ISEC™ HEALTHCARE

ANNUAL REPORT 2022

BUILDING ON RECOVERY AND OPPORTUNITIES

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The contact person for the Sponsor is Ms Ng Shi Qing, 16 Collyer Quay, #10-00 Collyer Quay Centre, Singapore 049318, sponsorship@ppcf.com.sg.

CORPORATE PROFILE

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

Backed by more than 10 years of track record, the ISEC brand possesses strong brand equity and is recognised for its world-class and high-quality eye care services. In Malaysia, the Group operates medical eye care centres in Kuala Lumpur, Melaka, Penang, Johor, Ipoh, Kampar, Kuching and Sibu. In Singapore, ISEC Eye Pte. Ltd. ("**ISEC Eye**") provides specialist medical ophthalmology services to Asia Pacific Eye Centre located in Singapore's Gleneagles Hospital. To further expand its reach in the neighbourhood hub, the Group had in early 2021 set up an eye service centre within the premises of one of its general practice clinics in Yew Tee to provide eye checks and related services. In 2019, the Group expanded into the Myanmar market with the opening of ISEC Myanmar Company Limited ("**ISEC Myanmar**").

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

In 2016, the Group expanded its healthcare services to include general medical services and procedural services with the acquisition of JLM Companies[1] comprising four clinics located in the heartlands of Singapore.

In 2019, ISEC Healthcare became a subsidiary of Aier Eye International (Singapore) Pte. Ltd. ("**Aier Eye**") following its acquisition of a 56.53% stake in ISEC Healthcare[2]. Aier Eye is a wholly-owned subsidiary of China's Aier Eye Hospital Group Co., Ltd. that is listed on the Shenzhen Stock Exchange.

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

1 JLM Companies consist of JL Medical (Bukit Batok) Pte. Ltd., JL Medical (Sembawang) Pte. Ltd., JL Medical (Woodlands) Pte Ltd. and JL Medical (Yew Tee) Pte. Ltd..
2 Based on 532,348,544 Shares in issue excluding 386,400 treasury shares as at 20 December 2019.

ISEC BY THE NUMBERS

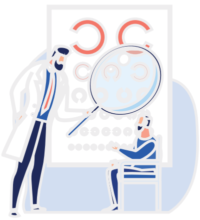
AS AT 31 DECEMBER 2022

NO. OF EYE CARE CENTRES

7
MALAYSIA

1(1)
SINGAPORE

1
MYANMAR

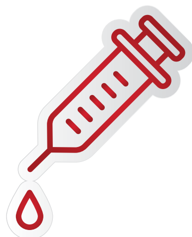


NO. OF OPHTHALMOLOGISTS

34

NO. OF ANAESTHESIOLOGISTS

2



NO. OF PATIENT VISITS

163,000
SPECIALISED HEALTH SERVICES

18,500
GENERAL HEALTH SERVICES – ART/PCR SWABS

61,700
GENERAL HEALTH SERVICES

NO. OF PROCEDURES PERFORMED

32,200
SPECIALISED HEALTH SERVICES

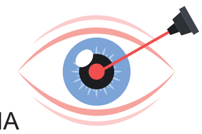
300
GENERAL HEALTH SERVICES

NO. OF PROCEDURES PERFORMED(2) UNDER

561
GENERAL ANAESTHESIA

759
SEDATION

9
MONITORED LOCAL ANAESTHESIA



CONFERENCES ATTENDED BY ISEC SPECIALIST DOCTORS/ GENERAL PRACTITIONERS

302

CONFERENCES WHERE ISEC SPECIALIST DOCTORS WERE INVITED AS SPEAKERS

90

TEACHING ACTIVITIES, CLINICAL ATTACHMENTS AND OBSERVERSHIPS IN ISEC

105

NO. OF GENERAL PRACTITIONER CLINICS IN SINGAPORE(3)

4

NO. OF GENERAL PRACTITIONERS(4)

4

(1) Asia Pacific Eye Centre in Gleneagles Hospital, Singapore.
(2) Procedures performed in medical eye care centres in Malaysia.
(3) Comprises 4 clinics from JLM Companies.
(4) Comprises 4 general practitioners from JLM Companies.

MESSAGE TO SHAREHOLDERS

THEME: BUILDING ON RECOVERY AND OPPORTUNITIES

DEAR SHAREHOLDERS

Financial year ended 31 December 2022 ("**FY2022**") was an outstanding year for ISEC Healthcare. The Group achieved record revenue and profit after tax of S$63.0 million and S$12.7 million respectively, which was well-above pre-pandemic levels and our best financial performance since our initial public offering in 2014.

On a year-on-year basis, the stellar results represented a 56% expansion of our topline and an 85% surge in our bottomline.

Having just come off two very surreal years in 2020 and 2021 when life as we knew was turned upside down by the COVID-19 pandemic, we are delighted and very encouraged to have made such a strong and convincing comeback within a relatively short amount of time with revenue growth across our business segments and geographical markets.

Our performance reflected the more positive operating environment, which had improved in tandem with the significant relaxation of pandemic restrictions in most countries in 2022, including the reopening of borders that resulted in an influx of medical tourists. In addition, our operations expanded during the financial year, following the completion of the transaction[1] in May 2022 (the "**Transaction**") which included the acquisition of two new 100%-owned clinics – IE Centre Sdn. Bhd., and Kampar Eye Sdn. Bhd., both of which were earnings accretive and made immediate contributions to our performance in FY2022.

In line with the strong performance, the Board of Directors is pleased to propose a final tax-exempt dividend of 1.08 Singapore cents per share and together with the first interim dividend of 0.48 Singapore cents per share paid in August 2022, total dividend for the year adds up to 1.56 Singapore cents per share. This is higher than the total dividend of 1.05 Singapore cents per share that was paid out in FY2021.

We endeavour an asset-light/strong cash-flow business model where the business environment permits, which is part of our strategy to build a sustainable business.

UPCOMING DEVELOPMENTS

The robust FY2022 showing has put the wind on our sails. We are pumped and ready to expand our operations within our existing markets, while keeping an eye out for opportunities in China and Vietnam, which we continue to be very interested in. Our ability to replicate our business model across markets makes our operations highly scalable.

As at 31 December 2022, our network of eye centres comprised seven in Malaysia, one in Singapore and one in Myanmar.

In FY2022, our greatest growth came from our Myanmar operations, which showed 93% growth over its revenue for financial year ended 2021 ("**FY2021**"), and also our Malaysian operations which achieved revenue growth of 63% year-on-year. We believe these two markets present the highest potential for growth and therefore our expansion plans in the near term will be focused on them.

Recently in March 2023, we commenced operations of our second clinic in Sarawak. We also have three other new clinics in our pipeline for Malaysia, which are part of the Transaction which was completed in May 2022. All three are majority-owned and located in Perak. These clinics are currently undergoing renovation, before the Group proceeds to apply licences to operate or provide private healthcare facilities or services, and are expected to commence operations by early 2024.

Over in Melaka, we are in the process of expanding our clinic, which we expect to be ready in the second half year of 2023. When completed, the Melaka clinic will be about 50% larger than the current one.

[1] With reference to SGX Announcement dated 7 April 2022 and SGX Announcement dated 26 May 2022.

MESSAGE TO SHAREHOLDERS

Elsewhere in the region, we recently announced our expansion into hospital premises in Myanmar. With the new eye centre located within a hospital, it provides a platform for ISEC Myanmar to better reach out to patients who are seen or treated in the hospital and require specialised eye treatment options. The new clinic has been operational since February 2023.

While there are concerns surrounding Myanmar's political situation with the military having recently announced an extension of the country's state of emergency by another six months to 31 July 2023, our clinic in Myanmar continues to be operational amidst on-going protests and is doing well because of the essential nature of the services we provide.

With the aforementioned 2023 openings, we anticipate new revenue contribution from the clinic in Kuching and higher contributions from the expanded clinics in Melaka and Myanmar in the current financial year ending 31 December 2023 ("**FY2023**").

To support our growing operations, the Group is expanding its talent pool of specialist doctors and management staff, while retaining existing employees. The COVID-19 era had led to high attrition among medical professionals globally due to burn-out. This has resulted in intense competition for trained and experienced staff not only locally, but also overseas, with attractive remuneration packages and benefits being dangled.

To reward our staff and to maintain our competitive edge, ISEC Healthcare granted share awards for the first time, amounting to 680,000 shares at 33.0 cents per share, to eligible employees pursuant to the ISEC Healthcare Performance Share Plan.

We will continue to review our staff benefit, compensation and professional development practices to ensure that what we offer is in line with market expectations. In addition, our business model aligns the interests of our specialist doctors with our Group and our shareholders. This enhances our ability to attract and retain a strong and effective workforce that can grow with our Group.

OUTLOOK AND PROSPECTS

We remain positive about the outlook for our Group as we are well-positioned to capture the growing demand for private eye care services.

There is a rapidly ageing population in the region and this is likely to give rise to age-related degeneration and eye problems. Among the younger population, our clinics are also seeing more cases of eye strain and issues related to prolonged screen time. As the region ages and current lifestyle patterns continue to be highly influenced by digitalisation, we believe that there will be greater awareness and need for ophthalmology services.

Meanwhile, rising affluence in our markets will also lead to more patients seeking out private eye care services to avoid the long queues at public hospitals and to avail themselves of the higher quality of care traditionally associated with private healthcare.

APPRECIATION

In closing, I want to thank all our medical staff, the management team and supporting employees who have made it possible to achieve a record year. Our performance reflects your hard work and dedication to patient care and your commitment to always putting your best foot forward.

I would also like to express my appreciation to my fellow directors on the Board for the wise guidance and counsel you had given the Group during the year.

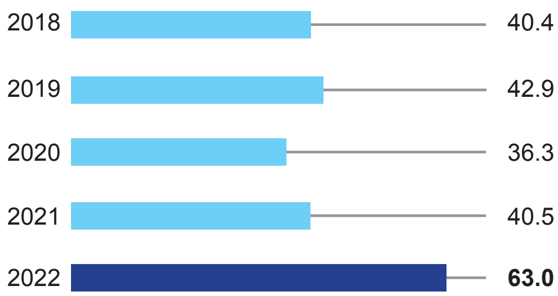
On behalf of the Group, I would like to thank all shareholders for your conviction in ISEC Healthcare's ability to deliver returns to you and finally, I would like to thank our business partners for your collaboration and our patients for placing your trust in our services.

CHONG WENG HOE
Non-Executive Chairman and Independent Director

FINANCIAL REVIEW

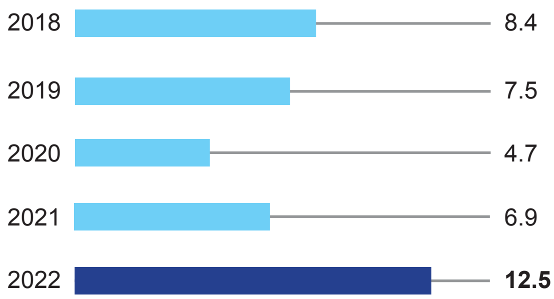
REVENUE (S$'m)

S$63.0m
FY2022



PROFIT ATTRIBUTABLE TO SHAREHOLDERS (S$'m)

S$12.5m
FY2022



INCOME STATEMENT

The Group's revenue for the year came in at S$63.0 million, a 56% jump from S$40.5 million in FY2021, on the back of higher contributions from its two business segments and all three geographical markets.

Revenue from specialised health services rose 59% to S$58.5 million largely due to a significant increase in patient visits and business activities as the respective countries of operations – Singapore, Malaysia and Myanmar, lifted travel restrictions and eased social distancing measures during the year. The newly acquired IE Centre Sdn. Bhd. ("IE Centre") and Kampar Eye Sdn. Bhd. ("Kampar Eye" and together with IE Centre, the "Acquisition") contributed revenue of S$6.0 million in FY2022. The Group's general healthcare services also saw revenue increasing 20% to S$4.4 million with improving business activities from performing COVID-19 swab tests.

Geographically, revenue from Singapore, Malaysia and Myanmar grew 27%, 63% and 93% to S$11.3 million, S$49.7 million and S$1.9 million respectively, with Malaysia still accounting for the biggest share at 79% in FY2022.

Growing in tandem, gross profit rose 61% to S$28.8 million in FY2022 from S$17.9 million in FY2021, while gross profit margin expanded 1.5 percentage points to 45.7% in FY2022 from 44.2% in FY2021, arising from better cost management and efficiency in covering fixed costs such as depreciation expenses in medical equipment.

In line with increased business activities, and costs relating to the Acquisition, administrative expenses rose 20% to S$10.3 million in FY2022 compared to S$8.6 million in FY2021. Other expenses increased to S$1.5 million in FY2022 from S$0.7 million in FY2021, due to S$0.5 million increase in exchange loss from further weakening of Malaysian Ringgit and Myanmar Kyat against Singapore Dollar, as well as loss on disposal of an associate, I Medical & Aesthetics Pte. Ltd. during the year.

Consequently, net profit for the year surged 85% to S$12.7 million in FY2022 compared to S$6.9 million in FY2021.

BALANCE SHEET

The Group's total assets expanded to S$110.3 million as at 31 December 2022 from S$87.7 million as at 31 December 2021.

Non-current assets increased S$22.8 million to S$82.7 million as at 31 December 2022 mainly due to (i) property, plant and equipment additions and renovations arising from the acquisition of IE Centre, Kampar Eye, TE Centre, ME Centre and Taiping Eye of S$2.9 million; (ii) property, plant and equipment of S$6.0 million from renovation expenditures for Penang and Kuching clinics, and acquisition of a building by Taiping Eye post-acquisition; (iii) right-of-use assets of S$4.3 million from the Acquisition; (iv) right-of-use assets of S$2.5 million from the leasing of clinic/office premises and medical equipment; and (v) goodwill of S$14.1 million from the acquisition of IE Centre, Kampar Eye, TE Centre, ME Centre and Taiping Eye.

FINANCIAL REVIEW

The increase in non-current assets was partially offset by (i) currency translation loss of S$1.8 million on goodwill arising from the acquisition of foreign subsidiaries; (ii) currency translation loss of S$0.8 million on property, plant and equipment; (iii) currency translation loss of S$0.5 million on right-of-use assets; (iv) amortisation expenses of S$0.5 million on intangible assets; (v) depreciation expenses of property, plant and equipment of S$1.2 million; (vi) depreciation expenses of right-of-use assets of S$1.8 million; (vii) disposal of investment in associate of S$0.2 million; and (viii) refund received in relation to deposit of S$0.2 million as 1% earnest deposit payment for the intended acquisition of property by ISEC KL, upon the rescission of the sales and purchase agreement.

Current assets declined S$0.2 million to S$27.6 million as at 31 December 2022 from S$27.8 million a year ago on a decrease in cash and cash equivalents of S$1.9 million (refer to review of cash flows). This was partially offset by a net increase in trade receivables of S$1.2 million and an increase in inventories of S$0.6 million, following an increase in the Group's business activities.

Total liabilities as at 31 December 2022 rose S$10.6 million to S$29.0 million compared to S$18.4 million as at 31 December 2021. Non-current liabilities expanded S$5.0 million to S$12.9 million largely on (i) net increase in lease liabilities of S$4.4 million arising from the Acquisition; (ii) balance of purchase consideration of S$1.0 million due to vendors of the Acquisition; and (iii) the inclusion of bank loan of S$0.5 million undertaken by ME Centre on 26 May 2022. The increase was partially offset by partial repayment of bank loan (principal and interest) of S$0.9 million for the purchase of freehold land and building by the Company's indirect subsidiary, ISEC Penang Sdn. Bhd.

The S$5.6 million increase in current liabilities to S$16.1 million as at 31 December 2022 was mainly attributable to (i) increase in other payables of S$3.3 million arising from balance of cash consideration payable to the vendors in relation to the Acquisition of S$3.3 million, renovation and fixed assets additions for ISEC Kuching of S$0.2 million and from newly acquired subsidiaries – IE Centre, Kampar Eye and TE Centre of S$0.2 million; (ii) increase in payroll payables of S$0.6 million arising from increased business activities leading to higher staff-related remuneration and bonuses of S$0.2 million and S$0.4 million from the Acquisition; (iii) increase in advances of S$0.4 million arising from newly acquired subsidiaries – TE Centre, ME Centre and Taiping Eye; (iv) increase in trade payables of S$0.4 million due to additions from the Acquisition; and (v) net increase in current income tax payable of S$0.8 million arising from increase in tax provision, due to increased business operations, less tax payment of S$3.5 million. This increase was partially offset by repayment of the balance purchase consideration for the acquisition of Indah Specialist of S$0.6 million.

CASH FLOW STATEMENT

The Group's cash and cash equivalents stood at S$20.6 million as at 31 December 2022 compared to S$22.5 million as at 31 December 2021.

In FY2022, the Group generated net cash from operating activities of S$17.9 million, up from S$12.3 million a year ago. This comprised operating cash flows before working capital changes of S$20.8 million and changes in working capital inflow of S$0.5 million from trade and other receivables of S$0.5 million and trade and other payables of S$0.5 million, partially offset by a decline in inventories of S$0.5 million arising from increased business activities, less income tax paid amounting to S$3.5 million.

Net cash used in investing activities amounted to S$11.6 million in FY2021 due to payment for purchase of property, plant and equipment of S$5.7 million; acquisition of subsidiaries, net of cash acquired, of S$5.5 million; and repayment of cash consideration for the acquisition of Indah Specialist of S$0.6 million. The cash outflow was partially offset by the receipt of interest income of S$0.2 million.

S$7.2 million net cash was used in financing activities in FY2022, for the final dividend payment of S$1.7 million for FY2021 and first interim dividend payment of S$2.8 million for FY2022, repayment of lease liabilities and its corresponding finance costs of S$2.1 million, and repayment of bank loan and its corresponding interest expense of S$0.9 million.

BOARD OF DIRECTORS

BOARD OF DIRECTORS

MR CHONG WENG HOE, 58

NON-EXECUTIVE CHAIRMAN AND INDEPENDENT DIRECTOR

Date of Appointment

1 July 2021

Date of Last Re-appointment

22 April 2022

Country of Principal Residence

Singapore

The Board's comments on this re-election (including rationale, selection criteria, and the search and nomination process)

Not applicable, Mr Chong is not subject to re-election in FY2022.

Whether appointment is executive, and if so, the area of responsibility

Non-Executive

Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)

- Chairman of the Board
- Chairman of Audit Committee
- Member of Nominating Committee
- Member of Remuneration Committee

Professional Qualifications

- Bachelor of Engineering (Electrical and Electronics), National University of Singapore
- Master of Business Administration (Accountancy), Nanyang Technological University

Working experience and occupation(s) during the past 10 years

August 2016 to Present
Executive Vice President, Global Head of Service Line for EMC (Electromagnetic Compatibility), TÜV SÜD Asia Pacific Pte Ltd

July 2013 to August 2016
Board Director, TÜV SÜD PSB Pte Ltd (Previously known as PSB Corporation/SISIR)

January 2008 to July 2013
Chief Executive Officer, TÜV SÜD PSB Pte Ltd (Previously known as PSB Corporation/SISIR)

Other principal commitments including directorships

(a) **Past (for the last 5 years)**

Directorships

- TÜV SÜD PSB Malaysia Sdn Bhd
- TÜV SÜD PSB Vietnam Ltd
- TÜV SÜD PSB Philippines Inc
- PT TÜV SÜD PSB Indonesia
- TÜV SÜD PSB Thailand Ltd
- Regal International Group Ltd
- Singapore Paincare Holdings Limited

Other Principal Commitments (for the last 5 years)

Partner, Globalbev Investment LLP

(b) **Present**

Directorships

- Keong Hong Holdings Limited
- HC Surgical Specialists Limited
- Hong Fok Corporation Limited

Other Principal Commitments

Nil

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

Nil

Conflict of Interest (including any competing business)

Nil

Shareholding interest in the listed issuer and its subsidiaries

Nil

Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer

Yes

Disclose the matters in items (a) to (k) listed in Appendix 7F concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.

Mr Chong had responded negative to items (a) to (k) listed in Appendix 7F of the Catalist Rules.

DR LEE HUNG MING, 59

EXECUTIVE VICE-CHAIRMAN

Date of Appointment

2 January 2014

Date of Last Re-appointment

21 April 2021

Country of Principal Residence

Singapore

The Board's comments on this re-election (including rationale, selection criteria, and the search and nomination process)

Not applicable, Dr Lee is not subject to re-election in FY2022.

Whether appointment is executive, and if so, the area of responsibility

Executive. Dr Lee is a Senior Consultant Ophthalmologist and has been spearheading Asia Pacific Eye Centre as Centre Director since 2007. Dr Lee oversees the Group's Singapore operations as well as spearhead overseas mergers and acquisitions. Dr Lee has also been an ex-officio member of our Medical Board.

Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)

Executive Vice-Chairman

Professional Qualifications

- MBBS (Bachelor of Medicine and Bachelor of Surgery) National University of Singapore
- M. Med (Ophth) FRCS (Master of Medicine in Ophthalmology), National University of Singapore
- FRCS (Fellow of the Royal College of Edinburgh Scotland)
- FAMS (Fellow of the Academy of Medicine, Singapore)

Working experience and occupation(s) during the past 10 years

2007 to Present
Centre Director and Senior Consultant Ophthalmologist, Asia Pacific Eye Centre at Gleneagles Hospital, Singapore

Dr Lee is a renowned LASIK and cataract specialist and is considered a key opinion leader in his fields of subspecialty, namely cornea, external eye diseases and refractive surgery, cataract and implant surgery.

BOARD OF DIRECTORS

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

Other principal commitments including directorships

(a) **Past (for the last 5 years)**
Directorships
- Oxford Capital Pte. Ltd.
- Edinburgh International Pte. Ltd.

Other Principal Commitments (for the last 5 years)
Nil

(b) **Present**
Directorships
- JL Medical (Bukit Batok) Pte. Ltd.
- JL Medical (Sembawang) Pte. Ltd.
- JL Medical (Woodlands) Pte. Ltd.
- JL Medical (Yew Tee) Pte. Ltd.
- International Specialist Eye Centre Pte. Ltd.
- ISEC Global Pte. Ltd.
- ISEC Eye Pte. Ltd.
- ISEC Sdn. Bhd.
- ISEC Myanmar Company Limited
- Glasgow Capital Pte. Ltd.
- Toronto Capital Pte. Ltd.
- Vancouver Capital Pte. Ltd.

Other Principal Commitments
Nil

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

Dr Lee is the spouse of Dr Lee Yeng Fen, a substantial shareholder of the Company and an employee of the Group. Dr Lee does not have any relationships (including immediate familial) with fellow board members, existing executive officers, the Company or any of its principal subsidiaries.

Conflict of Interest (including any competing business)

Nil

Shareholding interest in the listed issuer and its subsidiaries

Please refer to the Directors' Statement on pages 45 to 50 for Dr Lee's shareholding interest in the Company and its subsidiaries.

Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer

Yes

Disclose the matters in items (a) to (k) listed in Appendix 7F concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.

