally generates revenue from operations of medical clinics and other general medical services including providing consultation and clinical treatments, laboratory test and medicines.

The revenue of the Group are all generated within Singapore.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

22. Other income

	Group	
	2022	2021
	$	$
Government grants	264,845	344,506
Sponsorship income	22,120	15,500
Reversal of loss allowance on doubtful receivables	11,432	2,441
Interest income	680	759
Listing grant	–	200,000
Chronic disease consultation incentive	41,557	35,250
Rental concession received	50,075	29,312
Fair value gain on derivative financial instruments	632,039	–
Other	23,884	33,140
	1,046,632	660,908

23. Employee benefits expenses

	Group	
	2022	2021
	$	$
Directors' fee	73,750	71,250
Salaries, bonuses and other short-term benefits	6,683,553	3,331,000
Employer's contributions to defined contribution plans	469,757	279,106
	7,227,060	3,681,356

Included in the employee benefits expenses were the remuneration of Directors of the Company, Directors of the subsidiaries and other key management personnel of the Group, as set out in Note 30 to the financial statements.

24. Depreciation and amortisation expenses

	Group	
	2022	2021
	$	$
Depreciation of plant and equipment	141,447	45,205
Depreciation of right-of-use assets	969,193	645,372
Amortisation of intangible assets	38,710	38,710
	1,149,350	729,287

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

25. Finance costs

	Group	
	2022	2021
	$	$
Bank borrowings	66,326	35,511
Interest arising from unwinding of the discount of provision of reinstatement cost	299	187
Lease interest expense	78,809	47,626
Interest paid to non-controlling interests	340	–
RCL	–	145,094
	145,774	228,418

26. Profit before income tax

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, the above includes the following charges:

	Group	
	2022	2021
	$	$
Other expenses		
Audit fee		
- auditors of the Company	151,200	110,000
Non-audit fee		
- auditors of the Company	3,000	20,009
Adminstrative charges	306,003	218,271
Consultancy fees	188,000	–
Loss allowance on doubtful receivables	–	21,328
Marketing fees	134,811	50,902
Fair value loss on derivative financial instruments	–	203,634
Entertainment expenses	41,349	20,090
Credit card charges	52,412	35,322
Human resources expenses	6,000	70,850
Information technology expenses	76,395	34,008
Impairment loss on investment in an associate	1,112,000	–
Locum fee	273,787	137,318
Advertising and promotion expenses	50,446	58,115
Printing and stationery	42,773	50,010
Professional fees	384,818	977,666
Small value asset expensed off	89,156	40,366
Subscription fees	32,407	26,163
Loss on lease modification	10,399	5,257
Short term and low asset value lease expenses:		
short term leases	3,844	1,515
low value assets	916	1,075

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

27. Income tax expense

	Group 2022 $	Group 2021 $
Current income tax		
- current financial year	881,477	486,825
- under/(over) provision in prior financial years	1,264	(26,167)
Total income tax expense recognised in profit or loss	882,741	460,658

Reconciliation of effective income tax rate

	Group 2022 $	Group 2021 $
Profit before income tax	5,209,324	2,619,154
Share of results of associates, net of tax	(402,383)	(275,439)
	4,806,941	2,343,715
Income tax calculated at Singapore's statutory income tax rate of 17% (2021: 17%)	817,180	398,432
Tax effect of income not subject to tax	(128,847)	(41,072)
Tax effect of non-deductible expenses for income tax purposes	104,445	153,986
Tax effect of tax-exempt income	(185,800)	(104,248)
Tax losses not able to carry forward	217,641	81,492
Deferred tax asset not recognised	57,027	–
Utilisation of unrecognised deferred tax asset	(24,287)	24,527
Under/(Over) provision of current income tax in prior financial years	1,264	(26,167)
Others	24,118	(22,762)
	882,741	460,658

Unrecognised deferred tax assets

	Group 2022 $	Group 2021 $
Balance at beginning of financial year	24,527	–
Addition during the financial year	57,027	24,527
Utilisation during the financial year	(24,527)	–
Balance at end of financial year	57,027	24,527

Unrecognised deferred tax assets are attributable to the following temporary differences computed at statutory income tax rate of 17% (2021: 17%):

	2022	2021
Excess of depreciation over capital allowance	16,412	3,320
Provision	604	–
Unutilised tax losses	40,011	21,207
	57,027	24,527

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

27. Income tax expense (Continued)

As at 30 June 2022, the Group has unutilised tax losses of approximately $235,000 (2021: $125,000) and other deductible temporary differences of $100,000 (2021: $20,000) that are available to offset against future taxable profits of the Group, subject to the agreement of the tax authority and compliance with certain provisions of the tax legislation. No deferred tax asset has been recognised on these tax losses and other deductible temporary differences as there is no certainty that there will be sufficient future taxable profits to realise these future benefits.

28. Earnings per share

The calculation for earnings per share is based on:

	Group	
	2022	**2021**
	$	**$**
Profit attributable to owners of the Company	3,901,373	2,199,840
Weighted-average number of ordinary shares used in issue during the financial year applicable to earnings per share	179,623,416	169,441,729
Earnings per share		
- Basic (cents)	2.17	1.30
- Diluted (cents)	2.17	1.30

Basic earnings per share

The calculation of basic earnings per share is based on profit for the financial year attributable to owners of the Company divided by the actual number of ordinary shares in issue during the financial year.

Diluted earnings per share

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.

29. Dividends

	2022	**2021**
	$	**$**
Final tax exempt dividend of $0.0075 per ordinary share for the financial year ended 30 June 2021	1,347,176	–
Final tax exempt dividend of $0.007 per ordinary share for the financial year ended 30 June 2020	–	1,131,364
	1,347,176	1,131,364

The Board of Directors proposed that a final tax exempt dividend of $0.012 (2021: $0.0075) per ordinary share amounting to $2,155,481 (2021: $1,347,176) to be paid for the financial year ended 30 June 2022. These dividends have not been recognised as a liability as at the end of the reporting period as it is subject to the approval of the shareholders at the Annual General Meeting.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

30. Significant related party transactions

For the purpose of these consolidated financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

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 years:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$	**$**	**$**	**$**
With associates				
Sales of medical suppliers	14,768	5,468	–	–
Purchases of medical suppliers	1,811	5,805	–	–
Dividend income	–	–	286,667	430,000
With subsidiaries				
Payment made on behalf by	–	–	888,052	439,044
Payment made on behalf of	–	–	646,397	188,521
Advances to	–	–	1,242,979	356,450
Management fee income	–	–	1,162,954	654,581
Salary recharge	–	–	27,000	3,000
Locum fee income	–	–	–	29,370
Dividend income	–	–	3,325,500	2,500,000
With related party*				
Rental fee expense	420,000	397,288	–	–
With non-controlling interests				
Advances from	173,944	127,867	–	–
With Directors of the Company				
Rental fee expense	25,700	34,100	–	–

* Related parties refer to entities where the Company's directors have beneficial interests.

The outstanding balances as at 30 June with related parties in respect of the above transactions are disclosed in Notes 8 and 18 to the financial statements. There are no outstanding balances with key management personnel.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly and indirectly.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

30. Significant related party transactions (Continued)

The remuneration of Directors and other key management personnel of the Group and the Company during the financial years ended 30 June 2022 and 30 June 2021 were as follows:

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Short-term employee benefits	2,027,516	1,158,000	263,542	108,000
Post-employment benefits	58,023	36,720	14,462	12,240
Directors' fees	73,750	71,250	73,750	71,250
	2,159,289	1,265,970	350,754	191,490

31. Segment information

Business segment

Management monitors the operating results of the segment separately for the purposes of making decisions about resources to be allocated and assessment of performance. Segment performance is evaluated based on operating profit or loss which is similar to the accounting profit or loss.

The Group has only one primary business segment, which is the healthcare segment. Accordingly, no segmental information is prepared based on business segment as it is not meaningful.

Geographical information

During the financial years ended 30 June 2022 and 30 June 2021, the Group operated mainly in Singapore and all non-current assets were located in Singapore. Accordingly, an analysis of non-current assets and revenue of the Group by geographical distribution has not been presented.

Major customers

The Group's customers comprise mainly individual patients. The Group is not reliant on any individual or corporate customer for its revenue and no one single customer accounted for 10% or more of the Group's total revenue for each of the reporting period.

32. Financial instruments, financial risks and capital management

The Group's and the Company's activities expose them to credit risks and liquidity risks arising in the ordinary course of business. The Group and the Company are not exposed to interest rate risk as they do not have significant interest bearing liabilities with variable interest as at end of reporting period. The Group and the Company are not exposed to foreign currency risk as all of their transactions are carried out in Singapore dollar. 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 establish the detailed policies such as risk identification and measurement, and exposure limits, 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

32. Financial instruments, financial risks and capital management (Continued)

32.1 Credit risks

Credit risks refer to the risk that counterparty will default on its contractual obligations resulting in a loss to the Group and the Company. The Group and the Company have adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group and the Company perform ongoing credit evaluation of its counterparties' financial condition and generally does not require collaterals. For lease receivables, the management has performed credit evaluation before entering into the sublease of the office space to the tenant. The Group adopts the policy of dealing only with reputable companies with high credit quality.

The Group's trade receivables are generally from third party administrators, hospitals, government bodies and corporate clients.

As at 30 June 2022, the Group does not have significant credit exposure to any single counterparty or any group of counterparties having similar characteristics except for 4 (2021: 3) customers which represent 64% (2021: 59%) of total trade receivables and 1 (2021: 1) associate which represents 6% (2021: 10%) of total trade and other receivables.

As at 30 June 2022, the Company does not have significant credit exposure arising from non-trade receivables due from subsidiaries and associates except for 11 (2021: 6) subsidiaries and 1 (2021: 1) associate which represent 74% (2021: 85%) and 3% (2021: 5%) of total other receivables respectively.

The carrying amounts of financial assets recorded in the financial statements, grossed up for any allowances for losses, and the financial guarantees issued by the Company for a subsidiary's Temporary bridging loan I as disclosed in Note 16 to the financial statements represents the Group's and the Company's maximum exposure to credit risks.