Dr Lee had responded negative to items (a) to (k) listed in Appendix 7F of the Catalist Rules.

MR LIM WEE HANN, 56

NON-EXECUTIVE AND INDEPENDENT DIRECTOR

Date of Appointment

29 September 2014

Date of Last Re-appointment

22 April 2022

Country of Principal Residence

Singapore

The Board's comments on this re-election (including rationale, selection criteria, and the search and nomination process)

Not applicable, Mr Lim is not subject to re-election in FY2022.

Whether appointment is executive, and if so, the area of responsibility

Non-Executive

Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)
- Non-Executive and Independent Director
- Member of Audit Committee
- Chairman of Nominating Committee
- Chairman of Remuneration Committee

Professional Qualifications
- Bachelor of Law (Honours), National University of Singapore
- Member of the Law Society of Singapore
- Member of the Singapore Academy of Law
- Member of the Bar Council of Malaysia

Working experience and occupation(s) during the past 10 years
September 2007 to Present
Equity Partner, Rajah & Tann Singapore LLP

September 2007 to December 2022
Equity Partner, Co-Head of the Mergers & Acquisitions Practice Group, Rajah & Tann Singapore LLP

July 2013 to Present
Equity Partner, Messrs Christopher & Lee Ong, the Malaysian member firm of Rajah & Tann Asia

February 2014 to Present
Executive Committee Member, Rajah & Tann LCT Lawyers

January 2013 to July 2013
Partner, Kamilah & Chong (Malaysia)

Mr Lim has over 32 years of experience in the legal sector and specialises in cross-border investments, private mergers and acquisitions and other corporate transactions, labour and employment law, and also has significant biotechnology, health and pharmaceutical practice background.

Other principal commitments including directorships

(a) **Past (for the last 5 years)**
Directorships
- City Facilities Management Holdings (SGP) Pte. Ltd.
- City Facilities Management (SGP) Pte. Ltd.
- Johnson Controls-Hitachi Air Conditioning Supply Singapore Pte. Ltd.
- R&T Vietnam LLC

Other Principal Commitments (for the last 5 years)
Nil

(b) **Present**
Directorships
- A. Menarini Asia-Pacific Holdings Pte. Ltd.

Other Principal Commitments
- Equity Partner, Rajah & Tann Singapore LLP
- Equity Partner, Messrs Christopher & Lee Ong

BOARD OF DIRECTORS

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

Nil

Conflict of Interest (including any competing business)

Nil

Shareholding interest in the listed issuer and its subsidiaries

Please refer to the Directors' Statement on pages 45 to 50 for Mr Lim's shareholding interest in the Company and its subsidiaries.

Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer

Yes

Disclose the matters in items (a) to (k) listed in Appendix 7F concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.

Mr Lim had responded negative to items (a) to (k) listed in Appendix 7F of the Catalist Rules.

MR CHEN BANG, 57

NON-EXECUTIVE AND NON-INDEPENDENT DIRECTOR

Date of Appointment

27 December 2019

Date of Last Re-appointment

24 June 2020

Country of Principal Residence

People's Republic of China

The Board's comments on this re-election (including rationale, selection criteria, and the search and nomination process)

The re-election of Mr Chen as a Non-Independent and Non-Executive Director was recommended by the Nominating Committee and approved by the Board, after taking into consideration Mr Chen's qualifications, expertise and past experiences and overall contribution since he was appointed as a Director of the Company.

Whether appointment is executive, and if so, the area of responsibility

Non-Executive

Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)

Non-Executive and Non-Independent Director

Professional Qualifications

- Master of Business Administration, Hunan University

Working experience and occupation(s) during the past 10 years

2003 to Present
Chairman, Aier Eye Hospital Group Co., Ltd., listed on the Shenzhen Stock Exchange

Mr Chen has been widely recognised for his entrepreneurship and was awarded "Most Respected Chairman of Chinese Listed Company" in 2011 and 2012 and named "EY Entrepreneur of The Year" in 2014. In addition, Mr Chen was also named "China Most Influential Leader of Listed Company" in 2014, 2015, 2018 and 2019, as well as "Top 10 China's Most Influential Brander" in 2018. For his philanthropic work, Mr Chen was given the "Hunan Charity Award" in 2015 and China Charity Award in 2021.

Other principal commitments including directorships

(a) **Past (for the last 5 years)**
Directorships
- Xian Aier Gucheng Eye Hospital Co., Ltd.
- Jinan Aier Eye Hospital Co., Ltd.
- Heze Aier Eye Hospital Co., Ltd.
- Shenyang Aier Excellence Eye Hospital Co., Ltd.
- Shenyang Aier Eye Hospital Co., Ltd.
- Hunan Liangjing Medical Management Co., Ltd.
- Shaoxing Aier Eye Hospital Co., Ltd.
- Hefei Aier Eye Hospital Co., Ltd.
- Wuhan Aier Eye Hanyang Hospital Co., Ltd.
- Yueyang Aier Eye Hospital Co., Ltd.
- Liaoning Aier Eye Hospital Co., Ltd. (formerly known as "Shenyang Aier Optometry Hospital Co., Ltd.")
- Hunan Jishi Internet Technology Co., Ltd.
- Changchun Aier Eye Hospital Co., Ltd.
- Lanzhou Aier Eye Hospital Co., Ltd.
- Taiyuan Aier Eye Hospital Co., Ltd.
- Shaoguan Aier Eye Hospital Co., Ltd.
- Jilin Aier Eye Hospital Co., Ltd.
- Beijing Aier Yingzhi Eye Hospital Co., Ltd.
- Nanchang Aier Eye Hospital Co., Ltd.
- Shenzhen Aier Eye Hospital Co., Ltd.
- Huizhou Aier Eye Hospital Co., Ltd.
- Xiangyang Aier Eye Hospital Co., Ltd.
- Guangzhou Aier Eye Hospital Co., Ltd.
- Shaoyang Aier Eye Hospital Co., Ltd.
- Wuhan Aier Eye Hospital Co., Ltd.
- Hengyang Aier Eye Hospital Co., Ltd.
- Nanjing Aier Eye Hospital Co., Ltd.
- Huangshi Aier Eye Hospital Co., Ltd.
- Shanghai Aier Eye Hospital Co., Ltd.

Other Principal Commitments (for the last 5 years)
Nil

(b) **Present**
Directorships
- Aier Eye International (Singapore) Pte. Ltd.
- Clinica Baviera, S.A., listed on the Madrid Stock Exchange
- Aier (U.S.A) International Holdings Inc.
- Aier Eye International (Hongkong) Limited
- Asia Medicare Group Limited
- Asia Medicare (HK) Limited
- Asia Eye Care Limited
- Aier Medical Investment Group Co., Ltd
- Aier Eye Hospital Group Co., Ltd.
- Zhongchuang Qianhai Capital Co., Ltd.
- Lhasa Liangshi Venture Capital Co., Ltd.
- Hunan Aier Property Investment Development Co., Ltd.
- Shenzhen Liangjing Investment Co., Ltd.
- Wuzhou Liangjing Investment Co., Ltd.
- Wuhan Jinxing Investment Management Co., Ltd.

BOARD OF DIRECTORS

- Shanghai Liangjing Medical Investment Management Co., Ltd.
- Beijing Licheng Gongchuang Consulting Co., Ltd.
- Shenyang Liangjing Investment Management Co., Ltd.
- Hunan Jiaxing Investment Property Co., Ltd.
- Hunan Aier Healthcare Industrial Development Co., Ltd.
- Shaoxing Aier Eye Hospital Co., Ltd.

Other Principal Commitments
Nil

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

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

Conflict of Interest (including any competing business)

Mr Chen is the Chairman and controlling shareholder of Aier Eye Hospital Group Co., Ltd. ("Aier") and its subsidiaries (together the "Aier Group") whose main business is similar to the Company. As at the date of this Annual Report, Aier Group has no business in Southeast Asia other than those carried out by the Group.

Shareholding interest in the listed issuer and its subsidiaries

Please refer to the Directors' Statement on pages 45 to 50 for Mr Chen's shareholding interest in the Company and its subsidiaries.

Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer

Yes

Disclose the matters in items (a) to (k) listed in Appendix 7F concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.

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

MR LI LI, 57
NON-EXECUTIVE AND
NON-INDEPENDENT DIRECTOR

Date of Appointment

25 March 2020

Date of Last Re-appointment

24 June 2020

Country of Principal Residence
People's Republic of China

The Board's comments on this re-election (including rationale, selection criteria, and the search and nomination process)

The re-election of Mr Li as a Non-Executive and Non-Independent Director was recommended by the Nominating Committee and approved by the Board, after taking into consideration Mr Li's expertise and past experiences and overall contribution since he was appointed as a Director of the Company.

Whether appointment is executive, and if so, the area of responsibility

Non-Executive

Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)

Non-Executive and Non-Independent Director

Professional Qualifications

Not applicable

Working experience and occupation(s) during the past 10 years
2003 to Present
Vice-Chairman and Chief Executive Officer, Aier Eye Hospital Group Co., Ltd., listed on the Shenzhen Stock Exchange

Mr Li was recognised for his outstanding entrepreneurship and leadership in 2018 with the "Outstanding Entrepreneur Award" by Changsha High-Tech Zone. In 2020, he was ranked 23rd on "2020 Forbes China Best CEO". In 2021, Mr Li was elected as Corporate Representative for Aier Eye Hospital Group on the Board of World Association of Eye Hospitals ("WAEH"), the global association of eye hospitals, and the global umbrella body for the regional associations of eye hospitals. He is also a strong advocate of education, having established AIER School of Ophthalmology, AIER School of Optometry, AIER Ophthalmology Institute, AIER Institute of Optometry and others, since 2015. He is also the dean of AIER Management School, honorary lifetime supervisor of Eye Care Foundation, Vice Chairman of Ophthalmology Committee in Chinese non-government Medical Institution Association and group leader of Ophthalmic Management.

Other principal commitments including directorships

(a) **Past (for the last 5 years)**
Directorships
- Taian Bright Aier Eye Hospital Co., Ltd.
- Xiangtan Aier Eye Hospital Co., Ltd.
- Huaibei Aier Eye Hospital Co., Ltd.
- Shuangfeng Aier Eye Hospital Co., Ltd.
- Chengdu Mega Eye Center Co., Ltd.
- Kunming Aier Eye Hospital Co., Ltd.
- Xianning Aier Eye Hospital Co., Ltd.
- Gejiu Aier Eye Hospital Co., Ltd.
- Chongqing Aier Eye Hospital Co., Ltd.
- Harbin Aier Eye Hospital Co., Ltd.
- Tianjin Aier Eye Hospital Co., Ltd.
- Changde Aier Eye Hospital Co., Ltd.
- Chongqing Nanping Aier Eye Hospital Co., Ltd. (formerly known as Chongqing Aier Mega Eye Hospital Co., Ltd.)
- Huzhou Aier Eye Hospital Co., Ltd.
- Nanchong Aier Mega Eye Hospital Co., Ltd.
- Beijing Aier Yingzhi Eye Hospital Co., Ltd.
- Chaoyang Aier Optometry Clinic Co., Ltd.
- Chaoyang Eye Hospital Co., Ltd.
- Shanxi Aier Eye Hospital Co., Ltd.
- Dashiqiao Aier Eye Hospital Co., Ltd.
- Yongzhou Aier Eye Hospital Co., Ltd.
- Yicheng Aier Eye Hospital Co., Ltd.
- Foshan Aier Eye Hospital Co., Ltd.
- Jingzhou Aier Eye Hospital Co., Ltd.
- Changsha Xiangjiang Aier Eye Hospital Co., Ltd.
- Huaihua Aier Eye Hospital Co., Ltd.
- Jiangling Aier Eye Clinic Co., Ltd.
- Zhengzhou Aier Eye Hospital Co., Ltd.
- Wuhan Hankou Aier Eye Hospital Co., Ltd.
- Xvchang Aier Eye Hospital Co., Ltd.
- Wuhan Qingshan Aier Eye Clinic Co., Ltd.
- Guangzhou Aier Eye Hospital Co., Ltd.

BOARD OF DIRECTORS

- Qingyuan Aier Eye Hospital Co., Ltd.
- Wuhan Huangpi Aier Eye Clinic Co., Ltd.
- Wuhan Jiangxia Aier Eye Clinic Co., Ltd.
- Ningbo Haishu Aier Bright Eye Clinic Co., Ltd.
- Nanning Aier Eye Hospital Co., Ltd.
- Wuhan Aier Eye Hospital Co., Ltd.
- Dongguan Aier Eye Hospital Co., Ltd.
- Huanggang Aier Eye Hospital Co., Ltd.
- Shaoguan Aier Eye Hospital Co., Ltd.
- Yiyang Aier Eye Hospital Co., Ltd.
- Yichang Aier Eye Hospital Co., Ltd.
- Huangshi Aier Eye Hospital Co., Ltd.
- Jingmen Aier Eye Hospital Co., Ltd.
- Shanghai Aier Eye Hospital Co., Ltd.
- Wuhan Caidian Aier Eye Clinic Co., Ltd.
- Chengdu Aier Eye Hospital Co., Ltd.

Chairmanships
- Binzhou Hubin Aier Eye Hospital Co., Ltd.
- Guiyang Aier Eye Hospital Co., Ltd.
- Loudi Aier Eye Hospital Co., Ltd.
- Xiaogan Aier Eye Hospital Co., Ltd.
- Chenzhou Aier Eye Hospital Co., Ltd.
- Jiujiang Aier Zhongshan Eye Hospital Co., Ltd.

Supervisors of Supervisory Board
- Liaoning Aier Eye Hospital Co., Ltd.
- Hunan Liangjing Medical Management Co., Ltd.

Other Principal Commitments (for the last 5 years)
Nil

(b) Present
Directorships
- Aier Global Vision Care Management Co. Limited
- Clínica Baviera, S.A., listed on the Madrid Stock Exchange
- Aier (U.S.A) International Holdings Inc.
- Asia Medicare Group Limited
- Aier Eye Hospital Group Co., Ltd.
- Beijing Sading Investment Co., Ltd.
- Shijiazhuang Aier Eye Hospital Co., Ltd.
- Ningbo Aier Bright Eye Hospital Co., Ltd.
- Hunan Aier Healthcare Industrial Development Co., Ltd.
- Shenzhen Sading Hengshun Investment Co., Ltd.
- Foshan Chancheng Aier Eye Clinic Co., Ltd.
- Foshan Chancheng Aier Eye Outpatient Co., Ltd.

Chairmanship
- Zhuzhou 331 Aier Eye Hospital Co., Ltd.

Supervisors of Supervisory Board
- Beijing Licheng Gongchuang Consulting Co., Ltd.
- Hunan Aier Property Investment Development Co., Ltd.

Other Principal Commitments
- Vice Chairman, Chief Executive Officer, Member of Remuneration Committee, Member of Strategy Committee, Aier Eye Hospital Group Co., Ltd.

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

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

Conflict of Interest (including any competing business)

Mr Li is the Vice-Chairman and CEO of Aier Eye Hospital Group Co., Ltd. ("Aier") and its subsidiaries (together the "Aier Group") whose main business is similar to the Company. As at the date of this Annual Report, Aier Group has no business in Southeast Asia, other than those carried out by the Group.

Shareholding interest in the listed issuer and its subsidiaries

Please refer to the Directors' Statement on pages 45 to 50 for Mr Li's shareholding interest in the Company and its subsidiaries.

Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer

Yes

Disclose the matters in items (a) to (k) listed in Appendix 7F concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.

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

MS ZHANG YONGMEI, 42
NON-EXECUTIVE AND
NON-INDEPENDENT DIRECTOR

Date of Appointment

27 December 2019

Date of Last Re-appointment

22 April 2022

Country of Principal Residence

People's Republic of China

The Board's comments on this re-election (including rationale, selection criteria, and the search and nomination process)

Not applicable, Ms Zhang is not subject to re-election in FY2022.

Whether appointment is executive, and if so, the area of responsibility

Non-Executive

Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)
- Non-Executive and Non-Independent Director
- Member of Audit Committee
- Member of Nominating Committee
- Member of Remuneration Committee

Professional Qualifications
- Bachelor of Science, Tongji University
- Master of Business Administration, Fudan University
- Non-practising member, the Chinese Institute of Certified Public Accountants

Working experience and occupation(s) during the past 10 years
2014 to Present
Global Strategy and Business Development Director, Aier Eye Hospital Group Co., Ltd.

2012 to 2014
Corporate Development Senior Manager, Best Buy Corporation

BOARD OF DIRECTORS

Other principal commitments including directorships

(a) Past (for the last 5 years)
Directorships
- Dali Aier Eye Hospital Co., Ltd
- Yunnan Aiwei Medical Investment Co., Ltd (formerly known as "Yunnan Huashan Medical Investment Co., Ltd")

Other Principal Commitments (for the last 5 years)
Nil

(b) Present
Directorships
- Aier Global Vision Care Management Co. Limited
- Aier-Rimonci Vision Technology Incubation Limited
- Aier Eye International (Singapore) Pte. Ltd.
- Clinica Baviera, S.A., listed on the Madrid Stock Exchange
- Aier Eye International (Europe), S.L.U.
- Binzhou Hubin Aier Eye Hospital Co., Ltd
- Aier (U.S.A) International Holdings Inc.
- Asia Medicare (HK) Ltd.
- Asia Eye Care Ltd.

Other Principal Commitments
Nil

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

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

Conflict of Interest (including any competing business)

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

Shareholding interest in the listed issuer and its subsidiaries

Nil

Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer

Yes

Disclose the matters in items (a) to (k) listed in Appendix 7F concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.

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

EXECUTIVE OFFICERS

DR WONG JUN SHYAN
CHIEF EXECUTIVE OFFICER

Dr Wong Jun Shyan, who is residing in Malaysia, is one of the founding members of ISEC KL and an ex-officio member of our Medical Board. He has been a Consultant Ophthalmologist in our Group since 2007. Dr Wong is considered a key opinion leader in his fields of subspecialty and is an Honorary Part-Time Lecturer for the Department of Optometry, Faculty of Allied Health Sciences in Universiti Kebangsaan Malaysia.

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

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

DR FANG SENG KHEONG
CHAIRMAN OF MEDICAL BOARD

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

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

Dr Fang has been a life member of the Malaysian Medical Association since 1992 and is also a member of numerous medical associations including the College of Surgeons Malaysia, College of Ophthalmologist, Academy of Medicine Malaysia, and Asia-Pacific Glaucoma Society for which he was elected as President in 2022 after being the Honorary Secretary since 2012. He is also a founding member of the Malaysian Society of Ophthalmology and Malaysian Glaucoma Society. He has received Distinguished Service Award from APAO in 2007, the Asian Angle Closure Glaucoma Club in 2012, MSO in 2017, Asian Economic Community Ophthalmology Meeting in 2018, and Achievement award from the APAO in 2016.

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

DR CHOONG YEE FONG
KUALA LUMPUR CENTRE DIRECTOR

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

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

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

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

EXECUTIVE OFFICERS

DR ROBERT YEO KIM CHUAN
MALACCA CENTRE DIRECTOR

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

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

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

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

DR ALAN ANG
PENANG CENTRE DIRECTOR

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

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

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

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

DR SHIN HOY CHOONG
IPOH CENTRE DIRECTOR

Dr Shin Hoy Choong is the founder of the Ipoh Eye Specialist Centre, a multidisciplinary eye care centre based in Ipoh, Malaysia in 2010, and later expanded its footprint to Kampar, Malaysia in 2018. Dr Shin was appointed as Ipoh Centre Director of the Group on 31 August 2022. He is also currently the Medical Director cum Consultant Ophthalmologist of ISEC Perak division, overseeing both ISEC centres in Ipoh and Kampar.

Dr Shin is a member of the Malaysia Medical Association and the Academy of Medicine Malaysia. He is also the medical advisor for multiple local associations.

Dr Shin is an experienced cataract and refractive surgeon. He set up a state-of-the-art cataract and refractive suite in Ipoh, and has performed more than 30,000 cataract, refractive, eyelid and glaucoma surgeries to-date.

Dr Shin graduated with a Bachelor of Medicine and Surgery (MBBS) from the prestigious University Malaya in 2000 and Master of Ophthalmology (MMED OPH UM/distinction) from University Malaya in 2009.

MS ELYSE LOW
CHIEF FINANCIAL OFFICER

Ms Elyse Low joined the Group in September 2014 as a Finance Manager, and was appointed as Chief Financial Officer of the Group in February 2020. She is responsible for overseeing the Group's accounting, finance, and regulatory compliance functions. Ms Low also assists the Group's CEO on merger and acquisition activities.

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

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

CORPORATE SOCIAL RESPONSIBILITY

As one of the leading providers of medical eye care services in the region, we are conscious of how the Group's business practices may impact the environment and mindful that it is within our ability to make positive contributions to the communities in which we operate.

COMMITMENT TO COMMUNITY AND PATIENTS

On World Sight Day in October 2022, our doctors and staff based in Kuala Lumpur conducted more than 40 complimentary eye screenings for the elderly and needy to help in early detection of eye conditions, if any. They also provided free consultation to those with any eye care concerns.

In collaboration with Perak Hainan Youth and Manjung Hainan Association, ISEC Ipoh held an Eye Health Talk and Eye Screening event to an audience of 80, to share our knowledge and expertise on eye health and the different tell-tale signs of eye conditions and diseases. The collaboration was a great success with strong support from Topcon Team and Mandarin Optic Team.

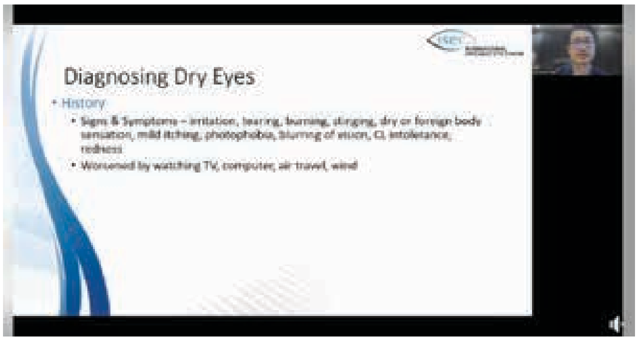
COMMITMENT TO EDUCATION

ISEC Healthcare is committed to educate the future generation through specially curated courses as well as sharing our expertise and knowledge at eyecare-related seminars and symposiums.

In 2022, a few of our experienced surgeons at ISEC KL curated a continuing professional development programme tailored for trainee ophthalmologists. The programme covers a number of topics from the handling of complicated cataract surgery, one-on-one guidance on phacoemulsification surgery to advanced cataract course. In December 2022, the ISEC Advanced Phacoemulsification Cataract Surgery Course conducted by six of ISEC Healthcare faculty members received positive feedback from the participants.

CORPORATE SOCIAL RESPONSIBILITY

ISEC Ipoh team conducted an interactive session with students from the Pharmaceutical Technology department of Universiti Kuala Lumpur Royal College of Medicine Perak. It was a very interesting session where we were able to share our opinions and expertise on eyecare knowledge.