Further disclosures regarding trade and other receivables, which are neither past due nor impaired are provided in Note 8 to the financial statements.

Credit risk also arises from bank balances deposited with banks. The Group and the Company held cash and bank balances of $15,173,035 as at 30 June 2022 (2021: $15,839,538). The bank balances are held with banks, which are rated Aa1 (2021: Aa1), based on Moody's ratings. Impairment of bank balances has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group and the Company consider that their bank balances have low credit risk based on the external credit ratings of the counterparties.

32.2 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 their operating cash flows so as to ensure that all payment needs are met. As part of its overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash to meet their working capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

32. Financial instruments, financial risks and capital management (Continued)

32.2 Liquidity risks (Continued)

Contractual maturity analysis

The following tables detail 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 pay.

	Within one financial year	After one financial year but within five financial years	After five financial years	Total
	$	$	$	$
Group				
2022				
Trade and other payables	2,770,062	42,484	–	2,812,546
Lease liabilities	1,311,638	3,298,305	755,093	5,365,036
Bank borrowings	806,111	2,207,056	–	3,013,167
Total undiscounted financial liabilities	4,887,811	5,547,845	755,093	11,190,749
2021				
Trade and other payables	852,603	127,867	–	980,470
Lease liabilities	700,875	1,400,629	10,400	2,111,904
Bank borrowings	820,031	2,949,819	–	3,769,850
Total undiscounted financial liabilities	2,373,509	4,478,315	10,400	6,862,224
Company				
2022				
Trade and other payables	567,371	–	–	567,371
Lease liabilities	241,538	748,305	89,943	1,079,786
Bank borrowings	742,220	2,047,330	–	2,789,550
Total undiscounted financial liabilities	1,551,129	2,795,635	89,943	4,436,707
Financial corporate guarantee	15,006	94,082	–	109,088
2021				
Trade and other payables	289,810	–	–	289,810
Lease liabilities	56,075	46,729	–	102,804
Bank borrowings	756,140	2,731,527	–	3,487,667
Total undiscounted financial liabilities	1,102,025	2,778,256	–	3,880,281
Financial corporate guarantee	29,457	109,089	–	138,546

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

32. Financial instruments, financial risks and capital management (Continued)

32.3 Capital management policies and objectives

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 manage their capital structure which consist of equity attributable to owners of the parent, comprising issued share capital, merger reserve, other reserve and retained earnings as disclosed in Notes 12, 13, 14 and 15 to the financial statements and make adjustments to it, in light with changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2022 and 30 June 2021.

The Group and the Company monitor capital based on a gearing ratio, which is net debt divided by total equity. The Group's and the Company's net debt includes bank borrowings less cash and bank balances. The gearing ratio of the Group and the Company are not presented as the Group and the Company are in net cash position.

The Group and the Company are subject to and have complied with financial covenants in respect of the bank borrowings (Note 16) for the financial years ended 30 June 2022 and 30 June 2021.

32.4 Fair value of financial assets and financial liabilities

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the fair value of other financial assets and other financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Fair value hierarchy

The Group and the Company classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

32. Financial instruments, financial risks and capital management (Continued)

32.4 Fair value of financial assets and financial liabilities (Continued)

Fair value of financial instruments carried at fair value

The table below classified financial instruments carried at fair value by level of fair value hierarchy as at the end of the reporting period:

	Fair value measurements using			
	Level 1	Level 2	Level 3	Total
	$	$	$	$
Group and Company				
2022				
Derivative financial assets	–	–	2,508,000	2,508,000
2021				
Derivative financial assets	–	–	1,878,405	1,878,405
Derivative financial liabilities	–	–	2,444	2,444

There were no transfers between levels during the financial year and no changes in the valuation techniques of the various classes of financial assets and financial liabilities during the financial years ended 30 June 2022 and 30 June 2021.

The valuation technique and significant unobservable inputs used in determining the fair value measurement of level 3 financial instruments, as well as the relationship between key unobservable inputs and fair value, are set out in the table below.

Financial instruments	Valuation techniques used	Significant unobservable inputs	Average rate 2022	Average rate 2021	Relationship between key unobservable inputs and fair value
Call and put option	Monte Carlo Simulation model	Earnings volatility rate	45.5%	24%	An increase in the earnings volatility rate would result in an increase in fair value.

Fair value of financial instruments that are not carried at fair value and whose carrying amounts approximate their fair values

The carrying amounts of current financial assets and financial liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The carrying amounts of the bank borrowings approximate their fair values as the interest rate of the borrowings approximates the market lending rate for similar types of lending arrangements as at the end of the reporting period. The fair value of non-current receivables and non-current other payables are disclosed in Notes 8 and 18 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

32. Financial instruments, financial risks and capital management (Continued)

32.4 Fair value of financial assets and financial liabilities (Continued)

Valuation policies and procedures

Management oversees the Group's financial reporting valuation process and is responsible for setting and documenting of the Group's valuation policies and procedures.

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts to perform the valuation. Management is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and SFRS(I) 13 *Fair Value Measurement* guidance.