Our ISEC Annual Symposium, which is conducted online by our medical specialists, covers topics that help and educate primary care providers. Topics covered this year include On Dry Eyes, Are We Too Short-sighted, Corneal Diseases and Glaucoma Treatment. Contents covered are shared on ISEC's Facebook page.

COMMITMENT TO EMPLOYEES

After a long hiatus due to the COVID-19 pandemic, ISEC KL was able to restart our series of lectures on Continuing Medical Education that are extended to all our staff from clinical assistants, senior nursing staff to cashiers. These lectures are critical to improving the level of knowledge and understanding of common eye conditions and in turn help our staff to deliver a more holistic and comprehensive care to our patients.

We conducted a refresher course on basic life support procedures for our medical and paramedical staff, with support from the St. John Ambulance of Malaysia, to keep them updated on life-saving skills.

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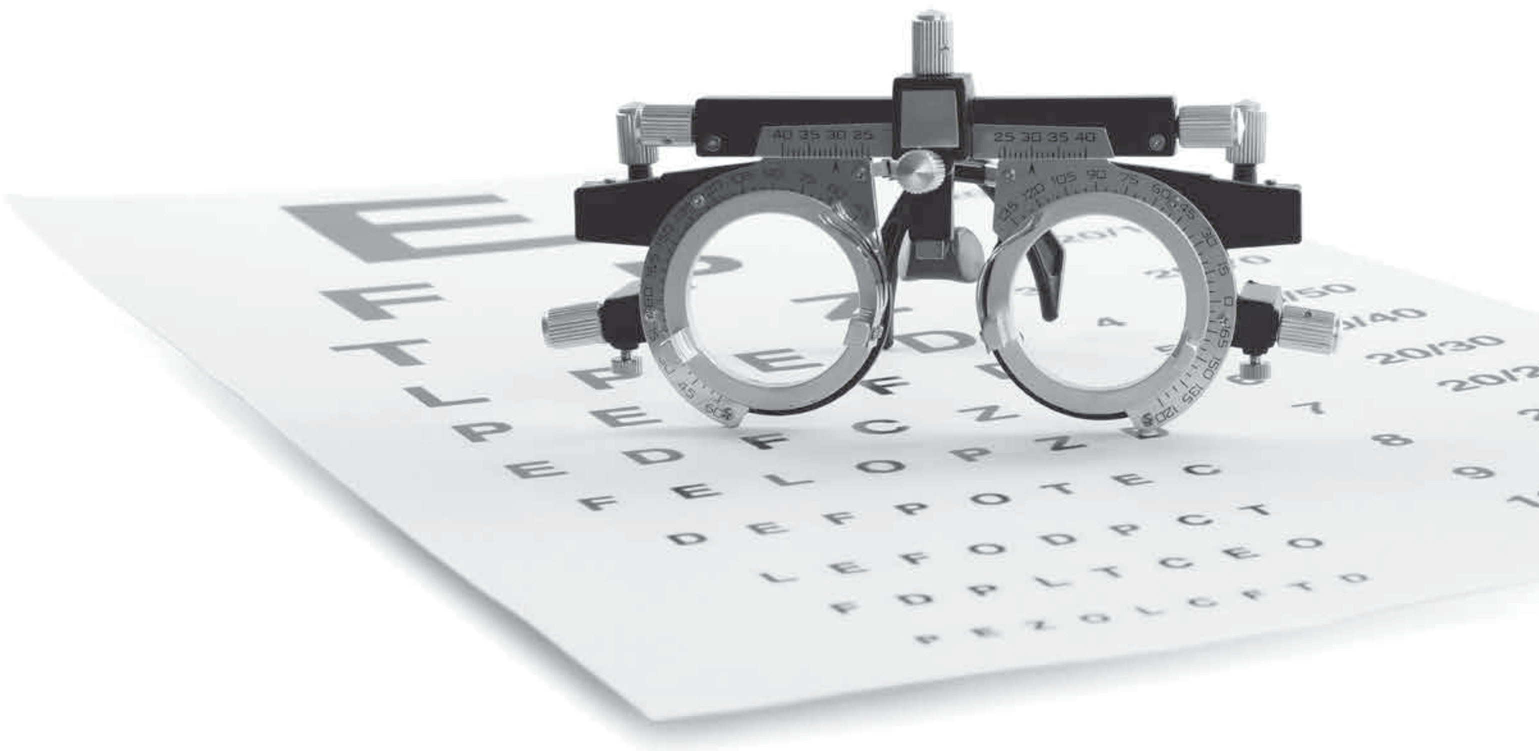

REPORT ON CORPORATE GOVERNANCE

The Board of Directors (the "**Board**") and the management (the "**Management**") of ISEC Healthcare Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") are committed to maintain a high degree of corporate governance and transparency for the benefit of all its stakeholders. For the financial year ended 31 December 2022 ("**FY2022**"), the Board and the Management are pleased to confirm that the Company has adhered to the principles and provisions of the Code of Corporate Governance 2018 (the "**Code**") and its related practice guidance ("**PG**, where applicable pursuant to Rule 710 of Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") issued by the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

This report outlines the Company's corporate governance practices, processes and structure that were in place during FY2022, with specific reference to the principles and provisions of the Code and the disclosure guide developed by the SGX-ST in January 2015 (the "**Guide**"). Where there is a deviation from the Code, proper explanation of the reason for variation and how the practices it had adopted are consistent with the intent of the relevant principle have been explicitly stated in this annual report.

BOARD MATTERS

The Board's Conduct of its Affairs

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

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

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

The Board is entrusted with and committed to, oversight of the business performance and business affairs of the Group, sets appropriate tone-from-the-top and desired organisational culture and Code of Conduct and Ethics, ensures proper accountability within the Group and seeks to ensure that obligations to shareholders and other stakeholders are understood and met.

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

- Board authorisation limits;
- Interested persons transactions amounting to and exceeding S$100,000;

REPORT ON CORPORATE GOVERNANCE

- Bank mandates and facilities;
- Appointment and re-election of Directors at any time;
- Salaries and benefits/allowances of the members of the Board and key management personnel;
- Share options and performance share schemes;
- Investments, mergers and acquisitions ("**M&A**") transactions and divestments;
- Independent valuation reports prior to making any investments, M&A transactions and divestments decisions;
- Annual business strategy and the financial budget;
- Significant capital expenditure and purchase of major assets;
- Public announcements and responses to the SGX-ST and/or other regulators;
- Dividend decisions;
- Audited financial statements if deemed satisfactory and are true and fair after review; and
- Composition of the Medical Board that handles potential medico-legal matters.

The Board members attend and actively participate in Board and Board Committee meetings. The scheduled meetings were held on a quarterly basis during FY2022 to review, inter alia, the Company's and the Group's operations and financial results. Additional meetings are convened as and when circumstances warrant. The Management provides the Board members with complete, adequate and timely relevant material and information prior to meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities. Board members with multiple board representations will ensure that sufficient time and attention are given to the affairs of the Company. The Constitution of the Company (the "**Constitution**") allows Board meetings to be conducted via any form of audio or audio-visual communication. The Directors are free to discuss any information or views presented by any member of the Board and the Management. Directors facing conflicts of interest recuse themselves from meetings, discussions and decisions involving the issues of conflict.

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

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

REPORT ON CORPORATE GOVERNANCE

The attendance record of each Director at meetings of the Annual General Meeting ("**AGM**"), Board and Board Committees during the FY2022 is disclosed below:

	AGM	Board	AC	NC	RC
Number of meetings held in FY2022	**1**	**4**	**4**	**1**	**2**
Name of Director	**Number of meetings attended in FY2022**				
Mr Chong Weng Hoe	1	4	4	1	2
Dr Lee Hung Ming	1	4	–	–	–
Mr Lim Wee Hann	1	4	4	1	2
Mr Chen Bang	1	4	–	–	–
Mr Li Li	1	4	–	–	–
Ms Zhang Yongmei	1	4	4	1	2

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

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

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

The Directors may join institutes and group associations of specific interests, and attend relevant training seminars or informative talks from time to time so that they are in a better position to discharge their duties. The Company encourages the Directors to attend courses in areas of Directors' duties and responsibilities, corporate governance, changes in financial reporting standards, climate and sustainability, insider trading, changes in the Companies Act 1967 (the "**Companies Act**") and industry-related matters, to develop themselves professionally, at the Company's expense.

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

REPORT ON CORPORATE GOVERNANCE

For FY2022, briefings, updates and trainings for the Directors included:

- briefing by the external auditor ("**EA**") on changes to accounting standards at the AC meetings;
- briefing by the external sustainability consultant on Catalist Rules updates on sustainability reporting;
- training on sustainability matters conducted by Singapore Institute of Directors; and
- updates by the Company Secretary on amendments to the Companies Act and Catalist Rules, from time to time.

During the financial year, all the Directors attended training on sustainability matters which was mandated by the SGX-ST with effect from 1 January 2022.

Board Composition and Guidance

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

As at 31 December 2022, the Board comprises six Directors. There is one Executive Director, Dr Lee Hung Ming, who is an Executive Vice-Chairman of the Company. The Independent Non-Executive Directors comprise Mr Chong Weng Hoe and Mr Lim Wee Hann and the Non-Independent Non-Executive Directors comprise Mr Chen Bang, Mr Li Li and Ms Zhang Yongmei.

Details of the Directors' qualifications and experiences are set out on pages 6 to 12 of this annual report.

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

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

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

REPORT ON CORPORATE GOVERNANCE

The Board and the NC have ascertained that for FY2022, two out of its six Directors, namely Mr Chong Weng Hoe and Mr Lim Wee Hann, are independent.

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

For FY2022, the NC had reviewed the size and composition of the Board for effective decision-making, taking into account factors such as the scope and nature of the operations of the Group and the core competencies of Board members in the fields of medical, business management, accounting and finance, and professional legal services. The Non-Executive Directors are able to constructively challenge and assist in the development of the business strategies and in reviewing and monitoring of the Management's performance against set targets.

The Non-Executive Directors and/or the Independent Directors may at any time meet separately without the presence of the Management. For FY2022, the Non-Executive Directors and Independent Directors have met twice without the presence of the Management. The chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.

The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender and age. As of the date of this annual report and for FY2022, the Board composition provides a diversity of skills, experience, and knowledge to the Company as follows:

Balance and Diversity of the Board		
	Number of Directors	**Proportion of Board**
Core Competencies		
– Accounting or finance-related	2	33%
– Business and management experience	6	100%
– Research and development	2	33%
– Legal or corporate governance	5	83%
– Relevant industry knowledge	4	67%
– Strategic planning experience	6	100%

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

- Annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and

- Annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board.

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

REPORT ON CORPORATE GOVERNANCE

The Independent Directors and Non-Executive Directors contribute accounting and finance knowledge, legal expertise and business management experience to the Group, and provide the Executive Director and the Management with diverse and objective perspectives on issues considered by the Board. The Independent Directors and Non-Executive Directors also aid in developing the Group's strategic process, reviewing the performance of the Management in meeting agreed goals and objectives, and monitoring the reporting of performance and operations as an appropriate check and balance.

The Board endeavours to achieve the balance and diversity necessary to maximise its effectiveness as part of its Board diversity policy which endorses the principle that its Board should have the appropriate balance and mix of skills, knowledge, experience and other relevant aspects of diversity that support the Company in the pursuit of its strategic and business objectives, and its sustainable development. The policy seeks to promote the inclusion of different perspectives, ideas and insights and ensure that the Company can benefit from all available sources of talent.

In determining the optimum composition and size of the Board and each Board committee, the Board diversity policy provides for the NC to consider a combination of factors such as skills, knowledge, professional experience, gender, age, and length of service. The skills, knowledge and experience to be considered include accounting or finance related, business and management experience, research and development, legal or corporate governance, relevant industry knowledge, strategic planning, familiarity with regulatory requirements and knowledge of risk management, audit and internal controls.

A skills matrix is used to help identify the gaps. The skills matrix classifies the skills, knowledge and professional experience of existing Directors into several broad categories such as industry knowledge; financial markets; regulation and compliance; leadership; and also where such skills, knowledge and professional experience were acquired or utilised geographically.

Suitable candidates will then be identified, including through external search firms if required. External search firms that are engaged are instructed that diversity is a key criterion in the search and in particular, gender diversity as the Board believes that having a mixed gender Board is better able to evaluate and analyze Board issues and matters from various angles and work and life experiences. Female candidates are therefore required to be included for consideration.

Following its assessment of the candidates, the NC will then interview the short-listed candidates. The NC will thereafter make its recommendations to the Board including appointments to the appropriate Board committee(s) after matching the candidates' skills-set to the needs of each Board committee. The Board, taking into account the views of the NC, will consider if its Directors meet the criteria under its Board diversity policy and possess the necessary competencies to, through the Management, govern the Company effectively.

Following the appointment of Ms Zhang Yongmei as Non-Executive and Non-Independent Director on 27 December 2019, the Board's target to have at least one female represented on the Board has been met. The Board has maintained this target for the financial year ended 31 December 2022.

In terms of gender representation, the current Board consists of five men and one woman, or is 83% male and 17% female, and, as among the non-executive Directors, the female gender representation is 20%.

REPORT ON CORPORATE GOVERNANCE

The Board also recognises that gender diversity is only one aspect of Board diversity. In terms of qualifications and competencies, members of the Board include seasoned professionals in business and management, research and development, relevant industry knowledge, strategic planning experience, investment, financial, accounting and legal fields. The Board believes that its members' different backgrounds, experience, age, gender, tenure of service, and skill sets provide a diversity of perspectives which contribute to the quality of its decision-making. The profiles of the Directors are on pages 6 to 12 of this annual report.

The Company remains committed to implementing its Board diversity policy and any further progress made towards the implementation of such policy will be disclosed in future Corporate Governance Reports, as appropriate.

Chairman and Chief Executive Officer

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

The roles of the Chairman and Chief Executive Officer ("**CEO**") in the Company are separate and distinct. Mr Chong Weng Hoe is the Non-Executive Chairman of the Board and is also an Independent Director. Dr Wong Jun Shyan is our CEO. The Chairman and the CEO are not related to each other nor are immediate family members.

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

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

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

Board Membership

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

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

(a) making recommendations to the Board on relevant matters relating to (i) the review of Board succession plans for Directors, in particular, the Chairman, CEO and any other key management personnel, (ii) the process and criteria for evaluation of the performance of the Board, its Board Committees and its Directors, (iii) the review of training and professional development programs for the Board and its Directors; and (iv) the appointment and re-appointment of Directors (including alternate Directors, if applicable);

REPORT ON CORPORATE GOVERNANCE

(b) reviewing and determining annually, and as and when circumstances require, if a Director is independent, in accordance with the Catalist Rules, the Code and any other salient factors;

(c) reviewing the composition of the Board annually to ensure that the Board and its committees comprise Directors who as a group provide an appropriate balance and diversity of skills, expertise, gender, age and knowledge of the Group and provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience and knowledge; and

(d) where a Director has multiple board representations, deciding whether the Director is able to and has been adequately carrying out his duties as a Director, taking into consideration the Director's number of listed company board representations and other principal commitments.

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

– Mr Lim Wee Hann (Chairman)
– Mr Chong Weng Hoe
– Ms Zhang Yongmei

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

At each AGM of the Company, the Constitution requires one-third of the Directors (or, if their number is not a multiple of three, the number nearest to but not less than one-third) to retire from office by rotation, being one-third of those who have been longest in office since their last re-election. All Directors must also submit themselves for re-nomination and re-election at least once every three years under Catalist Rule 720(4). Newly appointed Directors are required to submit themselves for re-election at the next AGM following their appointments.

The NC noted that Mr Chen Bang and Mr Li Li will retire by rotation at this AGM pursuant to Article 114 of the Constitution. The NC had reviewed and recommended that Mr Chen Bang and Mr Li Li, who will retire pursuant to Article 114 of the Constitution, being eligible and having consented, be nominated for re-election as Directors at the upcoming AGM, and subject to being duly re-elected.

Please refer to the "Board of Directors" section in this annual report for information of Mr Chen Bang and Mr Li Li as required under Appendix 7F of the Catalist Rules.

Mr Chen Bang and Mr Li Li had abstained from participating in the discussion and recommendation on their respective nominations.

The Board comprises six members, two of whom are Independent and Non-Executive, three of whom are Non-Independent and Non-Executive and one of whom is Non-Independent and Executive. As the Chairman of the Board (Mr Chong Weng Hoe) is an Independent Director and that Non-Executive Directors make up majority of the Board, the Company continues to comply with Provisions 2.2 and 2.3 of the Code. Further, Independent Directors comprises one-third of the Board, fulfilling its compliance to Catalist Rule 406(3)(d).

REPORT ON CORPORATE GOVERNANCE

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

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

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

Furthermore, the NC had also considered, and is of the opinion, that based on the following considerations evaluated, they had not impeded any Director's performance for FY2022 from carrying out their duties to the Company:

(a) expected and/or competing time commitments of each Director;

(b) number of board representation held by each Director;

(c) size and composition of the Board; and

(d) nature and scope of the Group's operations and size.

For FY2022, the Board did not set any cap on the number of listed company directorships that a Director may have, given that all Directors were able to dedicate their time to the business of the Company. Nevertheless, if the Board finds that time commitment is lacking from any particular Director, they may consider imposing a cap in future.

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

The following key information regarding Directors are set out on the following pages of this annual report:

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

(b) Page 46 – Shareholdings, if any, in the Company and its subsidiaries.

REPORT ON CORPORATE GOVERNANCE

Board Performance

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

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

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

The NC meets once a year, and as warranted by circumstances, to discharge its functions. One NC meeting was held in FY2022.

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

The NC assessed the FY2022 performance of the Board, Board Committees and individual Directors (including the Chairman) at a meeting held in February 2023. The assessment of the Board and the Board Committees is done via a confidential questionnaire, covering areas such as Board composition, Board processes, managing the Group's performance and the effectiveness of the Board in its monitoring role and the effectiveness of the respective Board Committees. The assessment of the individual Directors is done through peer assessments through a confidential questionnaire completed by each Director. The assessment parameters include attendance and contributions during Board and Board Committee meetings as well as commitment to their role as Directors.

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

The NC, having reviewed the performance of the Board in terms of its roles and responsibilities and the conduct of its affairs as a whole, is of the view that the Board and the Board Committees have operated effectively and each Director (including the Chairman) has contributed to the overall effectiveness of the Board for FY2022. No external facilitator was used in the evaluation process.

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

REPORT ON CORPORATE GOVERNANCE

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

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

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

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

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

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

(a) reviewing and recommending to the Board, in consultation with the Chairman of the Board for endorsement, a comprehensive remuneration policy framework and guidelines for remuneration of Directors, the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of our Company ("**Key Management Personnel**");

(b) reviewing and recommending to the Board for endorsement, the specific remuneration packages for each Director and Key Management Personnel;

(c) reviewing and approving the design of all share option plans, performance share plans and/or other equity-based plans;

(d) in the case of service contracts, reviewing the Company's obligations arising in the event of termination of the Directors' or Key Management Personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous, with a view to being fair and avoiding the reward of poor performance; and

(e) approving performance targets for assessing the performance of each of the Key Management Personnel and recommend such targets for each of such Key Management Personnel, for endorsement by the Board.

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

– Mr Lim Wee Hann (Chairman)
– Mr Chong Weng Hoe
– Ms Zhang Yongmei

All recommendations made by the RC on remuneration of Directors and Key Management Personnel will be submitted for endorsement by the Board. No member of the RC is involved in setting his own remuneration package. As and when deemed appropriate by the RC, independent expert advice is sought at the Company's expense. The RC shall ensure that existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants. There was no external remuneration consultant appointed in FY2022 to assist in the review of compensation and remuneration packages.

Level and Mix of Remuneration

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

The RC recommends to the Board the quantum of Directors' fees and the Board in turn endorses the recommendation for shareholders' approval at each AGM. To facilitate timely payment of Directors' fees, the Company has recommended for the Directors' fees amounting to S$120,000 to be paid on a quarterly basis in arrears for the financial year ending 31 December 2023 once approval is obtained from shareholders at this AGM.

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

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

The Company has entered into separate service agreements (the "**Service Agreements**") and supplemental service and employment agreements with the Executive Director, Dr Lee Hung Ming, and the CEO, Dr Wong Jun Shyan. Please refer to our Offer Document dated 14 October 2014 pages 140 and 141 for the details of the Service Agreements and the Offer Document dated 8 November 2019 for the details of the supplemental service and employment agreements. The supplemental service and employment agreements were entered for a term of five (5) years, with each of the Company and the respective Dr Lee Hung Ming or Dr Wong Jun Shyan having the option to extend the respective supplemental service and employment agreements for a further five (5) years, subject to the agreement of both the Company and the respective Dr Lee Hung Ming or Dr Wong Jun Shyan. In the supplemental service agreement, the six (6) months' notice period requirement for the extension of the respective Service Agreements were waived. Further details of the supplemental services and employment agreements are set out in Pre-Conditional Offer Announcement dated 26 August 2019, Formal Offer Announcement dated 25 October 2019 and Offer Document dated 8 November 2019. The options have not been exercised as at 31 December 2022.

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

For FY2022, the RC had reviewed the compensation and remuneration packages and believes that the remuneration of Directors and Key Management Personnel commensurate with their respective roles and responsibilities, after taking into consideration the referencing of Directors' and Key Management Personnel's remuneration against comparable benchmarks and giving due regard to prevailing market conditions as well as the financial, commercial health and business needs of the Group. For FY2022, the Company did not engage any external remuneration consultant to assist in the review of compensation and remuneration packages as there is no significant change in the size and scope of the Group's core business. Notwithstanding, the Company shall consider the engagement of external remuneration consultants should the Group's business or operations expand to the extent where expert advice from such external remuneration consultants is deemed more beneficial than its cost.

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

Disclosure on Remuneration

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

The breakdown (in percentage terms) of the remuneration of Directors of the Company for FY2022 is set out below:

Remuneration and Name of Director	Salary and Allowance[(1)] (%)	Fixed Bonus[(1)] (%)	Variable Bonus[(1)] (%)	Directors' Fees[(2)] (%)	Total (%)
From S$0 to S$250,000					
Chen Bang	–	–	–	–	–
Zhang Yongmei	–	–	–	–	–
Li Li	–	–	–	–	–
Lim Wee Hann	–	–	–	100	100
Chong Weng Hoe	–	–	–	100	100
From S$750,001 to S$1,000,000					
Dr Lee Hung Ming	68	32	–	–	100

REPORT ON CORPORATE GOVERNANCE

The breakdown (in percentage terms) of the remuneration of the top 5 Key Management Personnel and Executive Officer (who are not Directors) of the Group for FY2022 is set out below:

Remuneration and Name of Key Management Personnel	Designation	Salary and Allowance(1) (%)	Consultant's Fees(3) (%)	Directors' Fees (%)	Total (%)
From S$500,001 to S$750,000					
Dr Shin Hoy Choong(4)	Ipoh Centre Director	–	100	–	100
Dr Fang Seng Kheong	Medical Board Chairman	–	100	–	100
Dr Robert Yeo Kim Chuan	Malacca Centre Director	–	100	–	100
From S$750,001 to S$1,000,000					
Dr Alan Ang Jin Soon	Penang Centre Director	–	100	–	100
From S$1,000,001 to S$1,250,000					
Dr Choong Yee Fong(5)	Kuala Lumpur Centre Director	–	99	1	100
From S$1,250,001 to S$1,500,000					
Dr Wong Jun Shyan	Chief Executive Officer	21	79	–	100

Notes:

(1) *The salary, allowance, fixed and variable bonus amounts shown are inclusive of Central Provident Funds and Employees' Provident Funds contributions respectively.*

(2) *The Directors' fees were approved in the previous AGM held on 22 April 2022.*

(3) *Consultant's fees refer to the employment remuneration in relation to the provision of specialist medical ophthalmological services in the respective ISEC clinics where respective key management personnel is employed under, which include Employees' Provident Funds contributions.*

(4) *Remuneration of Dr Shin Hoy Choong was included with effect from 26 May 2022 upon the completion of acquisition of the entire issued and paid up share capital of IE Centre Sdn. Bhd. and Kampar Eye Sdn. Bhd..*

(5) *Dr Choong Yee Fong ("**Dr Choong**") is a Director of the Company's subsidiary, ISEC Sdn. Bhd. ("**ISEC KL**"). There are Directors' fees payable to Dr Choong from ISEC KL for FY2022.The Directors' fees payable to Dr Choong are not part of the Directors' fees subject to shareholders' approval at this AGM of the Company.*

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

In aggregate, the total remuneration paid to the top 5 Key Management Personnel (who are not Directors) was S$3,713,000 for FY2022. The total remuneration paid to our CEO who is the Executive Officer was disclosed above in the band of S$1,250,001 to S$1,500,000. Dr Lee Yeng Fen, who is the spouse of Dr Lee Hung Ming, the Group's Executive Vice-Chairman, received a remuneration of between S$250,001 to S$500,000 for FY2022. Save for Dr Lee Yeng Fen, there is no family relationship between any of our Directors, CEO and/or Key Management Personnel, and there is no employee who is an immediate family member of a Director and/or CEO or who is a substantial shareholder of the Company and whose remuneration exceeded S$100,000 for FY2022.

REPORT ON CORPORATE GOVERNANCE

The remuneration received by the Executive Director, Executive Officers and Key Management Personnel takes into consideration his or her individual performance and contribution toward the overall performance of the Group for FY2022. Their remuneration is made up of fixed and variable compensations. The fixed compensation consists of an annual base salary and fixed allowance. The variable compensation is determined based on the level of achievement of corporate and individual performance objectives. The RC has reviewed and is satisfied that the Executive Director, Executive Officers and Key Management Personnel have met their performance conditions for FY2022.

SHARE OPTION SCHEME

On 26 September 2014, the shareholders adopted the "ISEC Healthcare Share Option Scheme" (the "**Share Option Scheme**"). The Share Option Scheme has been assigned by the Board of Directors to be administered by a committee comprising members of our RC (the "**Committee**"). At the date of this annual report, the RC comprises Mr Lim Wee Hann, Mr Chong Weng Hoe and Ms Zhang Yongmei.

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

- to retain key employees and Directors of the Group whose contributions are essential to the long-term growth and prosperity of the Group;

- to instill loyalty to, and a stronger identification by Participants with the long-term prosperity of the Company;

- to attract potential employees with relevant skills to contribute to the Group and to create value for our shareholders; and

- to align the interests of Participants with the interests of our shareholders.

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

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

REPORT ON CORPORATE GOVERNANCE

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

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

(b) fixed at the Market Price (the "**Market Price Options**").

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

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

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

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

During FY2022 and as at the date of this annual report, the Company had not granted Options to any Participant under the Share Option Scheme.

As at 31 December 2022, details of options ("**Options**") granted under the ISEC Healthcare Share Option Scheme (the "**Scheme**") pursuant to Rule 851(1) of the Catalist Rules were as follows:

Name of participant	**Options granted during FY2022 (including terms)**	**Aggregate Options granted since commencement of Scheme to end of FY2022**	**Aggregate Options exercised since commencement of Scheme to end of FY2022**	**Aggregate Options outstanding as at end of FY2022**
Mr Lim Wee Hann	–	50,000	–	50,000
Dr Lee Hung Ming	–	158,080	–	158,080

In FY2022, no options were exercised.

REPORT ON CORPORATE GOVERNANCE

Participants who are controlling shareholders of the Company and their associates were not granted any Options during FY2022.

None of the participants received 5% or more of the total number of Options available under the Scheme.

As at 31 December 2022, the aggregate number of Options granted to the Directors and employees of the Company and its subsidiaries for the FY2022, and since the commencement of the Scheme to the end of FY2022 were as follows:

Aggregate number of Options granted to Directors and employees of the Company and its subsidiaries for FY2022	Aggregate number of Options granted to Directors and employees of the Company and its subsidiaries since the commencement of the Scheme to the end of FY2022
–	3,809,150

There was no Option granted at a discount during FY2022.

PERFORMANCE SHARE PLAN

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

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

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

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

REPORT ON CORPORATE GOVERNANCE

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

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

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

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

As at 31 December 2022, details of Awards granted under the PSP pursuant to Rule 851(1) of the Catalist Rules were as follows:

Date of grant of Awards	Number of shares which are the subject of Awards granted as at 1 January 2022	Number of shares which are the subject of Awards granted during FY2022	Number of shares which are the subject of Awards which had lapsed/were cancelled during FY2022	Number of shares which are the subject of Awards as at 31 December 2022	Number of Holders
23 September 2022	–	680,000	–	680,000	14

Further details on the Company’s PSP are set out in the Company’s circular to shareholders dated 13 April 2016.

REPORT ON CORPORATE GOVERNANCE

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

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

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

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

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

The AC, on behalf of the Board, reviews the adequacy and effectiveness of the Group's system of internal controls, including financial, operational, compliance and information technology controls, and risk management policies and systems established by Management on an annual basis. The Group currently does not have a Board Risk Management Committee but the Board has approved a "Risk Governance and Internal Control Framework Manual" dated 31 July 2021 which sets out the following risk management policies, where the Management is required to strictly adhere to. They are:

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

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

REPORT ON CORPORATE GOVERNANCE

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

For FY2022, the AC had received assurance from the CEO and the Chief Financial Officer ("**CFO**") that:

- accounting and other records have been properly maintained and the Company's risk management and internal control systems are adequate and effective; and

- the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances.

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

Based on the framework of risk management and internal controls established and maintained by the Management, reviews carried out by the respective Board Committees, work performed by the internal auditor and external auditor, and assurance from the CEO and CFO, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems are adequate and effective for FY2022.

AUDIT COMMITTEE

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

The terms of reference of the AC include the following:

(a) assisting the Board in discharging its statutory responsibilities on financing and accounting matters;

(b) reviewing significant financial reporting issues and judgments to ensure the integrity of the financial statements and any formal announcements relating to financial performance;

(c) reviewing the external auditor's audit plan ("**Audit Plan**") and the auditor's report ("**Auditor's Report**") on the annual financial statements of the Group and the Company before submission to the Board;

(d) reviewing the adequacy, effectiveness, independence, objectivity of the external audit and the Company's internal audit function;

(e) reviewing the quarterly results announcements of the Group and the Company, and annual financial statements and the Auditor's Report on the annual financial statements of the Company before their submission to the Board;

(f) reviewing the key financial risk areas, the risk management structure and any oversight of the risk management process and activities to mitigate and manage risks at acceptable levels determined by the Board;

REPORT ON CORPORATE GOVERNANCE

(g) reviewing at least annually, the statements to be included in the annual report concerning the adequacy and effectiveness of the Company's risk management and internal controls systems, including financial, operational, compliance controls, and information technology controls;

(h) reviewing the assurance from the CEO and CFO on the financial records and financial statements;

(i) reviewing any interested person transactions and monitoring the procedures established to regulate interested person transactions, including ensuring compliance with the Company's internal control system and the relevant provisions of the Catalist Rules, as well as all conflicts of interests to ensure that proper measures to mitigate such conflicts of interests have been put in place;

(j) reviewing the policy and arrangement for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on;

(k) reviewing the internal audit program, scope and reports on a periodic basis and monitor the Management's responsiveness to the findings and recommendations by internal auditor;

(l) approving the hiring, removal, evaluation and compensation of the head of the internal audit function, or the accounting/auditing firm or corporation to which the internal audit function is outsourced;

(m) apprising and reporting to the Board on the audits undertaken by the external auditor and internal auditor and the adequacy of disclosure of information;

(n) making recommendations to the Board on the proposals to shareholders on the appointment, re-appointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor;

(o) undertaking such other reviews and projects as may be requested by the Board, and report to the same on its findings from time to time on matters arising and requiring the attention of the AC; and

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

The current members of the AC are:

– Mr Chong Weng Hoe (Chairman)
– Mr Lim Wee Hann
– Ms Zhang Yongmei

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

REPORT ON CORPORATE GOVERNANCE

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

The external auditor was also, as and when required, invited to be present at AC meetings held for FY2022 to, inter-alia, answer or clarify any matter on accounting, audit or internal controls relevant to the audit. The AC meets with the external auditor and the internal auditors in each case without the presence of the Management, at least annually.

The audit services that were rendered by the Company's auditors, Mazars LLP Singapore and Mazars network firms (collectively, "**Mazars**"), to the Group and their related fees for FY2022 are as follows:

	S$'000
Audit fees	179
Non-audit fees	0
	179

There was no non-audit services performed by Mazars in FY2022. The Board, with the concurrence of the AC, is of the opinion that the independence and objectivity of the external auditor have not been affected as there were no non-audit services. Mazars has represented to the AC that it has in place independence safeguards as required by the Singapore Accountants (Public Accountants) Rules and Mazars had accordingly confirmed it had met the criteria for independence.

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

The Company has a whistle-blowing policy whereby staff of the Group and any external parties may, in confidence, raise concerns about possible irregularities in matters of financial reporting or other matters. The policy defines the processes clearly to ensure independent investigation of such matters and permits whistle-blowers to report directly via email to whistleblower@isec.sg. The AC is responsible for oversight and monitoring of whistle-blowing and the AC reviews all whistle-blowing complaints, if any, at its quarterly meetings to ensure independence through investigations and appropriate follow up actions taken.

The AC has the power to conduct or authorise investigations into any matter within the AC's scope of responsibility. If it deems appropriate, independent advisors will be engaged at the Group's expense. No whistle-blowing reports were received for FY2022. Should there be any whistle-blowing cases reported, such cases would be handled in accordance with the Company's whistle-blowing policy. All complaints will be treated as confidential and will be brought to the attention of the AC.

In the event that the report is about a Director, that Director will not be involved in the review and any decision making with respect to that report. The policy aims to encourage reporting of such matters in good faith, with the confidence that any employees and any other persons making such reports will be treated fairly and be protected from reprisals. Details of the whistle-blowing policy have been made available to all employees.

REPORT ON CORPORATE GOVERNANCE

The whistle-blowers' identities will not be disclosed without prior consent (except where disclosure obligations are required under law and regulations). Where concerns are unable to be resolved without revealing the identity of the whistle-blower (e.g. if their evidence is required in court), a dialogue will be entered into with the whistle-blower as to whether and how to proceed.

For FY2022, the Board had concluded, with the help of the NC, that the members of the AC are appropriately qualified to discharge their duties and responsibilities. The Board's view is that adequate and reasonable assistance and support has been properly rendered by the Management to the AC and that the AC has effectively and efficiently contributed to the Board and the Group.

For FY2022, the Board is of the view that the AC members have the relevant expertise to discharge the functions of an AC. The AC Chairman has extensive experience as a director and member of audit committees of other listed companies. Collectively, the AC members have extensive experience in the accounting, financial and investment fields. Reasonable resources have been made available to the AC to enable them to discharge their duties. The AC members also take measures to keep abreast of the changes to accounting standards and issues which have a direct impact on financial statements through attendance at trainings and updates by professionals and external auditor. For FY2022, the AC was provided with information such as updates on the changes to the Singapore Financial Reporting Standards (International) by the external auditor in the course of their report to AC. The AC has at least two members, including the AC Chairman, who has recent and relevant accounting or financial management expertise or experience.

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

For FY2022, the Group had outsourced its internal audit function to Crowe Governance Sdn Bhd ("**Crowe Malaysia**"), and In.Corp Business Advisory Pte. Ltd. ("**In.Corp**") (collectively the "**IAs**"), which report directly to the AC. The IAs have an administrative reporting function to the Management where planning, coordinating, managing and implementing internal audit work cycle are concerned.

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

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

The AC is satisfied that each of the IAs are able to discharge their duties effectively as they:

- are independent, given the IAs report functionally to the AC, who also decides on its appointment, termination and remuneration. The IAs also has unrestricted access to the records, personnel and documents within the Company to enable it to discharge its duties effectively;

- are adequately qualified, given that (i) Crowe Malaysia is a corporate member of the Malaysian Institute of Internal Auditors, (ii) In.Corp is a corporate member of the Institute of Internal Auditors Singapore, and (iii) the internal audit work carried out by the IAs are guided by The Institute of Internal Auditors Inc. International Professional Practice Framework;

REPORT ON CORPORATE GOVERNANCE

- are adequately resourced as the IAs ensure that the engagement staff possess the relevant qualification and experience to conduct the internal audits; and

- have the appropriate standing in the Company, given, inter alia, its involvement in relevant AC meetings and its unfettered access to all the Group's documents, records, properties and personnel, including direct access to the AC.

Based on the above, the AC confirms that the internal audit function is independent, effective, and adequately resourced. The AC approves the appointment, removal, evaluation and compensation of IAs.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

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

Engagement with Shareholders

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

MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

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

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

- annual reports – the Board strives to include all relevant information about the Group, including future developments and disclosures required by the Companies Act, Singapore Financial Reporting Standards (International) and the Catalist Rules;

- presentation slides accompanying results announcement and/or annual general meeting; and

- SGXNet and press releases (if applicable) on business developments and financial performance.

SGXNet disclosures, presentation slides and press releases (if applicable) of the Group are also available on the Company's website at www.isechealthcare.com. A copy of this annual report for FY2022 will also be made available on the Company's website and published via SGXNet. The Company currently does not have an investor relations policy but considers advice from its continuing sponsor, corporate lawyers and professionals on appropriate disclosure requirements before announcing material information to shareholders. The Company will consider the appointment of a professional investor relations officer to manage the function should the need arises.

REPORT ON CORPORATE GOVERNANCE

The Company also facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters relating to the Company. The Company provides avenues for communication between the Board and all shareholders. To allow the Board to solicit and understand the views of shareholders, shareholders are encouraged to attend the annual general meetings and extraordinary general meetings of the Company to ensure high level of accountability and to stay appraised of the Group's strategy and goals. Shareholders may contact the Company via email ir@isechealthcare.com with questions and through which the Company may respond to such questions. Specifically, Shareholders are given at least 7 days from the date of Notice of annual general meetings to submit questions and Company will inform the timeline by which such relevant and material questions will be replied.

In addition, the Company updates whenever necessary, the investor relations section of its website to keep the investing public apprised of corporate developments and financial performance of the Group and the Company. The foregoing allows for active engagement and exchange of views with shareholders, investors and others who are interested to learn about the Group.

The Company provides shareholders with the opportunity to participate effectively in and vote at general meetings of shareholders and informs them of the rules governing general meetings of shareholders.

As the AGM will be held by way of electronic means, shareholders will not be able to attend the AGM in person, but will be able to participate in the AGM proceedings by accessing a live webcast or live audio feed. Shareholders who wish to vote on any or all of the resolutions of the AGM may vote "live" via electronic means at the AGM or by appointing proxy(ies) or the Chairman of the AGM to vote on their behalf at the AGM. Shareholders may (i) submit questions related to the resolutions to be tabled at the forthcoming AGM in advance of the lodgement of the proxy forms for the AGM; or (ii) submit text-based questions during the AGM, in accordance with the instructions set out in the notice of AGM ("**Notice**"). The Board and Management shall endeavour to address relevant and substantial questions received before and during the AGM, at the AGM. Please refer to the Notice dated 5 April 2023 for more information. The Company shall publish the minutes of the AGM on SGXNet and the Company's website within one (1) month after the date of the AGM.

The Company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the Company explains the reasons and material implications in the notice of meeting.

All Board members and Management attend the general meetings of shareholders to address any questions that the shareholders may have. The external auditors of the Company are also present at annual general meetings to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report.

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

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

REPORT ON CORPORATE GOVERNANCE

DIVIDEND POLICY

The Board does not have a fixed dividend policy. The form, frequency and amount of dividends declared each year will take into consideration the Group's actual and projected financial performance, results of business operations, level of cash and retained earnings, projected capital expenditure and other investment plans, the terms of borrowing arrangements (if any), plans for expansions and other factors which the Directors may deem appropriate. The Board has proposed a final tax-exempt (one-tier) dividend of S$0.0108 per ordinary share for FY2022 which will be subject to shareholders' approval at this AGM. The Company had declared and paid a first interim tax-exempt (one-tier) dividend of S$0.0048 per ordinary share for the financial period ended 30 June 2022.

SUSTAINABILITY REPORT

The Group publishes a sustainability report which provides inter alia, details about the Group's strategy and key areas of focus in relation to the management of shareholders relationships. The sustainability report can be found as a separate report released on the same day as this annual report.

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

DEALINGS IN SECURITIES

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

Directors and officers of the Company are reminded not to deal (whether directly or indirectly) in the Company's securities on short-term considerations and be mindful of the law on insider trading as prescribed by the Securities and Futures Act 2001. The internal code on dealings in securities also makes clear that the Company, its Directors and officers should not deal in the Company's securities, while in possession of unpublished price-sensitive information and prohibits trading as well as in the following periods:

(i) the period commencing two weeks before the announcement of the Company's relevant financial information for the first and third quarters of its financial year; and

(ii) the period commencing one month before the announcement of the Company's financial results for the half-year and its full financial year.

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

INTERESTED PERSON TRANSACTIONS ("IPT")

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

There were no IPTs with value of or more than S$100,000 transacted for FY2022. The Company does not have any IPT general mandate.

REPORT ON CORPORATE GOVERNANCE

MATERIAL CONTRACTS

Save for the service agreements entered with the Executive Director and CEO as disclosed on pages 140 and 141 of the Offer Document dated 14 October 2014 and the supplemental service and employment agreements entered with the Executive Director and CEO as disclosed in the Offer Document dated 8 November 2019 in relation to the mandatory conditional cash offer by CEL Impetus Corporate Finance Pte. Ltd. for and on behalf of Aier Eye International (Singapore) Pte. Ltd., there was no other material contract involving the interests of the CEO, any Director or controlling shareholders of the Company which has been entered into by the Group, which are either still subsisting at the end of FY2022 or if not then subsisting, entered into since the end of the previous financial year.

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

The total amount of non-sponsor fees paid/payable to the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd for FY2022 was S$5,000.

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of ISEC Healthcare Ltd. (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2022.

1. Opinion of the directors

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year then ended on that date; and

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

2. Directors

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

Chong Weng Hoe
Dr Lee Hung Ming
Lim Wee Hann
Chen Bang
Li Li
Zhang Yongmei

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 were, or one of the objects was, 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, except as disclosed in paragraphs 4 and 5 below.

DIRECTORS' STATEMENT

4. Directors' interests in shares or debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act 1967 (the "Act"), an interest in shares and share options of the Company and its related corporation (other than wholly-owned subsidiaries) as stated below:

	Direct interest		Deemed interest	
Name of directors	**At the beginning of financial year or date of appointment**	**At the end of financial year**	**At the beginning of financial year or date of appointment**	**At the end of financial year**
Paid-in Capital (in Thousand Renminbi)				
Ultimate holding company				
Aier Medical Investment Co., Ltd				
Chen Bang	34,705 (79.99%)	34,705 (79.99%)	–	–
Li Li	8,682 (20.01%)	8,680 (20.01%)	–	–
Ordinary shares				
Intermediate Holding Company				
Aier Eye Hospital Group Co., Ltd				
Chen Bang	854,835,474	1,110,570,961	1,896,021,039	2,463,241,139
Li Li	185,949,084	248,464,529	–	–
Zhang Yongmei	–	13,000	–	–
Ordinary shares				
Immediate Holding Company				
Aier Eye International (Singapore) Pte. Ltd.				
Chen Bang	–	–	1	1
Ordinary shares				
The Company				
Dr Lee Hung Ming	–	–	42,827,279	42,827,279
Chen Bang	–	–	305,917,344	305,917,344
Share options				
The Company				
Dr Lee Hung Ming	158,080	158,080	23,100	23,100
Lim Wee Hann	50,000	50,000	–	–

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2023.

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

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

DIRECTORS' STATEMENT

5. Share options and performance shares

Share Option Scheme ("SOS")

At the Extraordinary General Meeting held on 26 September 2014, shareholders approved the Employee Share Option Scheme ("ESOS") and for the granting of non-transferable share options and performance shares that are settled by physical delivery of the ordinary shares of the Company, to eligible employees.

As at 31 December 2022, the committee administering the ESOS comprises the following directors:

Lim Wee Hann
Chong Weng Hoe
Zhang Yongmei

No share options were granted by the Company during the financial year. In 2020, the Company granted 3,809,150 share options under the ESOS, of which 3,376,780 share options were accepted by employees. With the resignation of five employees (FY2021: retirement of a director and resignation of an employee) in the financial year, a total of 125,000 (FY2021: 75,000) share options offered to the employees under the ESOS had been forfeited. No share options were exercised (FY2021: 49,614 share options were exercised by one key management personnel and one employee) during the financial year, bringing the total number of share options outstanding as at the end of the financial year to 3,063,406.

Details of the share options to subscribe for ordinary shares of the Group pursuant to the ESOS as at 31 December 2022 are as follows:

Grant date	**Exercisable on or after**	**Expiry date**	**Exercise price**	**Number of share options outstanding as at the end of the financial year**
			$	
22 April 2020	22 April 2021	21 April 2024	0.29	884,292
22 April 2020	22 April 2022	21 April 2024	0.29	933,906
22 April 2020	22 April 2023	21 April 2024	0.29	1,245,208
				3,063,406

The exercise price of the share options is fixed based on the average of the last dealt prices of the Group's shares between 15 April 2020 and 21 April 2020.

Information on the ESOS is detailed in the Report on Corporate Governance and Note 23 of the financial statements.

DIRECTORS' STATEMENT

5. Share options and performance shares (cont'd)

Performance Share Plan ("PSP")

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

On 23 September 2022, the Company granted share awards to eligible employees of the Company pursuant to the ISEC Healthcare Performance Share Plan. The total number of share awards outstanding was 680,000 as at 31 December 2022.