For valuations performed by external valuation experts, the management reviews the appropriateness of the valuation methodologies and assumptions adopted. The management also evaluates the appropriateness and reliability of the inputs used in the valuations.

32.5 Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Financial assets				
At amortised cost	17,790,200	17,336,354	13,711,549	14,990,852
Financial assets at FVTPL	2,508,000	1,878,405	2,508,000	1,878,405
	20,298,200	19,214,759	16,219,549	16,869,257
Financial liabilities				
Other financial liabilities, at amortised cost	10,707,963	6,668,257	4,274,700	3,774,401
Financial liabilities at FVTPL	–	2,444	–	2,444
	10,707,963	6,670,701	4,274,700	3,776,845

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

33. Reclassifications and comparative figures

Certain reclassifications have been made to the prior year's financial statements to enhance the comparability with current financial year's financial statements. Certain line items have been amended in the consolidated statement of financial position and the related notes to the financial statements as set out below:

	30 June 2021 As previously reported $	Reclassification $	30 June 2021 As reclassified $
Group			
Consolidated statement of financial position			
Current liabilities			
Trade and other payables	1,038,753	(28,501)	1,010,252
Contract liabilities	–	28,501	28,501

	1 July 2020 As previously reported $	Reclassification $	1 July 2020 As reclassified $
Group			
Consolidated statement of financial position			
Current liabilities			
Trade and other payables	968,234	(28,191)	940,043
Contract liabilities	–	28,191	28,191

The consolidated statement of financial position as at 1 July 2020 was not presented as the reclassification of contract liabilities from trade and other payables does not have a material effect on the information presented.

SHAREHOLDINGS STATISTICS

As at 16 September 2022

SHAREHOLDERS' INFORMATION

Class of Shares	:	Ordinary
Number of issued and Paid-Up shares	:	179,623,416
Voting Rights	:	One votes per share

There are no treasury shares or subsidiary holdings as at 16 September 2022.

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	2	1.00	150	0.00
100 - 1,000	15	7.54	12,100	0.01
1,001 - 10,000	48	24.12	309,000	0.17
10,001 - 1,000,000	116	58.29	14,183,251	7.89
1,000,001 AND ABOVE	18	9.05	165,118,915	91.93
TOTAL	**199**	**100.00**	**179,623,416**	**100.00**

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Registrar of Substantial Shareholders)

	DIRECT INTEREST	%	DEEMED INTEREST	%
Lee Mun Kam Bernard	48,701,500	27.11	–	–
Sian Chay Medical Institution	29,286,725	16.30	–	–
Loh Foo Keong Jeffrey	27,659,700	15.40	–	–
Jitendra Kumar Sen*	12,647,250	7.04	–	–

* As at 26 September 2022, Dr. Sen has a deemed interest of 2,977,000 shares (1.28%).

SHAREHOLDINGS STATISTICS

As at 16 September 2022

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	LEE MUN KAM BERNARD	48,701,500	27.11
2	SIAN CHAY MEDICAL INSTITUTION	29,286,725	16.30
3	LOH FOO KEONG JEFFREY	18,439,800	10.27
4	JITENDRA KUMAR SEN	12,647,250	7.04
5	CITIBANK NOMINEES SINGAPORE PTE LTD	10,569,900	5.88
6	WONG SHING YIP	7,864,290	4.38
7	HC SURGICAL SPECIALISTS LIMITED	5,937,090	3.31
8	UOB KAY HIAN PRIVATE LIMITED	5,230,500	2.91
9	HUANG GUOLIANG, EUGENE	4,964,730	2.76
10	LIM EWE GHEE	3,787,878	2.11
11	OCBC SECURITIES PRIVATE LIMITED	3,172,600	1.77
12	CHEE HSING GARY ANDREW	2,852,475	1.59
13	SHINEX CAPITAL PTE LTD	2,338,908	1.30
14	MEDINEX LIMITED	2,272,728	1.27
15	BNP PARIBAS NOMINEES SINGAPORE PTE. LTD.	2,046,364	1.14
16	SIA LING SING	1,969,527	1.10
17	LEE PENG KHOW	1,901,650	1.06
18	LIM SOON HUAT	1,135,000	0.63
19	LEONG KWOK WAH	1,000,000	0.56
20	YEO KHEE SENG BENNY	1,000,000	0.56
	TOTAL	**167,118,915**	**93.05**

SHAREHOLDING HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 16 September 2022, approximately 24.36% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual Section B: Rule of Catalist is complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (“**Meeting**”) of **SINGAPORE PAINCARE HOLDINGS LIMITED** (“the **Company**”) will be held at Seletar Country Club, 101 Seletar Club Road, Singapore 798273 on Thursday, 27 October 2022 at 4.00 p.m. to transact the following businesses:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and the Audited Financial Statements of the Company for the financial year ended 30 June 2022 together with the Independent Auditor’s Report thereon. **(Resolution 1)**

2. To declare a final dividend (tax-exempt one-tier) of S$0.012 per ordinary share for the financial year ended 30 June 2022 (FY2021: S$0.0075 per ordinary share). **(Resolution 2)**

3. To approve the payment of Directors’ Fees of S$73,750 for the financial year ended 30 June 2022 (FY2021: S$71,250). **(Resolution 3)**

4. To note the retirement of Mr. Chong Weng Hoe who is retiring as Director of the Company pursuant to Regulation 97 of the Constitution of the Company.
(See Explanatory Note (i))

5. To re-elect the following Directors of the Company retiring pursuant to Regulation 97 of the Constitution of the Company:

   Ms. Lai Chin Yee **(Resolution 4)**
   Mr. Yap Beng Tat Richard **(Resolution 5)**
   (See Explanatory Note (ii))

6. To re-appoint Messrs BDO LLP as the Independent Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

7. To transact any other ordinary business which may properly be transacted at a Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following ordinary resolutions, with or without any modification:

8. **Authority to allot and issue shares**

   (a) That pursuant to Section 161 of the Companies Act 1967 of Singapore (the “**Companies Act**”) and Rule 806 of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”), the Directors of the Company be authorised and empowered to:

      (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 that 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,

NOTICE OF ANNUAL GENERAL MEETING

provided that:

(1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of the Instruments, made or granted 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, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such 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 percentage of the total number of issued Shares in the capital of the Company (excluding treasury shares and subsidiary holdings, if any) shall be calculated based on the total number of issued Shares in the capital of the Company (excluding treasury shares and subsidiary holdings, if any) at the time of the passing of this Resolution, after adjusting for:

(a) new Shares arising from the conversion or exercise of the Instruments or any convertible securities outstanding at the time of passing of this Resolution;

(b) (where applicable) new Shares arising from the exercise of share options or vesting of share awards outstanding or subsisting at the time of passing this Resolution, provided that such share options or share awards (as the case may be) were granted in compliance with the Catalist Rules; and

(c) any subsequent bonus issue, consolidation or subdivision of Shares;

(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), all applicable legal requirements under the Companies Act and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue to be 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. **(Resolution 7)**
(See Explanatory Note (iii))

9. **Authority to offer and grant options and to allot and issue shares pursuant to the SPCH Employee Share Option Scheme (the "Share Option Scheme")**

That pursuant to Section 161 of the Companies Act, authority be and is hereby given to the Directors of the Company to allot and issue from time to time such number of Shares as may be required to be 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, and all options granted under any other share option, share incentive, performance share or restricted share plan implemented by the Company shall not exceed fifteen per centum (15%) of the total number of issued shares in the capital of the Company (excluding treasury shares and subsidiary holdings, if any) on the day immediately preceding the date of offer of the employee share options.
(See Explanatory Note (iv)) **(Resolution 8)**

10. **Authority to allot and issue shares under the SPCH Performance Share Plan**

That pursuant to Section 161 of the Companies Act, the Directors of the Company be authorised and empowered to offer and grant awards in accordance with the provisions of the SPCH 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 SPCH Performance Share Plan, provided always that the aggregate number of shares issued and issuable pursuant to vesting of awards granted under the SPCH Performance Share Plan, when added to (i) the number of shares issued and issuable in respect of all awards granted or awarded thereunder; and (ii) all shares issued and issuable in respect of all options granted or awards granted under the Share Option

NOTICE OF ANNUAL GENERAL MEETING

Scheme, all options granted under any other share option, share incentive, performance share or restricted share plan implemented by the Company for the time being in force, shall not exceed fifteen per centum (15%) of the total number of issued shares in the capital of the Company (excluding treasury shares and subsidiary holdings, if any) on the day preceding the relevant date of the award. **(Resolution 9)**
(See Explanatory Note (iv))

11. **Proposed Adoption of The Share Buyback Mandate**

THAT,

(a) for the purposes of the Companies Act and the Catalist Rules, the Directors be and are hereby authorised to exercise all the powers of the Company to purchase or acquire its issued and fully paid-up Shares not exceeding in aggregate the Maximum Limit (as defined herein), at such price(s) as may be determined by the Directors or a committee of Directors that may be constituted for the purpose of effecting purchases or acquisitions of Shares by the Company from time to time up to the Maximum Price (as defined below), whether by way of:

(i) on-market purchases ("**Market Purchases**"), transacted on the SGX-ST through the SGX-ST's trading system or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed dealers appointed by the Company for the purpose; and/or

(ii) off-market purchases ("**Off-Market Purchases**") in accordance with an equal access scheme(s), which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the Catalist Rules,

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and the Catalist Rules, as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Buyback Mandate**");

(b) unless varied or revoked by the shareholders of the Company ("**Shareholders**") in a general meeting, the authority conferred on the Directors 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 earliest of:

(i) the date on which the next annual general meeting is held or is required by law to be held; or

(ii) the date on which the purchases or acquisitions of Shares are carried out to the full extent of the Share Buyback Mandate; or

(iii) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied by Shareholders in a general meeting

(the "**Relevant Period**").