6. Audit committee

The Audit Committee of the Company comprises three non-executive directors and at the date of this report, they are:

Chong Weng Hoe (Chairman)
Lim Wee Hann
Zhang Yongmei

The Audit Committee has convened four meetings during the year with key management and the internal and external auditors of the Company.

The Audit Committee carried out its functions in accordance with Section 201B (5) of the Act, the SGX Listing Manual and the Code of Corporate Governance. In performing those functions, the Audit Committee:

1. assisting the Board in discharging its statutory responsibilities on financing and accounting matters;

2. reviewing significant financial reporting issues and judgments to ensure the integrity of the financial statements and any formal announcements relating to financial performance;

3. reviewing the external auditor's audit plan ("Audit Plan") and the auditor's report ("Auditor's Report") on the annual financial statements of the Group and the Company before submission to the Board;

4. reviewing the adequacy, effectiveness, independence, objectivity of the external audit and the Company's internal audit function;

5. reviewing the quarterly results announcements of the Group and the Company, and annual financial statements and the Auditor's Report on the annual financial statements of the Company before their submission to the Board;

6. reviewing the key financial risk areas, the risk management structure and any oversight of the risk management process and activities to mitigate and manage risks at acceptable levels determined by the Board;

DIRECTORS' STATEMENT

6. Audit committee (cont'd)

7. reviewing at least annually, the statements to be included in the annual report concerning the adequacy and effectiveness of the Company's risk management and internal controls systems, including financial, operational, compliance controls, and information technology controls;

8. reviewing the assurance from the CEO and CFO on the financial records and financial statements;

9. reviewing any interested person transactions and monitoring the procedures established to regulate interested person transactions, including ensuring compliance with the Company's internal control system and the relevant provisions of the Catalist Rules, as well as all conflicts of interests to ensure that proper measures to mitigate such conflicts of interests have been put in place;

10. reviewing the policy and arrangement for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on;

11. reviewing the internal audit program, scope and reports on a periodic basis and monitor the Management's responsiveness to the findings and recommendations by internal auditor;

12. approving the hiring, removal, evaluation and compensation of the head of the internal audit function, or the accounting/auditing firm or corporation to which the internal audit function is outsourced;

13. apprising and reporting to the Board on the audits undertaken by the external auditor and internal auditor and the adequacy of disclosure of information;

14. making recommendations to the Board on the proposals to shareholders on the appointment, re-appointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor;

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

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

The Audit Committee has full access to the Management and full discretion to invite any Director or Key Management Personnel to attend its meetings and to be provided with reasonable resources to enable it to discharge its function properly. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the directors the nomination of Mazars LLP for re-appointment as external auditors of the Group at the forthcoming AGM of the Company.

DIRECTORS' STATEMENT

7. Auditors

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

On behalf of the board of directors

Dr Lee Hung Ming
Director

Zhang Yongmei
Director

Singapore
31 March 2023

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ISEC HEALTHCARE LTD.

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of ISEC Healthcare Ltd. (the "Company") and its subsidiaries (collectively, the "Group") which comprise the statements of financial position of the Group and of the Company as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the statements of changes in equity of the Group and the Company, the 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, the statement of financial position and changes in equity of the Group and 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 31 December 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the financial year ended on that date.

Basis for Opinion

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

Overview

Audit Approach

We designed a risk-based audit approach in identifying and assessing the risks of material misstatement at both the financial statement and assertion levels.

Materiality

As in all our audits, we exercised our professional judgement in determining our materiality, which was also affected by our perception of the financial information needs of the users of the financial statements, being the magnitude of misstatement in the financial statements that makes it probable for a reasonably knowledgeable person to change or be influenced in his economic decision.

Scope of Audit

For the audit of the current financial year's financial statements, we identified 7 significant components which required a full scope audit of their financial information, because of their size or/and their risk characteristics.

5 out of the 7 significant components were audited by other Mazars office as component auditors under our instructions. We determined the component materiality and our level of involvement in their audit necessary for us, in our professional judgement, to obtain sufficient appropriate audit evidence as a basis for our opinion on the Group's financial statements as a whole.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ISEC HEALTHCARE LTD.

Report on the Audit of Financial Statements (cont'd)

Overview (cont'd)

Area of focus

We focused our resources and effort on areas which were assessed to have higher risks of material misstatement, including areas which involve significant judgements and estimates to be made by directors.

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.

Impairment assessment of goodwill and cost of investment in subsidiaries (Note 6 and Note 7 to the financial statements)	
Key audit matter	**Our audit response**
As at 31 December 2022, the carrying amount of Group's goodwill and the Company's cost of investment in subsidiaries were $54,215,000 and $62,487,000 respectively. In accordance with SFRS(I) 1-36 Impairment of Assets, goodwill acquired in a business combination is required to be tested for impairment at least annually. The goodwill acquired in a business combination is allocated to the groups of cash-generating units ("CGU") that are expected to benefit from the synergies of that business combination. Management assessed the groups of CGU for impairment annually or more frequently when there is an indication that the unit may be impaired. For the cost of investment in subsidiaries, the management assess whether there are indicators of impairment. Where such indication exists, the cost of investment in subsidiaries is required to be tested for impairment by determining the recoverable amount of the investment in subsidiaries. The recoverable amounts are determined by estimates of value-in-use based on the cash flow forecasts of the respective CGUs, using various significant operational and predictive assumptions such as forecasted revenue, terminal growth rate and discount rate. As these assumptions require significant judgement and estimates, we considered the impairment assessment of goodwill and cost of investment in subsidiaries to be a key audit matter.	Our audit procedures included, and were not limited to, the following: • We obtained an understanding of the Group's process in assessing the goodwill for impairment; • We reviewed the management's assessment of the existence of internal and external impairment indicators for cost of investment in subsidiaries; • We evaluated the reasonableness of management's estimate of expected future cash flows and challenged management's key assumptions and estimates applied in the value-in-use models, with comparison to recent performance, trend analysis, market expectations, and historical accuracy of the plans and forecasts; • We engaged our in-house valuation specialist to independently assess the appropriateness of valuation methodologies, key inputs and assumptions applied for calculating the recoverable amounts for the respective CGU; • We reviewed the sensitivity analysis to assess the impact on the recoverable amount of the CGU after reasonably possible changes to the management's key inputs and assumptions; and • We reviewed the completeness and appropriateness of corresponding disclosures made in the financial statements.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ISEC HEALTHCARE LTD.

Report on the Audit of Financial Statements (cont'd)

Key Audit Matters (cont'd)

Accounting for business combination (Note 7 to the financial statements)	
Key audit matter	**Our audit response**
During the financial year, the Group completed the acquisition of IE Centre Sdn. Bhd. ("IE Centre"), Kampar Eye Sdn. Bhd. ("Kampar Eye"), TE Centre Sdn. Bhd. ("TE Centre"), ME Centre Sdn. Bhd. ("ME Centre") and Taiping Eye Sdn. Bhd. ("Taiping Eye), through its wholly owned subsidiary, ISEC Sdn. Bhd., from external parties (or the "Vendors"), by way of allotment of 21,881,135 new ordinary shares and cash consideration of $11,643,000 approximately. The acquisition was accounted for using the acquisition method where the Group performed a Purchase Price Allocation ("PPA") exercise as disclosed in Note 7 to the financial statements. An independent professional valuer was engaged by management to assist them in the PPA exercise and determination of the fair value of acquired assets and liabilities, and the fair value of the new shares issued as part of the purchase consideration. In accordance with SFRS(I) 3 Business Combinations, the Group is required to recognise and measure the identifiable assets (include intangible assets) acquired, the liabilities assumed and any non-controlling interest in the acquiree at their fair values at the date of acquisition. Any excess of the fair value of the consideration transferred and the amount of the non-controlling interest in the acquiree, over the fair value of the net identifiable assets acquired is recorded as goodwill. Given the quantitative materiality of this acquisition and the significant management judgement required in the PPA exercise, we considered the accounting of this business combination to be a key audit matter.	Our audit procedures included, and were not limited to, the following: • We obtained and read the agreements in relation to this acquisition to obtain an understanding of the transactions and the key terms, including assessing the valuation of the purchase consideration at acquisition completion date and traced the issuance of shares to the share register; • We evaluated the independence, objectivity and competency of the independent external valuer engaged for the management's Purchase Price Allocation exercise. We considered the valuation methodologies used and assessed the reasonableness of the key assumptions used by the independent external valuer, which included the fair valuation of acquired assets and assumed liabilities in consultation with our internal valuation specialist; • We reviewed the identification and fair valuation of the acquired assets and assumed liabilities by corroborating this identification with management and the understanding of the business; and • We reviewed the completeness and appropriateness of corresponding disclosures made in the financial statements.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ISEC HEALTHCARE LTD.

Report on the Audit of Financial Statements (cont'd)

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and the independent auditors' report thereon, which we obtained prior to the date of this report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ISEC HEALTHCARE LTD.

Report on the Audit of Financial Statements (cont'd)

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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ISEC HEALTHCARE LTD.

Report on the Audit of Financial Statements (cont'd)

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

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current financial 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.

Other Matter

The consolidated financial statements of the Group for the financial year ended 31 December 2021 were audited by another firm of auditors who expressed an unmodified opinion on those statements on 30 March 2022.

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 the subsidiary entities incorporated in Singapore of which we are 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 Zhang Liang.

MAZARS LLP
Public Accountants and
Chartered Accountants

Singapore
31 March 2023

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	**16,316**	9,428	**86**	9
Right-of-use assets	5	**10,877**	6,382	**162**	50
Intangible assets	6	**55,289**	43,484	**–**	–
Investment in subsidiaries	7	**–**	–	**62,487**	56,855
Investment in associate	8	**–**	156	**–**	–
Net investment in sublease	5	**–**	50	**–**	–
Deposits	11	**–**	207	**–**	–
Deferred tax assets	9	**196**	140	**7**	7
Total non-current assets		**82,678**	59,847	**62,742**	56,921
Current assets					
Inventories	10	**1,874**	1,271	**–**	–
Trade and other receivables	11	**4,749**	3,745	**14,807**	14,169
Prepayments		**293**	271	**28**	28
Net investment in sublease	5	**50**	58	**–**	–
Current income tax asset		**18**	–	**–**	–
Cash and cash equivalents	12	**20,633**	22,494	**5,045**	1,867
Total current assets		**27,617**	27,839	**19,880**	16,064
Total assets		**110,295**	87,686	**82,622**	72,985
EQUITY AND LIABILITIES					
EQUITY					
Share capital	13	**75,484**	70,068	**75,484**	70,068
Treasury share reserve	14	**(105)**	(105)	**(105)**	(105)
Other reserves	15	**(10,561)**	(8,141)	**142**	139
Retained earnings		**15,054**	6,932	**6,621**	2,474
Equity attributable to owners of the Company		**79,872**	68,754	**82,142**	72,576
Non-controlling interests		**1,470**	553	**–**	–
Total equity		**81,342**	69,307	**82,142**	72,576

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	Group		Company	
		2022	**2021**	**2022**	**2021**
		$'000	**$'000**	**$'000**	**$'000**
LIABILITIES					
Non-current liabilities					
Other payables	17	**1,040**	–	**–**	–
Borrowings	18	**1,767**	2,244	**–**	–
Lease liabilities	5	**9,573**	5,212	**131**	–
Deferred tax liabilities	9	**299**	273	**–**	–
Provisions	16	**178**	153	**13**	21
Total non-current liabilities		**12,857**	7,882	**144**	21
Current liabilities					
Trade and other payables	17	**11,779**	7,042	**295**	306
Borrowings	18	**826**	849	**–**	–
Lease liabilities	5	**1,652**	1,560	**33**	55
Current income tax payable		**1,829**	1,036	**8**	27
Provisions	16	**10**	10	**–**	–
Total current liabilities		**16,096**	10,497	**336**	388
Total liabilities		**28,953**	18,379	**480**	409
Total equity and liabilities		**110,295**	87,686	**82,622**	72,985

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 $'000	2021 $'000
Revenue	19	**62,954**	40,469
Cost of sales		**(34,187)**	(22,591)
Gross profit		**28,767**	17,878
Other item of income			
Other income	20	**450**	993
Other items of expense			
Selling and distribution expenses		**(119)**	(57)
Administrative expenses		**(10,312)**	(8,613)
Other expenses	21	**(1,452)**	(703)
Finance costs	22	**(555)**	(400)
Share of results of associate		**(1)**	(12)
Profit before income tax	24	**16,778**	9,086
Income tax expense	25	**(4,050)**	(2,207)
Profit for the year		**12,728**	6,879
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation of subsidiaries		**(2,433)**	(813)
Other comprehensive income for the year, net of tax		**(2,433)**	(813)
Total comprehensive income for the year		**10,295**	6,066
Profit for the year attributable to:			
Owners of the Company		**12,520**	6,905
Non-controlling interests		**208**	(26)
		12,728	6,879
Total comprehensive income attributable to:			
Owners of the Company		**10,097**	6,093
Non-controlling interests		**198**	(27)
		10,295	6,066
Earnings per share			
– basic (in cents)	26	**2.22**	1.25
– diluted (in cents)	26	**2.22**	1.25

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Share capital $'000	Treasury share reserve $'000	Foreign currency translation reserve $'000	Merger reserve $'000	Capital reserve $'000	Share option reserve $'000	Retained earnings $'000	Equity attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
Group											
At 1 January 2022		70,068	(105)	(245)	(3,572)	(4,463)	139	6,932	68,754	553	69,307
Profit for the year		–	–	–	–	–	–	12,520	12,520	208	12,728
Other comprehensive income											
Foreign currency translation		–	–	(2,423)	–	–	–	–	(2,423)	(10)	(2,433)
Total comprehensive income for the year		–	–	(2,423)	–	–	–	12,520	10,097	198	10,295
Transactions with owners of the Company											
Issuance of ordinary shares[1]	13	5,432	–	–	–	–	–	–	5,432	–	5,432
Share issue expenses	13	(16)	–	–	–	–	–	–	(16)	–	(16)
Dividends	27	–	–	–	–	–	–	(4,398)	(4,398)	–	(4,398)
Share-based compensation expense[2]	23	–	–	–	–	–	31	–	31	–	31
Forfeiture of share options[3]	23	–	–	–	–	–	(28)	–	(28)	–	(28)
Total transactions with owners of the Company		5,416	–	–	–	–	3	(4,398)	1,021	–	1,021
Transactions with non-controlling interests											
Subscription of share in a subsidiary by non-controlling interest[4]		–	–	–	–	–	–	–	–	293	293
Arising from acquisition[5]		–	–	–	–	–	–	–	–	426	426
Total transactions with non-controlling interests		–	–	–	–	–	–	–	–	719	719
At 31 December 2022		75,484	(105)	(2,668)	(3,572)	(4,463)	142	15,054	79,872	1,470	81,342

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

(1) On 26 May 2022, the Company, through its wholly-owned subsidiary, ISEC Sdn. Bhd. ("ISEC KL"), completed the acquisition of IE Centre Sdn. Bhd. ("IE Centre") and Kampar Eye Sdn. Bhd. ("Kampar Eye"), by way of the allotment and issuance of 21,881,135 consideration shares, equivalent to fair value consideration of $5,432,000 to the vendors.

(2) The Company has granted 3,809,150 options under the ISEC Healthcare Share Option Scheme on 22 April 2020.

(3) The forfeiture of share options refers to participants who left the Group and hence no longer eligible for the options as at 31 December 2022.

(4) During the current financial year, ISEC (Kuching) Sdn. Bhd. ("ISEC Kuching"), a 51% owned indirect subsidiary of the Company through its wholly-owned subsidiary, ISEC KL, increased its share capital from $3,000 (equivalent to RM10,000) to $602,000 (equivalent to RM2,000,000), through issuance of shares allotted to the existing shareholders of the subsidiary in equal proportion to their existing shareholdings.

(5) On 26 May 2022, the Company, through its wholly-owned subsidiary, ISEC KL, completed the acquisition of 50% plus 1 ordinary share each of ME Centre Sdn. Bhd. ("ME Centre"), TE Centre Sdn. Bhd. ("TE Centre") and Taiping Eye Sdn. Bhd. ("Taiping Eye") respectively, by way of subscription of 500,001 new ordinary shares in each of the respective entities at an offer price of approximately $0.315 (RM1.00) per share, with total net identifiable assets at fair value of $853,000 (equivalent to RM2,705,000).

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Share capital $'000	Treasury share reserve $'000	Foreign currency translation reserve $'000	Merger reserve $'000	Capital reserve $'000	Share option reserve $'000	Retained earnings $'000	Equity attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
Group											
At 1 January 2021		70,054	(105)	567	(3,572)	(4,463)	71	8,557	71,109	580	71,689
Profit for the year		–	–	–	–	–	–	6,905	6,905	(26)	6,879
Other comprehensive income											
Foreign currency translation		–	–	(812)	–	–	–	–	(812)	(1)	(813)
Total comprehensive income for the year		–	–	(812)	–	–	–	6,905	6,093	(27)	6,066
Transactions with owners of the Company											
Issuance of ordinary shares[1]	13	14	–	–	–	–	–	–	14	–	14
Dividends	27	–	–	–	–	–	–	(8,530)	(8,530)	–	(8,530)
Share-based compensation expense[2]	23	–	–	–	–	–	68	–	68	–	68
Total transactions with owners of the Company		14	–	–	–	–	68	(8,530)	(8,448)	–	(8,448)
At 31 December 2021		70,068	(105)	(245)	(3,572)	(4,463)	139	6,932	68,754	553	69,307

(1) On 2 July 2021, the Company issued and allotted 49,614 ordinary shares in the share capital of the Company (the "New Shares"), at an issue price of $0.29 per New Share, pursuant to the exercise of options granted under the ISEC Healthcare Share Option Scheme. Following the issue and allotment of the New Shares, the number of issued and paid-up shares in the share capital of the Company has increased from 550,685,857 ordinary shares to 550,735,471 ordinary shares.

(2) The Company has granted 3,809,150 options under the ISEC Healthcare Share Option Scheme on 22 April 2020.

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Share capital $'000	Treasury share reserve $'000	Share option reserve $'000	Retained earnings $'000	Total equity $'000
Company						
2022						
At 1 January 2022		70,068	(105)	139	2,474	72,576
Profit for the year, representing total comprehensive income for the year		–	–	–	8,545	8,545
Transactions with owners of the Company						
Issuance of ordinary shares	13	5,432	–	–	–	5,432
Share issue expenses	13	(16)	–	–	–	(16)
Dividends	27	–	–	–	(4,398)	(4,398)
Share-based compensation expense	23	–	–	31	–	31
Forfeiture of share options	23	–	–	(28)	–	(28)
Total transactions with owners of the Company		5,416	–	3	(4,398)	1,021
At 31 December 2022		75,484	(105)	142	6,621	82,142
2021						
At 1 January 2021		70,054	(105)	71	5,033	75,053
Profit for the year, representing total comprehensive income for the year		–	–	–	5,971	5,971
Transactions with owners of the Company						
Issuance of ordinary shares	13	14	–	–	–	14
Dividends	27	–	–	–	(8,530)	(8,530)
Share-based compensation expense	23	–	–	68	–	68
Total transactions with owners of the Company		14	–	68	(8,530)	(8,448)
At 31 December 2021		70,068	(105)	139	2,474	72,576

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 $'000	2021 $'000
Cash flows from operating activities			
Profit before income tax		**16,778**	9,086
Adjustments for:			
Allowance for expected credit losses, net	24	**28**	4
Amortisation of intangible assets	24	**539**	585
Depreciation of property, plant and equipment	24	**1,168**	1,054
Depreciation of right-of-use assets	24	**1,748**	1,611
Interest income	20	**(226)**	(220)
Interest expense	22	**555**	400
Gain on lease modification	20	**(8)**	–
Gain on disposal of property, plant and equipment	20	**(2)**	–
Other income from rental rebates	20	**(3)**	(74)
Property, plant and equipment written-off	21	**24**	3
Write-back of provision for restoration costs	20	**(21)**	–
Bad debts written off	21	**33**	–
Loss on disposal of associate	21	**155**	–
Share of results of associate	8	**1**	12
Share-based compensation expense	23	**31**	68
Forfeiture of share options	23	**(28)**	–
Operating cash flows before movements in working capital		**20,772**	12,529
Working capital changes:			
– Inventories		**(496)**	23
– Trade and other receivables		**542**	(567)
– Prepayments		**(31)**	(31)
– Trade and other payables		**521**	2,554
Cash generated from operations		**21,308**	14,508
Income tax paid		**(3,461)**	(2,208)
Income tax refund		**1**	–
Net cash generated from operating activities		**17,848**	12,300
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		**3**	–
Purchase of property, plant and equipment	4	**(5,713)**	(526)
Purchase of intangible assets	6	**(2)**	(58)
Deposits for intended acquisition of property, plant and equipment		**–**	(207)
Interest received		**223**	217
Payment to vendors[(1)]		**(577)**	(1,765)
Acquisition of subsidiaries, net of cash acquired	7(d)	**(5,534)**	–
Net cash used in investing activities		**(11,600)**	(2,339)

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 $'000	2021 $'000
Cash flows from financing activities			
Dividends paid	27	**(4,398)**	(8,530)
Subscription of shares in a subsidiary by non-controlling interest		**293**	–
Share issue expenses	13	**(16)**	–
Proceeds from exercise of share options	13	**–**	14
Principal elements of lease payments, net	5	**(1,770)**	(1,582)
Interest paid – lease liabilities	5	**(363)**	(254)
Repayment of loan	18	**(844)**	(843)
Interest paid – loan	18	**(69)**	(101)
Net cash used in financing activities		**(7,167)**	(11,296)
Net decrease in cash and cash equivalents		**(919)**	(1,335)
Cash and cash equivalents at beginning of year		**22,494**	24,124
Effect of exchange rate changes on cash and cash equivalents		**(942)**	(295)
Cash and cash equivalents at end of year	12	**20,633**	22,494

(1) The Group acquired Indah Specialist Eye Centre Sdn. Bhd. ("Indah Specialist") on 27 February 2020. In prior financial year, 30% of the total cash consideration, amounting to RM5,379,840 (equivalent to $1,765,000) was paid to the vendors as partial settlement of the total cash consideration. The remaining 10% balance of the total cash consideration of RM1,793,280 (or $577,000) was paid to the vendors in the current financial year.

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

1. CORPORATE INFORMATION

ISEC Healthcare Ltd. (the "Company") is a public limited company, incorporated and domiciled in Singapore with its registered office address and principal place of business at 51 Goldhill Plaza #10-07/08 Singapore 308900. The Company's registration number is 201400185H. The Company is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX").

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

The principal activities of the subsidiaries and associate are disclosed in Notes 7 and 8 to the financial statements.

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

The financial statements of the Company for the financial year ended 31 December 2022 were authorised for issue by the directors on the date of directors' statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and the statement of changes in equity of the Company have been drawn up in accordance with the provisions of the Singapore Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") including related Interpretations of SFRS(I)s ("SFRS(I) INTs"). The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Singapore Dollars ("SGD" or "$") which is also the functional currency of the Company, and all values presented are rounded to the nearest thousand ("$'000"), unless otherwise indicated.