(c) in this Resolution:

"**Maximum Limit**" means the number of Shares representing not more than 10% of the issued ordinary shares of the Company (excluding treasury shares) as at the date of this Resolution at which the Share Buyback Mandate is approved unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered (excluding treasury shares that may be held by the Company from time to time);

NOTICE OF ANNUAL GENERAL MEETING

"**Maximum Price**" to be paid for the Shares to be purchased or acquired by the Company must not exceed:

(i) in the case of a Market Purchase, 105% of the Average Closing Market Price; and

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

in either case, excluding related expenses (such as brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) of the purchase;

"**Average Closing Market 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 the 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 day period and the day on which the purchases are made;

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

"**Market Day**" means a day on which the SGX-ST is open for trading in securities.

(d) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including without limitation, executing such documents as may be required) as they may consider desirable, expedient or necessary to give effect to this Resolution. **(Resolution 10)**
(See Explanatory Note (v))

By Order of the Board

Wong Yoen Har
Company Secretary

7 October 2022

Explanatory Notes:

(i) Mr. Chong Weng Hoe who is retiring as Director of the Company pursuant to Regulation 97 of the Constitution of the Company, had indicated that he would not seek for re-election as Director of the Company at this Annual General Meeting. Mr. Chong Weng Hoe will, upon retirement, cease to be the Independent Non-Executive Director, the Chairman of the Remuneration Committee, and a member of the Audit Committee and Nominating Committee. An announcement of Mr. Chong Weng Hoe's retirement has been made on 7 October 2022 via SGXNET.

(ii) Ms Lai Chin Yee will, upon re-election as Director of the Company, remain as Chairman of the Audit Committee, Chairman of the Board and a member of the Nominating Committee and Remuneration Committee. The Board considers Ms. Lai to be independent for the purpose of Rule 704(7) of the Catalist Rules.

Mr. Yap Beng Tat Richard will, upon re-election as Director of the Company, remain as Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee. The Board considers Mr. Yap to be independent for the purpose of Rule 704(7) of the Catalist Rules.

Key information on the retiring directors can be found on page 13 of the Annual Report.

(iii) The Ordinary Resolution 7, 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 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, 100% of the total number of issued shares in the capital of the Company (excluding treasury shares and subsidiary holdings, if any), of which up to 50% may be issued other than on a pro-rata basis to shareholders.

NOTICE OF ANNUAL GENERAL MEETING

For determining the aggregate number of shares that may be issued, the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) will be calculated based on the total number of issued Shares in the capital of the Company (excluding treasury shares and subsidiary holdings) at the time this Ordinary Resolution 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 which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Shares.

(iv) The Ordinary Resolutions 8 and 9, if passed, will empower the Directors to grant options under the Share Option Scheme as well as to offer and award shares pursuant to the SPCH Performance Share Plan, provided that the aggregate number of shares to be issued shall not exceed fifteen per centum (15%) of the total number of issued shares in capital of the Company (excluding treasury shares and subsidiary holdings, if any) from time to time.

(v) The Ordinary Resolution 10 above is to authorise the Directors to purchase up to 10% of the total number of issued Shares in the share capital of the Company (excluding treasury shares and any subsidiary holdings) during the Relevant Period. Please refer to the Appendix to this Annual Report for more details.

IMPORTANT

The following documents can be accessed at www.sgpaincareholdings.com/investor-relations or on the SGX website at the URL https://www.sgx.com/securities/company-announcements:

- **Annual Report for the financial year ended 30 June 2022**
- **Proxy Form**

Printed copies of this Annual Report, Notice of Annual General Meeting and Proxy Form will not be sent to Shareholders.

Shareholders are able to participate at the Meeting in person in the following manners set out in the paragraphs below:

Submission of Instrument Appointing a Proxy (“Proxy Form”) to Vote:

1. A member who is not a relevant intermediary, is entitled to appoint one or two proxies to attend and vote at the Meeting.

2. A member who is a relevant intermediary, is entitled to appoint more than two proxies to attend and vote at the Meeting, 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 1967.

3. Relevant Intermediary shareholders and CPF/SRS investors who wish to vote at the AGM should approach their respective Relevant Intermediaries/CPF Agent Banks/SRS Operators as soon as possible. In the case of CPF/SRS investors, they must do so **at least seven (7) working days before the AGM (i.e. by 14 October 2022, 4.00 p.m.)**.

4. 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. A proxy need not be a member of the Company.

5. The instrument appointing a proxy or proxies must be submitted to the Company in the following manner:

   (a) if submitted by post, be lodged with the Company’s Share Registrar, Boardroom Corporate and Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower Singapore 098632; or

   (b) if submitted electronically, be submitted via email to AGM.TeamE@boardroomlimited.com.

   in either case, **by 4.00 p.m. on 24 October 2022 (being at least 72 hours before the time for holding the Meeting)**.

   A member who wishes to submit a Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or by scanning and sending it by email to the email address provided above.

6. A depositor shall not be regarded as a member of the Company entitled to attend and vote at the AGM unless his/her name appears on the Depository Register not less than seventy-two (72) hours before the time of the Meeting.

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or his/her 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 common 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. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, 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.

NOTICE OF ANNUAL GENERAL MEETING

Submission of Questions in Advance:

(1) Shareholders may also submit questions related to resolutions to be tabled at the Meeting in the following manner:

(a) if submitted by post, to the Company's office at 101 Cecil Street #10-01 Tong Eng Building, Singapore 069533; or

(b) if submitted electronically, be submitted via email to AGM.TeamE@boardroomlimited.com.

All questions for the Meeting must be submitted **by 4.00 p.m. on 15 October 2022**.

(2) A member who wishes to submit the questions in hard copy by mail is required to indicate the full name (for individuals)/company name (for corporates), NRIC/Passport No./Company Registration No., email address, contact number, shareholding type and number of shares held together with their submission, before submitting it by post to the address provided.

(3) The Board of Directors of the Company will endeavour to address all substantial and relevant questions received from Shareholders prior to the Meeting by publishing the responses to those questions on SGXNET at URL https://www.sgx.com/securities/company-announcements and the Company's website at URL https://www.sgpaincareholdings.com/investor-relations at least seventy-two (72) hours (being 21 October 2022), prior to the closing date and time for the lodgement of the proxy forms on 24 October 2022. Where substantial relevant questions submitted by Shareholders are unable to be addressed prior to the Meeting, the Company will address them during the Meeting.

The Company shall only address relevant and substantial questions (as may be determined by the Company in its sole discretion) received. The Company will publish the minutes of the Meeting on SGXNET and the Company's website within one month from the date of the Meeting.

Personal data privacy:

By submitting a proxy form appointing a proxy or proxies to attend, speak and vote 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 the appointment of a proxy or proxies 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.

Photographic, sound and/or video recordings of the Meeting may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the Meeting. Accordingly, the personal data of a member of the Company (such as his name, his presence at the Meeting and any questions he may raise or motions he propose/second) may be recorded by the Company for such purpose.

Important Notice from the Company pertaining to the COVID-19 situation

In view of the current COVID-19 situation, shareholders should note that the manner of conduct of the Meeting may be subject to further changes at short notice. The Company may take any precautionary measures which may be required or recommended by the government agencies to minimise the risk of spread of COVID-19 for conducts of meetings. Shareholders are advised to check SGXNET and the Company's website regularly for updates.

RE-ELECTION OF DIRECTORS

Pursuant to Catalist Rule 720(5), the information as set out in Appendix 7F relating to the above Directors to be put forward for re-election at the forthcoming Annual General Meeting is disclosed below:

Name of retiring Director	**Lai Chin Yee**	**Yap Beng Tat, Richard**
Date of appointment	17 June 2020	17 June 2020
Date of last re-appointment	16 October 2020	16 October 2020
Age	56	41
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations and the search and nomination process)	The Board, having considered the recommendation of the Nominating Committee and assessed the qualifications and experience of Ms. Lai Chin Yee ("**Ms. Lai**"), is of the view that she has the requisite experience and capabilities to assume the duties and responsibilities as the Non-executive Chairman and Independent Director of the Company.	The Board, having considered the recommendation of the Nominating Committee and assessed the qualifications and experience of Mr. Yap Beng Tat, Richard ("**Mr. Yap**"), is of the view that he has the requisite experience and capabilities to assume the duties and responsibilities as the Independent Non-executive Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-executive	Non-executive
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-executive Chairman and Independent Director, Chairman of Audit Committee and Member of Nominating Committee and Remuneration Committee	Independent Non-executive Director, Chairman of Nominating Committee and Member of Audit Committee and Remuneration Committee
Professional qualifications	Ms. Lai graduated from the National University of Singapore with a Bachelor of Accountancy in 1987. She is currently a fellow Chartered Accountant of the Institute of Singapore Chartered Accountant ("**ISCA**"), a member of the Singapore Institute of Directors, a council member of the ISCA, the Chairperson of ISCA's Continuing Professional Education Committee, a member of ISCA's Membership Committee and a board member of the Accounting and Corporate Regulatory Authority.	Mr. Yap graduated from the Nanyang Technological University with a Bachelor of Accountancy in 2005 and was registered as a Chartered Financial Analyst in 2011. He obtained his Chartered Accountant of Singapore qualification from ISCA and Chartered Valuer and Appraiser qualification from the Singapore Accountancy Commission and the Institute of Valuers and Appraisers, Singapore in 2012 and 2017 respectively.
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None	None
Conflict of interest (including any competing business)	None	None
Undertaking submitted to the listed issuer in the form of Appendix 7H (Catalist Rule 720(1))	Yes	Yes

RE-ELECTION OF DIRECTORS

Name of retiring Director	Lai Chin Yee	Yap Beng Tat, Richard
Working experience and occupation(s) during the past 10 years	Please refer to the Board of Directors section in the Company's 2022 Annual Report.	Please refer to the Board of Directors section in the Company's 2022 Annual Report.
Shareholding interest in the listed issuer and its subsidiaries	No	No
Shareholding details	N.A.	N.A.
Past (for the last 5 years)	● Ryobi Kiso Holdings Ltd. ("**RKH**") ● Qian Hu Corporation Limited	Nil
Present	● Micro-Mechanics (Holdings) Ltd	Nil
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	Yes. Ms Lai was previously an independent director of RKH from December 2009 to May 2019. In May 2019, RKH was placed under judicial management. Ms Lai, together with all the independent directors of RKH stepped down as independent director following the judicial management orders being made on RKH. As an independent director of RKH, Ms Lai was not involved in the day-to-day operations of RKH.	No
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No