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and amended standards which are relevant to the Group and are effective for annual periods beginning 1 January 2022. The adoption of these new or revised SFRS(I)s and SFRS(I) INTs did not result in changes to the Group's and the Company's accounting policies and has no material effect on the current or prior year's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

2.1 Basis of preparation (cont'd)

SFRS(I)s and SFRS(I) INTs issued but not yet effective

At the date of authorisation of these financial statements, the following SFRS(I)s and SFRS(I) INTs that are relevant to the Group were issued but not yet effective:

SFRS (I)	Title	Effective date (annual periods beginning on or after)
SFRS(I) 1-1	Amendments to SFRS(I) 1-1: *Classification of Liabilities as Current or Non-current*	1 January 2024
SFRS(I) 10, SFRS(I) 1-28	Amendments to SFRS(I) 10 and SFRS(I) 1-28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined
SFRS(I) 1-8	Amendments to SFRS(I) 1-8: *Definition of Accounting Estimates*	1 January 2023
SFRS(I) 1-12, SFRS(I) 1	Amendments to SFRS(I) 1-12: *Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction*	1 January 2023
SFRS(I) 16	Amendments to SFRS(I) 16: *Lease Liability in a Sale and Leaseback*	1 January 2024
Various	Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: *Disclosure of Accounting Policies*	1 January 2023
Various	Amendments to SFRS(I) 1-1: *Non-current Liabilities with Covenants*	1 January 2024

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

The Group does not intend to early adopt any of the above new/revised standards, interpretations and amendments to the existing standards. Directors anticipate that the adoption of the aforementioned revised/new standards 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. Subsidiaries are entities (i) over which the Group has control over and the Group is (ii) able to exercise such control to (iii) affect its exposure, or rights, to variable returns from then through its involvement with them.

The Group reassesses whether it controls the subsidiaries if facts and circumstance indicate that there are changes to the one or more of the three elements of control.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

2.2 Basis of consolidation (cont'd)

When the Group has less than a majority of the voting rights of an investee, it still has control over the investee when the voting rights are sufficient, after considering all relevant facts and circumstances, to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers, among others, the extent of its voting rights relative to the size and dispersion of holdings of the other vote holders, currently exercisable substantive potential voting rights held by all parties, rights arising from contractual arrangements and voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intra-group assets and liabilities, equity, income, expenses and cashflows relating to intragroup transactions are eliminated on consolidation.

The financial statements of the subsidiaries used in the preparation of the financial statements are prepared on the same reporting date as that of the Company. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

When the Group loses control over a 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 accumulated profits) 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.

Investment in subsidiaries are carried at cost less any impairment loss that has been recognised in profit or loss in the Company's separate financial statements.

2.3 Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method when the acquired set of activities and assets constitute a business. When determining the acquired set of activities and assets constitute a business, the Group assesses whether the acquired set of activities and assets includes, at a minimum, an input and substantive process, which together contribute to the creation of outputs.

The Group has the option to apply a "concentration test" as a simplified assessment to determine whether an acquired set of activities and assets is a business. The Group makes the election separately for each transaction or other event. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

2.3 Business combinations (cont'd)

The fair value of the acquisition consideration is 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. For each business combination, the Group determines whether to measure the non-controlling interests in the acquiree at fair value or at proportionate share in the recognised amounts of the acquiree's identifiable net assets. Acquisition-related costs are recognised in profit or loss as incurred.

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.

The Group recognises any contingent consideration to be transferred to the acquiree at the fair value on the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement shall be accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of SFRS(I) 9 Financial Instruments is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with SFRS(I) 9. Other contingent consideration that is not within the scope of SFRS(I) 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

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. 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.

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 is initially measured at cost, being 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 previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities assumed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

2.3 Business combinations (cont'd)

If, after reassessment, the Group's interest in 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.

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 (including the goodwill), 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.

The attributable amount of goodwill is included in the determination of gain or loss on disposal of the subsidiary or jointly controlled entity.

Acquisition under common control

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

2.4 Transactions with non-controlling interests

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

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

2.5 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of property, plant and equipment 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 for its intended use. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration arises from the return of rented operating premises to the landlords pursuant to lease agreements. Subsequent to recognition, property, plant and equipment other than freehold land are measured at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated.

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

Computer equipment	5 years
Electrical equipment	6 – 15 years
Motor vehicles	5 years
Medical equipment	5 – 8 years
Office equipment, furniture and fittings	5 – 6 years
Renovation	6 – 15 years
Buildings	40 years
Leasehold Land	Remaining lease period

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

2.6 Intangible assets

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

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

(a) Intangible assets with finite useful lives

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

Computer software and software under development

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

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

Contractual relationship

Contractual relationship acquired in a business combination is measured at its fair value as at the date of acquisition. Following initial recognition, contractual relationship is amortised over the estimated useful life of 10 years.

Customer relationships

Customer relationships acquired in a business combination are measured at its fair value as at the date of acquisition. Following initial recognition, customer relationships are amortised over the estimated useful life of 5 years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

2.6 Intangible assets (cont'd)

(b) Intangible assets with indefinite useful lives

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

Goodwill

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

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating 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 reversible in subsequent periods.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

2.7 Associate

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group accounts for its investment in associate using the equity method from the date on which it becomes an associate.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities represents goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

2.7 Associate (cont'd)

Under the equity method, the investment in associate is carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. The profit or loss reflects the share of results of the operations of the associate. Distributions received from associate reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associate, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate are eliminated to the extent of the interest in the associate.

Where the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate. The Group determines at the end of each reporting period whether there is any objective evidence the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the profit or loss.

The financial statements of the associate are prepared as the same reporting date as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2.8 Impairment of non-financial assets excluding goodwill

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Group makes an estimate of the asset's recoverable amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal.

An impairment loss for the amount by which the asset's carrying amount exceeds the recoverable amount is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

2.9 Financial instruments

Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The financial assets of the Group are measured at amortised cost.

Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are de-recognised or impaired, and through amortisation process.

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

2.9 Financial instruments (cont'd)

Financial liabilities and equity instruments

Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On de-recognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

Current/non-current classification of borrowing

Borrowing is presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting date. When an entity breaches an undertaking under a long-term loan agreement on or before the reporting date with the effect that the liability becomes payable on demand, the liability is classified as current, even if the lender has agreed, after the reporting date and before the authorisation of the financial statements for issue, not to demand payment as a consequence of the breach. The liability is classified as current because, at the reporting date, the entity does not have an unconditional right to defer its settlement for at least twelve months after that date.

Where the entity expects, and has the discretion, to re-finance or roll over an obligation for at least 12 months after the reporting period under an existing loan facility with the same lender, the liability is classified as non-current.

Classification as debt or equity

Financial liabilities and equity instruments issued by Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

2.9 Financial instruments (cont'd)

Financial liabilities and equity instruments (cont'd)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Ordinary share capital

Ordinary share capital is classified as equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

Treasury share

When shares recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity.

2.10 Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

2.10 Impairment of financial assets (cont'd)

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 365 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, and short-term deposits. Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined on a weighted average basis and includes all costs incurred in bringing the inventories to their present location and condition.

Where necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price at which inventories can be realised in the ordinary course of business, less estimated costs necessary to make the sale.

2.13 Leases

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

As lessee

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

2.13 Leases (cont'd)

As lessee (cont'd)

(a) Right-of-use assets

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

Clinic/office premises	2 – 30 years
Motor vehicle	5 years
Medical equipment	3 – 5 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment set out in Note 2.8.

(b) Lease liabilities

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

2.13 Leases (cont'd)

As lessee (cont'd)

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

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

Sublease

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

– if the entity has accounted for the head lease as a short-term lease, the sublease shall be classified as an operating lease.

– otherwise, the sublease shall be classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset (for example, the item of plant or equipment that is the subject of the lease).

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

– de-recognises the right-of-use asset relating to the head lease that it transfers to the sublessee and recognises the net investment in the sublease;

– recognises any difference between the right-of-use asset and the net investment in the sublease in profit or loss; and

– retains the lease liability relating to the head lease in its statement of financial position, which represents the lease payments owed to the head lessor.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

2.14 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle that 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 financial year, 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 flow.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.15 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an expense, the grant is recognised as income in profit or loss on a systematic basis over the periods in which the related costs, for which the grants are intended to compensate, is expensed. Grants related to income are presented as a credit in profit or loss under “Other Income”.

2.16 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

- (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

- (ii) the amount of obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the statement of financial position of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

2.17 Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Rendering of services

Revenue from the provision of general medical care and prescription of medicine is recognised at a point in time when the services have been rendered and medicine are despatched.

Revenue from specialised health service refers to the provision of medical care, consultancy, treatment and surgery in the field of ophthalmology and is recognised at a point in time when the services have been rendered. This includes profit-sharing of a subsidiary providing specialist ophthalmology services in accordance with the terms of the service agreement with the external service provider.

Revenue from the provision of procedural treatment services, usually sold in packages, are recognised upon completion of the distinct services rendered over the course of the packages, based on each utilisation allocated using the relative stand-alone selling prices.

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

2.18 Finance costs

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

2.19 Employees benefits

Defined contribution plans

As required by law, the Group makes contributions to the state pension scheme, the Central Provident Fund ("CPF") in Singapore and Employees Provident Fund ("EPF") in Malaysia. CPF and EPF contributions are recognised as compensation expenses in the same period as the employment that gives rise to the contributions.

Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when the Group has a present legal or constructive obligation to pay as a result of services rendered by employees up to the end of the reporting period.

Employee share option plans

Certain employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled share-based payment transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted using an appropriate valuation model. This cost is recognised in profit or loss, with a corresponding increase in the share option reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of share options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period and is recognised in "Administrative Expenses" in the statement of profit or loss and other comprehensive income.

Service condition is not taken into account when determining the grant date fair value of share options, but the likelihood of the condition being met is assessed as part of the Group's best estimate of the number of share options that will ultimately vest.

No expense is recognised for share options that do not ultimately vest. In the case where the share option does not vest as the result of a failure to meet a vesting condition that is within the control of the Group or the employee, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in profit or loss upon cancellation. The share option reserve is transferred to retained earnings upon expiry of the share option.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

2.20 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Company and subsidiaries operate and generate taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

– where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– in respect of taxable temporary differences associated with investment in subsidiaries and associate, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

– where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– in respect of deductible temporary differences associated with investment in subsidiaries and associate, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

2.20 Taxes (cont'd)

(b) Deferred tax (cont'd)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

– where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

– receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

2.21 Foreign currency transactions and translation

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

(a) Transactions and balances

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

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

(b) Consolidated financial statements

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

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.22 Dividends

Equity dividends are recognised as a liability 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 dividends are approved by shareholders. A corresponding amount is recognised in equity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Assumptions concerning the future and other key sources of estimation uncertainty and accounting judgements made at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and the reported amounts of revenues and expenses within the next financial year are discussed below.

Impairment assessment of goodwill

The Group tests goodwill for impairment at least on an annual basis. Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating units (CGU) to which goodwill has been allocated. The value-in-use calculation requires the entity to estimate the future cash flows expected to arise from the CGU, the terminal growth rate and a suitable discount rate to calculate present value. No impairment loss was recognised during the financial year (2021: nil). The carrying amount of goodwill as at 31 December 2022 was $54,215,000 (2021: $41,865,000) (Note 6).

Impairment assessment of cost of investment in subsidiaries

At the end of each financial year, an assessment is made on whether there are indicators that the Company's investments are impaired. Where applicable, the Company's assessments are based on the estimation of the value-in-use of the assets defined in SFRS(I) 1-36 Impairment of Assets by forecasting the expected future cash flows, the terminal growth rate and a suitable discount rate to calculate the present value of those cash flows. The Company's carrying amount of investment in subsidiaries as at 31 December 2022 was $62,487,000 (2021: $56,855,000) (Note 7).

Business combination

During the financial year, the Group had completed the acquisition of IE Centre Sdn. Bhd. ("IE Centre"), Kampar Eye Sdn. Bhd. ("Kampar Eye"), TE Centre Sdn. Bhd. ("TE Centre"), ME Centre Sdn. Bhd. ("ME Centre") and Taiping Eye Sdn. Bhd. ("Taiping Eye"), through its wholly owned subsidiary, ISEC Sdn. Bhd., from external parties (or the "Vendors"). The acquisition was accounted for using the acquisition method involving a Purchase Price Allocation ("PPA") exercise.

Significant judgements and estimates are made in the PPA exercise on the identification of intangible assets, ascertaining the fair values of the acquired assets and liabilities as well as the new shares issued as part of the purchase consideration as disclosed in Note 7(d) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

Depreciation of property, plant and equipment, right-of-use assets

The Group depreciates the property, plant and equipment and right-of-use assets over their estimated useful lives after taking into account of their estimated residual values. The estimated useful life reflects management's estimate of the period that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment and right-of-use assets. The residual value reflects management's estimated amount that the Group would currently obtain from the disposal of the asset, after deducting the estimated costs of disposal, as if the asset was already of the age and in the condition expected at the end of its useful life. Changes in the expected level of usage and technological developments could affect the economics, useful lives and the residual values of these assets which could then consequentially impact future depreciation charges. The carrying amounts of the Group's and the Company's property, plant and equipment at 31 December 2022 were $16,316,000 (2021: $9,428,000) and $86,000 (2021: $9,000) respectively (Note 4). The carrying amounts of the Group's and the Company's right-of-use assets at 31 December 2022 were $10,877,000 (2021: $6,382,000) and $162,000 (2021: $50,000) respectively (Note 5).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

4. PROPERTY, PLANT AND EQUIPMENT

	Computer equipment $'000	Electrical equipment $'000	Motor vehicles $'000	Medical equipment $'000	Office equipment, furniture and fittings $'000	Renovation $'000	Assets under construction $'000	Land and buildings $'000	Total $'000
Group									
Cost									
At 1 January 2021	617	584	56	7,404	692	2,308	908	5,363	17,932
Additions	15	–	–	156	21	123	412	–	727[(1)]
Disposals	–	–	–	–	(5)	–	–	–	(5)
Written-off	(12)	–	–	(196)	(21)	(6)	–	–	(235)
Reclassification	–	(9)	–	–	9	7	(7)	–	–
Currency translation differences	(26)	(10)	(1)	(345)	(40)	(86)	(13)	(92)	(613)
At 31 December 2021 and 1 January 2022	594	565	55	7,019	656	2,346	1,300	5,271	17,806
Acquisition of subsidiaries	23	91	7	690	284	344	778	708	2,925
Additions	391	1,349	–	864	284	679	853	1,547	5,967[(1)]
Disposals	(13)	–	–	–	–	–	–	–	(13)
Written-off	(8)	(437)	–	(715)	(85)	(547)	–	–	(1,792)
Reclassification	–	–	–	–	–	30	(1,494)	1,464	–
Currency translation differences	(50)	(43)	(4)	(554)	(74)	(172)	(188)	(341)	(1,426)
At 31 December 2022	**937**	**1,525**	**58**	**7,304**	**1,065**	**2,680**	**1,249**	**8,649**	**23,467**

(1) During the financial year ended 31 December 2022, $437,000 (FY2021: $235,000) of the property, plant and equipment purchased remained unpaid and was included in other payables of the financial statements. The remaining $52,000 (FY2021: nil) of the property, plant and equipment addition relates to the provision for the restoration costs which is a non-cash transaction.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Computer equipment $'000	Electrical equipment $'000	Motor vehicles $'000	Medical equipment $'000	Office equipment, furniture and fittings $'000	Renovation $'000	Assets under construction $'000	Land and buildings $'000	Total $'000
Group									
Accumulated depreciation									
At 1 January 2021	460	445	34	4,782	437	1,633	–	–	7,791
Depreciation charge for the year	57	48	11	640	112	186	–	–	1,054
Disposals	–	–	–	–	(5)	–	–	–	(5)
Written-off	(12)	–	–	(194)	(20)	(6)	–	–	(232)
Reclassification	–	(4)	–	–	4	–	–	–	–
Currency translation differences	(13)	(8)	*	(142)	(18)	(49)	–	–	(230)
At 31 December 2021 and 1 January 2022	492	481	45	5,086	510	1,764	–	–	8,378
Depreciation charge for the year	86	63	11	705	102	201	–	–	1,168
Disposals	(12)	–	–	–	–	–	–	–	(12)
Written-off	(8)	(432)	–	(710)	(83)	(535)	–	–	(1,768)
Reclassification	–	–	–	–	–	–	–	–	–
Currency translation differences	(31)	(30)	(3)	(379)	(51)	(121)	–	–	(615)
At 31 December 2022	**527**	**82**	**53**	**4,702**	**478**	**1,309**	**–**	**–**	**7,151**
Carrying amount									
At 31 December 2021	102	84	10	1,933	146	582	1,300	5,271	9,428
At 31 December 2022	**410**	**1,443**	**5**	**2,602**	**587**	**1,371**	**1,249**	**8,649**	**16,316**

* Less than $1,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Computer equipment $'000	Office equipment, furniture and fittings $'000	Renovation $'000	Total $'000
Company				
Cost				
At 1 January 2021,31 December 2021 and 1 January 2022	57	14	144	215
Additions	–	13	74	87
Written-off	–	(8)	(142)	(150)
At 31 December 2022	**57**	**19**	**76**	**152**
Accumulated depreciation				
At 1 January 2021	45	13	144	202
Depreciation charge for the year	4	*	–	4
At 31 December 2021 and 1 January 2022	49	13	144	206
Depreciation charge for the year	3	1	6	10
Written-off	–	(8)	(142)	(150)
At 31 December 2022	**52**	**6**	**8**	**66**
Carrying amount				
At 31 December 2021	8	1	–	9
At 31 December 2022	**5**	**13**	**68**	**86**

* Less than $1,000

Assets under construction

The Group's property, plant and equipment of $1,249,000 (2021: $1,300,000) as at 31 December 2022 mainly relates to the acquisition of a building and expenditures on renovation of clinics in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

5. LEASES

As lessee

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

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

(a) Right-of-use assets

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

	Clinic/office premises $'000	Motor vehicle $'000	Medical equipment $'000	Total $'000
Group				
At 1 January 2021	3,816	21	917	4,754
Additions	673	–	72	745
Lease modification	2,395	–	238	2,633
Depreciation charge for the year	(1,114)	(5)	(492)	(1,611)
Currency translation differences	(120)	(4)	(15)	(139)
At 31 December 2021 and 1 January 2022	**5,650**	**12**	**720**	**6,382**
Acquisition of subsidiaries (Note 7(d))	**3,659**	**–**	**639**	**4,298**
Additions	**1,703**	**–**	**748**	**2,451**
Lease modification	**(16)**	**–**	**–**	**(16)**
Depreciation charge for the year	**(1,193)**	**(4)**	**(551)**	**(1,748)**
Currency translation differences	**(433)**	**(1)**	**(56)**	**(490)**
At 31 December 2022	**9,370**	**7**	**1,500**	**10,877**

Lease modification during the current financial year relates to the price revision and/or extension of the lease period in the existing/past leases of two clinic/office premises. In the previous financial year, the lease modification relates to the price revision and/or extension of the lease period in the existing leases of three clinic premises and two clinics' medical equipment.

	Office premise 2022 $'000	Office premise 2021 $'000
Company		
At 1 January	**50**	126
Additions	**177**	–
Depreciation charge for the year	**(65)**	(76)
At 31 December	**162**	50

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

5. LEASES (CONT'D)

As lessee (cont'd)

(b) Lease liabilities

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

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
At 1 January	**6,772**	5,256	**55**	128
Acquisition of subsidiaries (Note 7(d))	**4,361**	–	**–**	–
Additions	**2,451**	745	**177**	–
Lease modification	**(24)**	2,633	**–**	–
Interest expense	**366**	259	**4**	3
Payments, net	**(2,194)**	(1,893)	**(72)**	(76)
Rental rebates	**(3)**	(79)	**–**	–
Currency translation differences	**(504)**	(149)	**–**	–
At 31 December	**11,225**	6,772	**164**	55
Current	**1,652**	1,560	**33**	55
Non-current	**9,573**	5,212	**131**	–

Lease modification during the current financial year relates to the price revision and/or extension of the lease period in the existing/past leases of two clinic/office premises. In the previous financial year, the lease modification relates to the price revision and/or extension of the lease period in the existing leases of three clinic premises and two clinic medical equipment. The maturity analysis of lease liabilities is disclosed in Note 31(c).

(c) Net investment in sublease

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

	2022	**2021**
	$'000	**$'000**
Group		
At 1 January	**108**	165
Accretion of interest income	**3**	5
Receipts, net	**(61)**	(57)
Rental rebates	**–**	(5)
At 31 December	**50**	108
Current	**50**	58
Non-current	**–**	50

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

5. LEASES (CONT'D)

As lessee (cont'd)

(d) Amounts recognised in profit or loss

The following are the amounts recognised in profit or loss:

	2022 $'000	2021 $'000
<u>Group</u>		
Depreciation of right-of-use assets (Note 24)	**1,748**	1,611
Interest expense on lease liabilities (Note 22)	**366**	259
Interest income on sublease	**(3)**	(5)
Rental rebates (Note 20)	**(3)**	(74)
Gain on lease modification	**(8)**	–
Lease expenses not capitalised in lease liabilities (Note 24)		
– Expenses relating to leases of short-term leases (Included in administrative expenses)	**92**	–
– Expenses relating to leases of short-term leases (Included in cost of sales)	**3**	3
– Expenses relating to leases of low-value leases (Included in administrative expenses)	**11**	11
Total amount recognised in profit or loss	**2,206**	1,805

(e) Total cash outflow

The Group had total cash outflows for leases (including short-term and low-value leases) of $2,239,000 in 2022 (2021: $1,850,000), net of receipts from sublease and rental rebates. The Group also had non-cash additions to right-of-use assets and lease liabilities of $2,451,000 (2021: $745,000) and $2,451,000 (2021: $745,000) respectively during the financial year.

(f) Extension options

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

6. INTANGIBLE ASSETS

	Computer Software $'000	Software under development $'000	Goodwill $'000	Contractual relationship $'000	Customer relationships $'000	Total $'000
Group						
Cost						
At 1 January 2021	551	110	42,252	5,300	155	48,368
Additions	*	42	–	–	–	42
Currency translation differences	(14)	(3)	(387)	–	–	(404)
At 31 December 2021 and 1 January 2022	**537**	**149**	**41,865**	**5,300**	**155**	**48,006**
Acquisition of subsidiaries (Note 7(d))	**2**	**–**	**–**	**–**	**–**	**2**
Additions	**2**	**–**	**14,111**	**–**	**–**	**14,113**
Currency translation differences	**(32)**	**(9)**	**(1,761)**	**–**	**–**	**(1,802)**
At 31 December 2022	**509**	**140**	**54,215**	**5,300**	**155**	**60,319**
Accumulated amortisation						
At 1 January 2021	509	–	–	3,313	123	3,945
Amortisation for the year	23	–	–	530	32	585
Currency translation differences	(8)	–	–	–	–	(8)
At 31 December 2021 and 1 January 2022	**524**	**–**	**–**	**3,843**	**155**	**4,522**
Amortisation for the year	**9**	**–**	**–**	**530**	**–**	**539**
Currency translation differences	**(31)**	**–**	**–**	**–**	**–**	**(31)**
At 31 December 2022	**502**	**–**	**–**	**4,373**	**155**	**5,030**
Carrying amount						
At 31 December 2021	13	149	41,865	1,457	–	43,484
At 31 December 2022	**7**	**140**	**54,215**	**927**	**–**	**55,289**
Remaining useful life as at 31 December 2022 (years)	**0 to 5**	**–**	**–**	**1.75**	**–**	

* Less than $1,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

6. INTANGIBLE ASSETS (CONT'D)

	Computer software $'000
Company	
Cost	
At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	8
Accumulated amortisation	
At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	8
Carrying amount	
At 31 December 2021 and 31 December 2022	–
Remaining useful life as at 31 December 2022 (years)	–

Amortisation of computer software, contractual relationship and customer relationships are included in "administrative expenses" and "other expenses" line items in profit or loss respectively.

Goodwill

Goodwill on consolidation arises from the acquisition of subsidiaries. Goodwill arising from business combinations is allocated to the following cash-generating units ("CGUs") that are expected to benefit from the business combinations.

	2022 $'000	2021 $'000
Goodwill		
ISEC Eye Pte. Ltd. ("ISEC Eye")	**7,970**	7,970
Southern Specialist Eye Centre Sdn. Bhd. ("SSEC")	**11,437**	12,151
JL Medical (Bukit Batok) Pte. Ltd. ("JLMBB")	**3,939**	3,939
JL Medical (Sembawang) Pte. Ltd. ("JLMS")	**2,980**	2,980
JL Medical (Woodlands) Pte. Ltd. ("JLMW")	**3,509**	3,509
JL Medical (Yew Tee) Pte. Ltd. ("JLMYT")	**1,474**	1,474
Indah Specialist Eye Centre Sdn. Bhd. ("Indah Specialist")	**9,265**	9,842
IE Centre Sdn. Bhd. ("IE Centre")	**11,654**	–
Kampar Eye Sdn. Bhd. ("Kampar Eye")	**1,942**	–
TE Centre Sdn. Bhd. ("TE Centre")	**17**	–
ME Centre Sdn. Bhd. ("ME Centre")	**12**	–
Taiping Eye Sdn. Bhd. ("Taiping Eye")	**16**	–
	54,215	41,865

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

6. INTANGIBLE ASSETS (CONT'D)

Goodwill (cont'd)

The Group tests CGUs for impairment annually, or more frequently when there is an indication of impairment. The recoverable amounts of the CGUs have been determined based on the cash flow forecasts of the respective CGUs from actual performance of the latest financial year and financial budgets approved by management that uses a number of significant operational and predictive assumptions, covering a five-year period and projection to terminal year. The key assumptions for the value-in-use calculations are those regarding the revenue, terminal growth rates, and the pre-tax discount rates as follows:

	Revenue growth rate		Terminal growth rate		Pre-tax discount rate	
	2023 to 2027	2022 to 2026	2022	2021	2022	2021
	%	%	%	%	%	%
ISEC Eye	3	6 – 13	**1.0**	1.0	**17**	17
SSEC	5 – 7	6 – 32	**3.0**	3.0	**15**	15
JLMBB	4	4 – 8	**2.0**	2.0	**10**	10
JLMS	3	4 – 5	**2.0**	2.0	**10**	10
JLMW	4	7	**2.0**	2.0	**10**	10
JLMYT	3 – 8	2 – 6	**2.0**	2.0	**10**	10
Indah Specialist	6 – 8	6 – 12	**3.0**	3.0	**15**	15
IE Centre	3 – 6	–	**3.0**	–	**15**	–
Kampar Eye	2 – 5	–	**3.0**	–	**15**	–

Management estimates the discount rates using pre-tax rates that reflect current market assessment of the time value of money and the risks specific to each CGU. The revenue and terminal growth rates are based on management's estimates and expectations from historical trends, market and economic conditions, industry indices and planned strategies on revenue growth and cost initiatives.

Key assumptions used in the value in use calculations

The calculations of value in use for the CGUs are most sensitive to the following assumptions:

Revenue growth rates – The forecasted revenue growth rates are based on management's expectations for each CGU from historical trends and planned business strategies, as well as long-term average growth rates of the healthcare industry in the respective countries.

Pre-tax discount rates – Discount rates represent the current market assessment of the risks specific to each CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its CGUs and derived from its weighted average cost of capital ("WACC").

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

6. INTANGIBLE ASSETS (CONT'D)

Goodwill (cont'd)

Sensitivity analysis

Management has determined the most likely revenue growth rates scenario based on their best estimates on the expectations for each CGU. Management has taken into consideration the historical trend and long term average growth rates of the healthcare industry in the respective countries.

Management is of the view that no reasonable possible changes in any of the key assumptions would cause the CGU's carrying amount to materially exceed its recoverable amount.

Contractual relationship

ISEC Eye

Contractual relationship relates to an agreement between ISEC Eye and Parkway Hospitals Singapore Pte. Ltd. ("PHS") where ISEC Eye has agreed to provide specialist ophthalmology services to the Asia Pacific Eye Centre ("Clinic") located at Gleneagles Hospital Singapore. The Clinic is operated by PHS which manages the daily operations, including purchasing, marketing and expenditures relating to equipment and supplies.

Customer relationships

JLMBB, JLMS, JLMW, JLMYT

Customer relationships arise from clinical and medical services to recurring customers.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

7. INVESTMENT IN SUBSIDIARIES

	2022 $'000	2021 $'000
Company		
Unquoted equity shares, at cost	**35,287**	35,287
Deemed capital contribution	**32,767**	27,335
	68,054	62,662
Less: allowance for impairment loss	**(5,567)**	(5,767)
	62,487	56,855

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

	2022 $'000	2021 $'000
Movement in allowance account:		
At 1 January	**5,767**	5,767
Reversal of impairment loss	**(200)**	–
At 31 December	**5,567**	5,767

During the financial year, the Company carried out a review of the recoverable amount of one of the subsidiaries, JL Medical (Sembawang) Pte. Ltd. The review led to the recognition of a reversal of impairment loss of $200,000 (2021: nil) that has been recognised in profit or loss.

Deemed capital contribution

Deemed capital contribution to subsidiaries are unsecured, interest-free and repayable at the discretion of the subsidiaries. It includes funding by the Company (by way of both allotment and issuance of shares and cash consideration) to its wholly-owned subsidiary, ISEC Sdn. Bhd., to acquire interests in SSEC, ISEC (Penang) Sdn. Bhd., Indah Specialist, IE Centre and Kampar Eye, and the Company's contribution to International Specialist Eye Centre Pte. Ltd., in the form of shares in the Company and cash contribution.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

7. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Composition of the Group

The Group has the following investments in subsidiaries:

Name of company	Principle place of business	Principal activities	Proportion of ownership interest 2022 %	2021 %
Held directly by the Company:				
ISEC Sdn. Bhd. ("ISEC KL")[(2)]	Malaysia	Medical eye care services	**100**	100
ISEC Eye Pte. Ltd.[(1)]	Singapore	Medical eye care services	**100**	100
International Specialist Eye Centre Pte. Ltd.[(1)]	Singapore	Medical eye care services	**100**	100
ISEC Global Pte. Ltd.[(1)]	Singapore	Investment holding	**100**	100
JL Medical (Bukit Batok) Pte. Ltd.[(1)]	Singapore	General medical services	**100**	100
JL Medical (Sembawang) Pte. Ltd.[(1)]	Singapore	General medical services	**100**	100
JL Medical (Woodlands) Pte. Ltd.[(1)]	Singapore	General medical services	**100**	100
JL Medical (Yew Tee) Pte. Ltd.[(1)]	Singapore	General medical services	**100**	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

7. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Composition of the Group (cont'd)

The Group has the following investments in subsidiaries: (cont'd)

Name of company	Principle place of business	Principal activities	Proportion of ownership interest 2022 %	2021 %
Held through ISEC Sdn. Bhd.:				
ISEC (Penang) Sdn. Bhd. ("ISEC Penang")[(2)]	Malaysia	Medical eye care services	**100**	100
ISEC (Sibu) Sdn. Bhd. ("ISEC Sibu")[(2)]	Malaysia	Medical eye care services	**55**	55
Southern Specialist Eye Centre Sdn. Bhd. ("SSEC")[(2)]	Malaysia	Medical eye care services	**100**	100
Indah Specialist Eye Centre Sdn. Bhd. ("Indah Specialist")[(2)]	Malaysia	Medical eye care services	**100**	100
ISEC (Kuching) Sdn. Bhd. ("ISEC Kuching")[(2)]	Malaysia	Medical eye care services	**51**	51
IE Centre Sdn. Bhd. ("IE Centre")[(2)]	Malaysia	Medical eye care services	**100**	–
Kampar Eye Sdn. Bhd. ("Kampar Eye")[(2)]	Malaysia	Medical eye care services	**100**	–
ME Centre Sdn. Bhd. ("ME Centre")[(2)]	Malaysia	Medical eye care services	**50***	–
TE Centre Sdn. Bhd. ("TE Centre")[(2)]	Malaysia	Medical eye care services	**50***	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

7. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Composition of the Group (cont'd)

The Group has the following investments in subsidiaries: (cont'd)

Name of company	Principle place of business	Principal activities	Proportion of ownership interest 2022 %	2021 %
Held through ISEC Sdn. Bhd.:				
Taiping Eye Sdn. Bhd. ("Taiping Eye")(2)	Malaysia	Medical eye care services	**50***	–
Held through ISEC Global Pte. Ltd.:				
ISEC Myanmar Company Limited ("ISEC Myanmar")(3)	Myanmar	Medical eye care services	**51**	51
Held through Southern Specialist Eye Centre Sdn. Bhd.:				
ISEC Specialist Eye Clinic (Melaka) Sdn. Bhd., previously known as ISEC (Melaka) Sdn. Bhd. ("ISEC Melaka")(2)	Malaysia	Medical eye care services	**100**	100

(1) Audited by Mazars LLP, Singapore

(2) Audited by overseas member firms of Mazars LLP

(3) Audited by AKO Audit Firm

* The Group obtained the control of the aforesaid companies by subscription of 50.0% plus 1 ordinary share of the enlarged share capital of each of the aforesaid companies.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

7. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

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

	ISEC Myanmar	
	2022	**2021**
Proportion of ownership interest held by non-controlling interest (%)	**49**	49
Profit after taxation allocated to NCI during the reporting period ($'000)	**229**	26
Accumulated NCI at the end of reporting period ($'000)	**783**	554

(c) Summarised financial information about subsidiary with material NCI

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

Summarised statement of financial position

	ISEC Myanmar	
	2022	**2021**
	$'000	**$'000**
Non-current assets	**611**	740
Current assets	**912**	584
Non-current liabilities	**(111)**	(43)
Current liabilities	**(182)**	(316)
Net assets	**1,230**	965

Summarised statement of profit or loss and other comprehensive income

	ISEC Myanmar	
	2022	**2021**
	$'000	**$'000**
Revenue	**1,916**	992
Profit for the financial year, representing total comprehensive income	**467**	52

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

7. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

Other summarised information

	ISEC Myanmar	
	2022	**2021**
	$'000	**$'000**
Net cash generated from operating activities	**560**	447
Net cash used in investing activities	*	(18)
Net cash used in financing activities	**(186)**	(150)
Net change in cash and cash equivalents	**374**	279

* Less than $1,000

(d) Acquisition of IE Centre, Kampar Eye, TE Centre, ME Centre, and Taiping Eye

On 26 May 2022, the Company completed the acquisition of IE Centre Sdn. Bhd. ("IE Centre"), Kampar Eye Sdn. Bhd. ("Kampar Eye"), TE Centre Sdn. Bhd. ("TE Centre"), ME Centre Sdn. Bhd. ("ME Centre") and Taiping Eye Sdn. Bhd. ("Taiping Eye"), through its wholly owned subsidiary, ISEC Sdn. Bhd., from external parties (or the "Vendors").

The entire issued and paid-up share capital of IE Centre and Kampar Eye was acquired by way of allotment of 21,881,135 new ordinary shares to the Vendors, equivalent to fair value consideration of $5,432,000 and cash consideration of $11,169,000. 80% of the consideration shares are subjected to a moratorium of up to a period of 60 months from the date of completion of acquisition. 30% of the cash consideration is payable in 12 months and 10% is payable in 24 months from date of completion of acquisition.

A total of 1,500,003 issued and paid-up share capital (comprising 50.0% plus 1 ordinary share of each entity) of TE Centre, ME Centre and Taiping Eye was subscribed by way of a total cash consideration of RM1,500,003 (equivalent to $474,000).

The Group acquired the subsidiaries above, as a whole, as they are expected to provide the Group with growing stream of recurring revenue and cash flow in the territory of Perak where the demand for specialised and quality medical eye services is expected to increase.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

7. INVESTMENT IN SUBSIDIARIES (CONT'D)

(d) Acquisition of IE Centre, Kampar Eye, TE Centre, ME Centre, and Taiping Eye (cont'd)

Assets and liabilities recognised as a result of the acquisition

The fair value of the identifiable assets of the acquired subsidiaries as at the acquisition date were:

	Fair value recognised on acquisition					
	IE Centre $'000	Kampar Eye $'000	TE Centre $'000	ME Centre $'000	Taiping Eye $'000	Total $'000
Property, plant and equipment	1,097	342	443	748	295	2,925
Right-of-use assets	3,200	1,098	–	–	–	4,298
Intangible assets	1	1	–	–	–	2
Trade receivables	800	80	–	–	–	880
Deposits, prepayments and other receivables	50	17	3	–	88	158
Inventories	138	77	–	–	–	215
Cash and cash equivalents	605	189	194	157	159	1,304
	5,891	1,804	640	905	542	9,782
Trade and other payables	(497)	(77)	(359)	(111)	(259)	(1,303)
Borrowings	–	–	–	(505)	–	(505)
Lease liabilities	(3,251)	(1,110)	–	–	–	(4,361)
Deferred tax liabilities	(60)	(15)	–	–	–	(75)
Current income tax payable	(134)	(14)	–	–	–	(148)
	(3,942)	(1,216)	(359)	(616)	(259)	(6,392)
Total identifiable net assets	1,949	588	281	289	283	3,390
Less: Non-controlling interests measured at the non controlling interests' proportionate share	–	–	(141)	(144)	(141)	(426)
Add: Goodwill arising from acquisition	12,055	2,009	18	13	16	14,111
Total consideration transferred	14,004	2,597	158	158	158	17,075
Consideration transferred for the acquisition						
Cash paid	5,771	1,067	158	158	158	7,312
Equity instruments issued (21,881,135 ordinary shares of the Company)	4,582	850	–	–	–	5,432
Deferred cash settlement	3,651	680	–	–	–	4,331
Total consideration transferred	14,004	2,597	158	158	158	17,075

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

7. INVESTMENT IN SUBSIDIARIES (CONT'D)

(d) Acquisition of IE Centre, Kampar Eye, TE Centre, ME Centre, and Taiping Eye (cont'd)

Assets and liabilities recognised as a result of the acquisition (cont'd)

	Fair value recognised on acquisition					
	IE Centre $'000	Kampar Eye $'000	TE Centre $'000	ME Centre $'000	Taiping Eye $'000	Total $'000
Effects of the acquisition of subsidiaries on cash flows						
Total consideration for equity interest acquired	14,004	2,597	158	158	158	17,075
Less: cash transferred to subsidiaries for the acquisition of new ordinary shares	–	–	(158)	(158)	(158)	(474)
Less: non-cash consideration	(4,582)	(850)	–	–	–	(5,432)
Less: deferred cash settlement	(3,651)	(680)	–	–	–	(4,331)
Consideration settled in cash	5,771	1,067	–	–	–	6,838
Less: cash and cash equivalents of subsidiaries acquired	(605)	(189)	(194)	(157)	(159)	(1,304)
Net cash outflow/(inflow) on acquisition	5,166	878	(194)	(157)	(159)	5,534

Goodwill arising from acquisition

The goodwill of $14,111,000 comprises the value of strengthening the Group's market position in Malaysia and the synergies expected to arise from integrating the acquired subsidiaries into the Group's existing Specialised Health business. None of the goodwill recognised is expected to be deductible for income tax purposes.

Transaction costs

Transaction costs related to the acquisition amounting to $100,000 (equivalent to approximately RM320,000) and $54,000 (equivalent to approximately RM164,000) for the respective financial years ended 31 December 2022 and 31 December 2021 had been recognised in "administrative expenses" line item in the Group's profit or loss.

Acquired receivables

The fair value of trade and other receivables is $1,038,000 and includes trade receivables with a fair value of $880,000. The gross contractual amount for trade and other receivables due is $1,038,000.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

7. INVESTMENT IN SUBSIDIARIES (CONT'D)

(d) Acquisition of IE Centre, Kampar Eye, TE Centre, ME Centre, and Taiping Eye (cont'd)

Impact of acquisition on profit or loss

For the period 26 May 2022 to 31 December 2022, the acquired subsidiaries contributed revenue of $5,956,000 and profit of $1,402,000 to the Group's results. If the business combination had taken place at the beginning of the year, the Group's consolidated revenue and consolidated profit after tax for the year ended 31 December 2022 would have been $66,517,000 and $13,638,000 respectively.

	IE Centre $'000	Kampar Eye $'000	TE Centre $'000	ME Centre $'000	Taiping Eye $'000	Total $'000
For the period from 26 May 2022 to 31 December 2022:						
Revenue	**4,963**	**993**	**–**	**–**	**–**	**5,956**
Profit/(loss) after tax	**1,215**	**195**	**(1)**	**(6)**	**(1)**	**1,402**
For the financial year ended 31 December 2022:						
Revenue	**7,942**	**1,577**	**–**	**–**	**–**	**9,519**
Profit/(loss) after tax	**2,011**	**336**	**(10)**	**(23)**	**(2)**	**2,312**

8. INVESTMENT IN ASSOCIATE

	2022 $'000	2021 $'000
Group		
Unquoted equity investment, at cost	**–**	250
Share of post-acquisition reserves		
At 1 January	**156**	(82)
Share of results of associate	**(1)**	(12)
Disposal of investment	**(155)**	–
Carrying amount of investment	**–**	156

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

8. INVESTMENT IN ASSOCIATE (CONT'D)

Name of company	Principal place of business	Principal activities	Proportion of ownership interest 2022 %	2021 %
Held through JL Medical (Bukit Batok) Pte. Ltd.:				
I Medical & Aesthetics Pte. Ltd.	Singapore	General medical services	–	25

The summarised financial information in respect of the associate that is not material to the Group is as follows:

	2022 $'000	2021 $'000
Revenue	**223**	629
Loss for the financial period/year, representing total comprehensive income	**(3)**	(49)

On 30 April 2022, the Group disposed of its entire interest in I Medical & Aesthetics Pte. Ltd. ("IMA") to the other shareholders for a consideration of $3.

9. DEFERRED TAX

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

	At 1 January 2022 $'000	Recognised in profit or loss $'000	Acquisition through business combination $'000	Currency translation differences $'000	At 31 December 2022 $'000
Deferred tax assets					
Provisions and other temporary differences	140	64	–	(8)	196
Deferred tax credit		(64)			
Deferred tax liabilities					
Differences in depreciation for tax purposes	**25**	42	75	(1)	**141**
Differences in amortisation of intangible assets	**248**	(90)	–	–	**158**
	273	(48)	75	(1)	**299**
Deferred tax credit, net		(112)			

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

9. DEFERRED TAX (CONT'D)

	At 1 January 2021 $'000	Recognised in profit or loss $'000	Currency translation differences $'000	At 31 December 2021 $'000
Deferred tax assets				
Provisions and other temporary differences	51	90	(1)	140
Deferred tax credit		(90)		
Deferred tax liabilities				
Differences in depreciation for tax purposes	34	(9)	*	25
Differences in amortisation of intangible assets	344	(96)	*	248
	378	(105)	*	273
Deferred tax credit, net		(195)		

* Less than $1,000

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

	2022 $'000	2021 $'000
At beginning of the year	**7**	7
Recognised in profit or loss for the year	**–**	–
At end of the year	**7**	7
Deferred tax assets		
Provisions and other temporary differences	**7**	7

There were no movement in deferred tax of the Company during the years ended 31 December 2022 and 31 December 2021. The deferred tax assets of the Company relate to the provisions and other temporary differences.

10. INVENTORIES

	2022 $'000	2021 $'000
Group		
Medical and surgical supplies	**1,874**	1,271

Inventories of $12,645,000 (2021: $8,008,000) were recognised as an expense and included in "cost of sales" line item in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Trade receivables	**4,022**	2,851	**–**	–
Contract assets	**114**	111	**–**	–
Amounts due from associate (trade)	**–**	2	**–**	–
Total trade receivables	**4,136**	2,964	**–**	–
Less: Allowance for expected credit loss	**(43)**	(23)	**–**	–
	4,093	2,941	**–**	–
Other receivables	**91**	80	**29**	52
Accrued reimbursement from vendors of subsidiaries acquired	**–**	165	**–**	165
Amounts due from immediate holding company (non-trade)	**–**	28	**–**	28
Amounts due from subsidiaries (non-trade)	**–**	–	**14,761**	13,877
Amounts due from associate (non-trade)	**–**	16	**–**	3
Deposits (Current)	**565**	515	**17**	44
Deposit (Non-current)	**–**	207	**–**	–
Total trade and other receivables	**4,749**	3,952	**14,807**	14,169
Current	**4,749**	3,745	**14,807**	14,169
Non-current	**–**	207	**–**	–
Add:				
– Net investment in sublease (Note 5)	**50**	108	**–**	–
– Cash and cash equivalents (Note 12)	**20,633**	22,494	**5,045**	1,867
Total financial assets held at amortised cost	**25,432**	26,554	**19,852**	16,036

Trade receivables and amount due from associate (trade) are unsecured, non-interest bearing and generally on 60 to 90 days' (2021: 60 to 90 days') credit terms.

Contract assets mainly relate to accrued Primary Care Network income. In 2022, $111,000 (2021: $280,000) of contract assets was reclassified to trade receivables and settled during the year.

Amounts due from subsidiaries and associate (non-trade) are unsecured, non-interest bearing and repayable on demand.

Current deposits mainly relate to the refundable rental deposits of premises upon termination and/or expiry of the respective tenancy agreements. The non-current deposits pertained to the 1% earnest deposit payment for the intended acquisition of a Malaysia's property, which was subsequently refunded to the Group upon rescission of this acquisition during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

11. TRADE AND OTHER RECEIVABLES (CONT'D)

Accrued reimbursement from vendors of subsidiaries acquired on 1 December 2016 related to shortfall in profit achieved by the subsidiaries for the financial year ended 31 December 2021.