RE-ELECTION OF DIRECTORS

Name of retiring Director	Lai Chin Yee	Yap Beng Tat, Richard
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No

RE-ELECTION OF DIRECTORS

Name of retiring Director	Lai Chin Yee	Yap Beng Tat, Richard
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–		
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

SINGAPORE PAINCARE HOLDINGS LIMITED
(Company Registration No. 201843233N)
(Incorporated in the Republic of Singapore)

IMPORTANT:
1. The Annual Report and Notice of AGM dated 7 October 2022 have been made available on SGX website at the URL https://www.sgx.com/securities/company-announcements and the Company's website at URL www.sgpaincareholdings.com/investor-relations.
2. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see note 2 for the definition of "relevant intermediary").
3. The Chairman and proxy need not be a member of the Company.
4. By submitting this proxy form, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 7 October 2022.
5. Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of the Chairman of the Meeting as a member's proxy and proxy to attend, speak and vote on his/her/its behalf at the Meeting.

PROXY FORM
ANNUAL GENERAL MEETING

This proxy form has been made available on the SGXNET and the Company's website and may be accessed at the URLs: https://sgpaincareholdings.com/proxy-form and https://www.sgx.com/securities/company-announcements.

I/We, ______________________ (Name) ______________ (NRIC/Passport No./Registration No.)

of ____ (Address)

being a member/members of Singapore Paincare Holdings Limited (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 persons referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "**Meeting**") of the Company to be held at Seletar Country Club, 101 Seletar Club Road, Singapore 798273 on Thursday, 27 October 2022 at 4.00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

All resolutions put to the vote at the Meeting shall be conducted by poll.

No.	**Resolutions relating to:**	**For**	**Against**	**Abstain**
ORDINARY BUSINESS				
1	Adoption of the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 30 June 2022 together with the Independent Auditor's Report			
2	Declaration of final dividend (tax exempt one-tier) of S$0.012 per ordinary share for the financial year ended 30 June 2022			
3	Directors' Fees of S$73,750 for the financial year ended 30 June 2022			
4	Re-election of Ms. Lai Chin Yee as Director of the Company			
5	Re-election of Mr. Yap Beng Tat, Richard as Director of the Company			
6	Reappointment of Messrs BDO LLP as the Independent Auditor of the Company and to authorise the Directors to fix their remuneration			
SPECIAL BUSINESS				
7	Authority to allot and issue ordinary shares			
8	Authority to issue shares under SPCH Employee Share Option Scheme			
9	Authority to issue shares under SPCH Performance Share Plan			
10	Adoption of the Share BuyBack Mandate			

* If you wish the Chairman of the Meeting as your proxy to cast all your votes **For** or **Against** or **Abstain** a resolution, please tick (✓) within the box in respect of that resolution. Alternatively, please indicate the number of votes **For** or **Against** or **Abstain** in the **For** or **Against** or **Abstain** box in respect of that resolution.

Dated this ____________ day of ________________ 2022

Total number of shares in:	**No. of shares**
(a) CDP Register	
(b) Register of Members	

____

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

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 2001 of Singapore), 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 ("Proxy Form") appointing the Chairman of the Meeting as proxy shall be deemed to relate to all the shares held by you.

2. A member who is a relevant intermediary, is entitled to appoint more than two proxies to attend and vote at the Meeting, 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 1967.

3. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her 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 common seal or under the hand of an officer or attorney duly authorised.

4. 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. A proxy need not be a member of the Company.

5. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote 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.

6. Investors who hold their Shares through relevant intermediaries as defined in Section 181 of the Companies Act 1967 (excluding SRS investors) and who wish to exercise their votes by appointing a proxy or proxies should approach their respective relevant intermediaries to submit their voting instructions as soon as possible. In the case of CPF/SRS investors, they must do so **at least seven (7) working days before the AGM (i.e. by 14 October 2022, 4.00 p.m.)** in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint a proxy or proxies to vote on their behalf **by 4.00 p.m. on 24 October 2022**.

7. Completion and return of this instrument appointing a proxy or proxies 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.

   A member who wishes to submit a Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the Company's Share Registrar, Boardroom Corporate and Advisory Services Pte. Ltd. at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower Singapore 098632 or by scanning and sending it by email to AGM.TeamE@boardroomlimited.com as soon as possible, in either case, **by 4.00 p.m. on 24 October 2022 (being at least seventy-two (72) hours before the time appointed for holding the Meeting)**.

PERSONAL DATA PRIVACY:

By submitting a proxy form appointing a proxy or proxies, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 7 October 2022.

GENERAL:

The Company shall be entitled to reject the proxy form 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 proxy form appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any proxy form 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.

Connect with Us

SINGAPORE
PAINCARE
HOLDINGS

Bringing pain relief closer to you

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Email: enquiries@sgpaincare.com, Website: www.sgpaincare.com