There is no significant foreign currency risk exposure in the Group's trade and other receivables. The Company's trade and other receivables that are not denominated in the functional currency of the Company are as follows:

	Company	
	2022	2021
	$'000	$'000
Malaysia ringgit	**9,913**	10,197

Expected credit losses

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

	2022	2021
	$'000	$'000
Group		
At 1 January	**23**	19
Charge for the year	**34**	8
Written-back	**(6)**	(4)
Written-off	**(7)**	*
Currency translation differences	**(1)**	–
At 31 December	**43**	23

* Less than $1,000

12. CASH AND CASH EQUIVALENTS

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Cash and bank balances	**18,057**	21,413	**2,545**	867
Fixed deposits	**2,576**	1,081	**2,500**	1,000
Total cash and cash equivalents	**20,633**	22,494	**5,045**	1,867

Fixed deposits are made with banks for varying periods of between one and three months and the effective interest rates on the fixed deposits range from 0.20% to 3.50% (2021: 0.18% to 1.45%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

13. SHARE CAPITAL

	Group and Company			
	2022	2021	2022	2021
	Number of ordinary shares		$'000	$'000
Issued and fully paid:				
At 1 January	**550,735,471**	550,685,857	**70,068**	70,054
Issuance of consideration shares for the acquisition of 100% equity interest in IE Centre and Kampar Eye (Note 7(d))	**21,881,135**	–	**5,432**	–
Issuance of ordinary shares from the exercise of options granted under Share Option Scheme	**–**	49,614	**–**	14
Less: Share issue expenses	**–**	–	**(16)**	–
At 31 December	**572,616,606**	550,735,471	**75,484**	70,068

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares have no par value and carry one vote per share without restriction.

14. TREASURY SHARE RESERVE

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

	Group and Company			
	2022	2021	2022	2021
	No. of ordinary shares		$'000	$'000
At 1 January and 31 December	**386,400**	386,400	**(105)**	(105)

Treasury shares relate to ordinary shares of the Company that is held by the Company.

The Company acquired 386,400 shares in the Company through open-market purchases in 2019. The total amount paid to acquire the shares was $105,000 and this was presented as a component within shareholders' equity.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

15. OTHER RESERVES

	2022 $'000	2021 $'000
Group		
Foreign currency translation reserve	**(2,668)**	(245)
Merger reserve	**(3,572)**	(3,572)
Capital reserve	**(4,463)**	(4,463)
Share option reserve	**142**	139
	(10,561)	(8,141)

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency and is non-distributable.

Movement in the foreign currency translation reserve is set out in the consolidated statement of changes in equity.

Merger reserve

Merger reserve represents the difference between the consideration paid and the share capital value of the subsidiaries acquired under common control.

Capital reserve

Capital reserve mainly consists of $4,494,000 arising from the premium paid on acquisition of 49% of ISEC Penang in 2019.

Share option reserve

Employee share option reserve represents the equity-settled share options granted to employees (Note 23). The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options and is reduced by the expiry, forfeiture or exercise of the share options.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

16. PROVISIONS

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Provision for restoration costs	**188**	163	**13**	21
Non-current	**178**	153	**13**	21
Current	**10**	10	**–**	–

Provision for restoration costs

The provision for restoration costs is the estimated costs to dismantle, remove or restore property, plant and equipment arising from the return of rented operating premises to the landlords pursuant to lease agreements.

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

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
At 1 January	**163**	163	**21**	21
Additions	**52**	–	**13**	–
Amortisation of discount (Note 22)	**1**	1	*****	–
Write-back	**(21)**	–	**(21)**	–
Currency translation differences	**(7)**	(1)	**–**	–
At 31 December	**188**	163	**13**	21

* Less than $1,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Trade payables	1,980	1,634	–	–
Other payables (current)	4,422	1,406	59	21
Other payables (non-current)	1,040	–	–	–
Goods and services tax ("GST") payable	166	140	*	2
Amounts due to subsidiaries	–	–	*	12
Contract liabilities (Note 19(c))	56	42	–	–
Advances from customers	618	221	–	–
Accrued expenses	933	839	130	193
Payroll payable	3,604	2,760	106	78
Total trade and other payables	12,819	7,042	295	306
Current	11,779	7,042	295	306
Non-current	1,040	–	–	–
Less:				
– GST payable	(166)	(140)	*	(2)
– Advances from customers	(618)	(221)	–	–
– Contract liabilities	(56)	(42)	–	–
Add:				
– Lease liabilities (Note 5)	11,225	6,772	164	55
– Borrowings (Note 18)	2,593	3,093	–	–
Total financial liabilities carried at amortised cost	25,797	16,504	459	359

* Less than $1,000

Trade and other payables (current) are unsecured, non-interest bearing and are normally settled on 30 to 90 days' (2021: 30 to 90 days') terms, except the deferred cash consideration payable to vendors of the acquisition of subsidiaries within 12 months from the acquisition date stated in Note 7(d).

Other payables (non-current) are non-trade in nature and pertains to the deferred cash consideration payable to vendors of the acquisition of subsidiaries within 24 months from the acquisition date stated in Note 7(d).

Amounts due to subsidiaries are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

There is no significant foreign currency risk exposure in the Group's trade and other payables. The Company's trade and other payables that are not denominated in the functional currency of the Company are as follows:

	Company	
	2022	2021
	$'000	$'000
Malaysia Ringgit	–	11

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

18. BORROWINGS

	2022 $'000	2021 $'000
Group		
Bank loan A	**2,119**	3,093
Bank loan B	**474**	–
	2,593	3,093
Current	**826**	849
Non-current	**1,767**	2,244

Bank loan A

On 6 August 2020, ISEC Penang, a wholly owned indirect subsidiary of the Company, entered into a 5-year term bank loan of RM13,000,000 (equivalent to $4,254,000) to partially finance the acquisition of freehold land and building. The loan is repayable monthly over the 5-year term.

The loan bears a floating interest rate of the bank's cost of funds + 0.5% margin per annum. The interest rate for the current financial year ended 31 December 2022 was 3.75% (FY2021: 2.85%).

The loan is secured by the freehold land and building for which the loan was entered into, and the subsidiary is required to maintain certain deposits balance with the bank.

Bank loan B

On 26 May 2022, the Group completed its acquisition of ME Centre which includes an existing 15-year bank loan of RM1,709,160 (equivalent to $539,000) entered into on 29 January 2021 to partially finance the acquisition of building. The loan is repayable monthly over the 15-year term.

The loan bears a floating interest rate of the bank's base lending rate -2.57% margin per annum for the first year and bank's base lending rate -2.30% margin per annum from the second year onwards. The interest rate for the current financial year ended 31 December 2022 was 4.17%.

The loan is secured by the building for which the loan was entered into.

A reconciliation of liabilities arising from financing activities relating to borrowings are as follows:

			Non-cash movement			
	At 1 January 2022 $'000	Cash flows $'000	Acquisition of a subsidiary $'000	Accretion of interest $'000	Translation differences $'000	At 31 December 2022 $'000
Borrowings	**3,093**	(913)[(1)]	505	84	(176)	**2,593**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

18. BORROWINGS (CONT'D)

A reconciliation of liabilities arising from financing activities relating to borrowings are as follows: (cont'd)

	At 1 January 2021 $'000	Cash flows $'000	Non-cash movement: Acquisition of a subsidiary $'000	Non-cash movement: Accretion of interest $'000	Non-cash movement: Translation differences $'000	At 31 December 2021 $'000
Borrowings	4,007	(944)[(1)]	–	99	(69)	3,093

(1) Cash flows comprise interest paid of $69,000 (2021: $101,000) and payment of principal portion of borrowing of $844,000 (2021: $843,000).

19. REVENUE

(a) Disaggregation of revenue

	General health services 2022 $'000	General health services 2021 $'000	Specialised health services 2022 $'000	Specialised health services 2021 $'000	Total 2022 $'000	Total 2021 $'000
Types of goods or services						
Consultation, medication and procedures	**4,440**	3,697	**58,514**	36,772	**62,954**	40,469
Timing of transfer of goods or services						
At a point in time	**4,391**	3,648	**58,514**	36,772	**62,905**	40,420
Over time	**49**	49	**–**	–	**49**	49
	4,440	3,697	**58,514**	36,772	**62,954**	40,469
Primary geographical market						
Singapore	**4,440**	3,697	**6,902**	5,256	**11,342**	8,953
Malaysia	**–**	–	**49,696**	30,524	**49,696**	30,524
Myanmar	**–**	–	**1,916**	992	**1,916**	992
	4,440	3,697	**58,514**	36,772	**62,954**	40,469

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

19. REVENUE (CONT'D)

(b) Methods used in recognising revenue

Recognition of revenue from consultation, medication and procedures

For the consultation, medication and procedures, the Group satisfies its performance obligations either at a point in time or over time. Revenue from the provision of medical care, consultancy, treatment, surgery and prescription of medicine is recognised when the promised goods or services are transferred to the customer, which is when the customer obtains control of the goods or services. For procedural treatment services where the Group satisfies its performance obligations over time, management has determined that an output method provides a faithful depiction of the Group's performance in transferring control of the goods or services to the customers, as it reflects the direct measurements of the value to the customer of goods or services transferred to date relative to the remaining goods or services promised under the contract. The measure of progress is based on the number of sessions utilised as a percentage of the total sessions sold upfront.

(c) Contract liabilities

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

	2022 $'000	2021 $'000
Contract liabilities (Note 17)	**56**	42

Contract liabilities primarily relate to the Group's obligation to perform procedural treatment services to the customers 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:

	2022 $'000	2021 $'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	**15**	20

(d) Transaction price allocated to remaining performance obligation

The Group has applied the practical expedient not to disclose information about its remaining performance obligation as the Group recognises revenue to which it has a right to invoice customers in amounts that correspond directly with the value to the customer of the Group's performance completed to date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

20. OTHER INCOME

	2022 $'000	2021 $'000
Group		
Gain on disposal of property, plant and equipment	**2**	–
Interest income	**223**	215
Interest income on net investment in sublease	**3**	5
Government grants	**154**	449
Rental rebates (Note 5)	**3**	74
Gain on lease modification	**8**	–
Reimbursement from vendors of subsidiaries acquired (Note 11)	**–**	165
Write-back of provision for restoration costs	**21**	–
Others	**36**	85
	450	993

Government grants mainly relate to the Jobs Growth Incentive ("JGI") in Singapore and business grants as support measures to relief operations affected by COVID-19 of $56,000 whereas in 2021, the government grants mainly relate to Wage Subsidies Programme ("WSP") in Malaysia, Jobs Support Scheme ("JSS") in Singapore and business grants of $366,000.

The JGI scheme provides substantial salary support to enable the employees to bring forward their hiring plans and grow their local workforce over the eligible period.

WSP is one of the Malaysian Economic Stimulus Packages launched by the Malaysian government since 2020, which provides financial aid to the employers, who are impacted by the COVID-19 outbreak, by way of subsidising the wage expenses at the rate of RM600 to RM1,200 per eligible employee during the previous financial year.

In Singapore, JSS provides wage support to employers to help them retain their local employees during this period of economic uncertainty. Employers who have made CPF contributions for their local employees will qualify for the payouts under the scheme.

Rental rebates are COVID-19 related rent concessions received from lessors of $3,000 (2021: $79,000 and rent concessions provided to lessee of $5,000) to which the Group applied the practical expedient.

21. OTHER EXPENSES

	2022 $'000	2021 $'000
Group		
Amortisation of intangible assets[(1)]	**530**	562
Loss on exchange differences, net	**681**	132
Property, plant and equipment written-off	**24**	3
Bad debts written off	**33**	–
Loss on disposal of associate (Note 8)	**155**	–
Others	**29**	6
	1,452	703

(1) Comprised amortisation of contractual relationship and customer relationships.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

22. FINANCE COSTS

	2022 $'000	2021 $'000
Group		
Interest expense on bank loans (Note 18)	**84**	99
Interest expense on amortisation of discount on provision (Note 16)	**1**	1
Interest expense on lease liabilities (Note 5)	**366**	259
Interest expense on other payables	**104**	41
	555	400

23. SHARE-BASED COMPENSATION EXPENSE

	2022 $'000	2021 $'000
Group		
Share-based compensation expense, net of forfeiture, in relation to:		
Employee Share Option Scheme	**3**	68

On 22 April 2020, the Group granted equity-settled share options to the employees of the Group under the Employee Share Option Scheme.

Employee Share Option Scheme ("ESOS")

Under the ESOS, share options are granted to the employees of the Group. The exercise price of the share option granted was fixed at $0.29, based on the average of the last dealt prices of the Group's shares between 15 April 2020 and 21 April 2020. The vesting period of the share options granted is 1 to 3 years from the date of grant. Upon completion of the vesting period, these share options may be exercised for a period up to 4 years from the date of grant.

There has been no grants, cancellation or modification to the ESOS during the year ended 31 December 2022.

Movements of share options

The following table illustrates the number (No.) and weighted average exercise prices ("WAEP") of, and movements in, share options during the years ended 31 December 2022 and 2021:

	2022		2021	
	No.	WAEP $	No.	WAEP $
Outstanding at 1 January	**3,188,406**	**$0.29**	3,313,020	$0.29
Options exercised during the year	**–**	**–**	(49,614)	$0.29
Options forfeited during the year	**(125,000)**	**$0.29**	(75,000)	$0.29
Outstanding at 31 December	**3,063,406**	**$0.29**	3,188,406	$0.29
Exercisable at 31 December	**1,818,198**	**$0.29**	921,792	$0.29

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

23. SHARE-BASED COMPENSATION EXPENSE (CONT'D)

Employee Share Option Scheme ("ESOS") (cont'd)

Movements of share options (cont'd)

The exercise price for share options outstanding at the end of the year is $0.29. The remaining contractual life for the share options outstanding as at 31 December 2022 was 1 year (2021: 2 years).

Performance Share Plan ("PSP")

The Company granted share awards on 23 September 2022 to eligible employees of the Company pursuant to the ISEC Healthcare Performance Share Plan ("PSP"). The total number of share awards outstanding was 680,000 as at 31 December 2022. 100% of the share awards granted have a vesting period of 1 January 2023 to 31 December 2024, subject to vesting conditions set.

Date of grant	At 1 January 2022	Share awards granted	Share awards vested	At 31 December 2022
23.09.2022	–	680,000	–	**680,000**

Fair value of share options and performance share awards granted

The fair value of the share option granted in 2020 and the performance share awards granted in 2022 were estimated at the grant date using a binomial option pricing model and discounted cash flow model respectively, taking into account the terms and conditions upon which the share options and the performance share awards were granted.

The weighted average fair value of share options granted on 22 April 2020 and of performance share awards granted on were $0.047 and $0.307 respectively.

The following table summarises the key inputs:

	2020	2022
Type of share award	Share options	**Performance share**
Valuation model	Binomial option pricing model	**Discounted cash flow model**
Expected dividend yield (%)	3.00	**3.60**
Expected volatility (%)	25.6 to 25.8	**–**
Risk-free interest rate (% p.a.)	0.52 to 0.61	**3.20 to 3.31**
Expected life of option from the date of grant (years)	2.5 to 3.5	**2.27**

The expected life of the share options was determined based on mid-points of the vesting periods and the contractual life of share options, as historical data was not available, and was not necessarily indicative of exercise patterns that may occur. The expected volatility reflected the assumption that the historical volatility over period similar to the life of the share options was indicative of future trends, which may not necessarily be the actual outcome.

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24. 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/(credits):

	2022 $'000	2021 $'000
Group		
Audit fees paid to:		
– Auditors of the Company	**102**	123
– Member firm of Mazars (FY2021: EY Global)	**77**	74
Non-audit fees paid to:		
– Auditors of the Company	**–**	32
– Member firm of Mazars (FY2021: EY Global)	**–**	12
Cost of inventories (Note 10)	**12,645**	8,008
Depreciation of property, plant and equipment (Note 4)	**1,168**	1,054
Depreciation of right-of-use assets (Note 5)	**1,748**	1,611
Doctors' consultancy fees	**897**	910
Directors' fees (Note 28)	**126**	121
Employee benefits expense (including executive directors)		
– salaries, bonus and other benefits	**22,074**	14,942
– defined contribution plans	**2,439**	1,639
Amortisation of intangible assets (Note 6)	**539**	585
Allowance for expected credit losses, net (Note 11)	**28**	4
Short-term and low-value lease expenses (Note 5)	**106**	14
Share-based compensation expense (Note 23)	**31**	68
Forfeiture of share options (Note 23)	**(28)**	–

25. INCOME TAX EXPENSE

	2022 $'000	2021 $'000
Current tax expense		
Current financial year	**4,200**	2,409
Over-provision in previous financial years	**(38)**	(7)
	4,162	2,402
Deferred tax credit (Note 9)		
Current financial year	**(50)**	(200)
(Under)/over-provision in previous financial years	**(62)**	5
	(112)	(195)
Income tax expense	**4,050**	2,207

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

25. INCOME TAX EXPENSE (CONT'D)

The Company is incorporated in Singapore and accordingly is subject to income tax rate of 17% (2021: 17%). Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions. There were no changes in the corporate income tax of the different applicable jurisdictions in the current year from the last year.

There is no deferred tax expense related to other comprehensive income or charged directly in equity during the year (2021: Nil).

Reconciliation of effective tax rate is as follows:

	2022 $'000	2021 $'000
Group		
Profit before income tax	**16,778**	9,086
Income tax calculated at Singapore's statutory income tax rate of 17% (2021: 17%)	**2,852**	1,545
Adjustments:		
– Effect of different tax rates in other countries	**984**	467
– Income not subject to income tax	**(105)**	(89)
– Non-deductible expenses	**560**	379
– Deferred tax assets not recognised	**11**	8
– Benefits from previously unrecognised deferred tax assets	**(47)**	(2)
– Over-provision of income tax expense in previous years	**(38)**	(7)
– (Under)/over provision of deferred tax credit (net) in previous years	**(62)**	5
– Effect of tax exemption and rebates	**(105)**	(101)
– Share of results of associate	*****	2
	4,050	2,207

* Less than $1,000

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

As at 31 December 2022, the Group has unutilised tax losses and unabsorbed capital allowances of approximately $146,000 (2021: $155,000) and $105,000 (2021: $311,000) respectively available for offset against future taxable profits subject to the agreement by the tax authorities and provisions of the tax legislations of the respective countries in which the Group operates.

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25. INCOME TAX EXPENSE (CONT'D)

Tax losses subject to expiry are as follows:

	2022 $'000	2021 $'000
Group		
Expiry dates:		
– After 7 years	**146**	155

These deferred tax assets have not been recognised as it is not certain whether future taxable profits will be available against which the Group can utilise these benefits in accordance with the accounting policy in Note 2.20(b) to the financial statements.

Tax consequence of proposed dividends

There are no income tax consequences (2021: nil) attached to the dividends to the shareholders proposed by the Group but not recognised as a liability in the financial statements (Note 27).

Unrecognised temporary differences relating to investment in subsidiaries

At the end of the reporting period, no deferred tax liability has been recognised for taxes that would be payable on the undistributed earnings of certain of subsidiaries as the undistributed earnings are eligible for tax exemption.

26. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the financial year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year. Diluted earnings per share is calculated by dividing the net profit for the financial year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

26. EARNINGS PER SHARE (CONT'D)

The following table reflect the profit and share data used in the computation of basic and dilutive earnings per share for the years ended 31 December:

	2022	2021
Group		
Profit for the year attributable to owners of the Company ($'000)	**12,520**	6,905
Weighted average number of ordinary shares in issue during the financial year applicable to basic earnings per share	**563,537,700**	550,324,332
Effect of dilution:		
– Share options	**150,569**	53,732
Weighted average number of ordinary shares outstanding for diluted earnings per share computation	**563,688,269**	550,378,064
Earnings per share (in cents)		
– basic	**2.22**	1.25
Earnings per share (in cents)		
– diluted	**2.22**	1.25

27. DIVIDENDS

	2022 $'000	2021 $'000
Group and Company		
Dividends on ordinary shares:		
– Final tax-exempt dividend for 2021: 0.30 cents (2020: 0.80 cents) per share	**1,651**	4,402
– First interim tax-exempt dividend for 2022: 0.48 cents (2021: 0.75 cents) per share	**2,747**	4,128
	4,398	8,530
Proposed but not recognised as a liability as at 31 December:		
– Final tax-exempt dividends on ordinary shares for 2022 of 1.08 cents (2021: 0.30 cents) per share, subject to shareholders' approval at the Annual General Meeting	**6,180**	1,651
	6,180	1,651

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

28. SIGNIFICANT RELATED PARTY TRANSACTIONS

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

(i) Has control or joint control over the Company;

(ii) Has significant influence over the Company; or

(iii) Is a member of the key management personnel of the Group and Company or of a parent of the Company.

(b) An entity is related to the Group and Company if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) Both entities are joint ventures of the same third party;

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

(vi) The entity is controlled or jointly controlled by a person identified in (a);

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

In addition to the related party information disclosed elsewhere in the financial statements, the following were significant related party transactions at rates and terms agreed between the Group and the Company with their related parties during the financial year:

	2022 $'000	2021 $'000
Group		
With firm and member firm related to a director of the Company		
Professional fees charged by	**74**	104

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

28. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

Key management personnel are directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company, directly, or indirectly.

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

	2022 $'000	2021 $'000
Group		
Directors of the Company		
– Directors' fee	**120**	115
– short-term employee benefits	**864**	864
– post employment benefits	**23**	21
– share option expense	**2**	4
Key management personnel of the Group		
– Directors' fee	**5**	5
– short-term employee benefits	**4,827**	3,022
– post employment benefits	**547**	354
– share option expense	**7**	13
Other key management personnel of the subsidiaries, including directors		
– Directors' fee	**1**	1
– short-term employee benefits	**2,222**	1,322
– post employment benefits	**232**	107
– share option expense	**1**	3
	8,851	5,831

29. COMMITMENTS

Capital commitment

As at the end of the reporting period, capital expenditures approved and contracted for but not recognised in the financial statements were as follows:

	2022 $'000	2021 $'000
Group		
Renovation, currently classified as assets under construction	**1,055**	2,727
Software under development	**155**	165
	1,210	2,892

NOTES TO THE FINANCIAL STATEMENTS

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30. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker. A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Management monitors the operating results of the segment separately for the purposes of making decisions about resources to be allocated and assessing performance. The information reported to the chief operating decision maker does not include an analysis of assets and liabilities. Segment performance is evaluated based on operating profit or loss.

The Group has two reportable segments as described below.

Business segments information

– Specialised health services: provision of medical care, consultancy, treatment and surgery in the field of ophthalmology

– General health services: provision of general medical and procedural treatment services

	2022 $'000	2021 $'000
Group		
Segment revenue		
Specialised health services	**58,514**	36,772
General health services	**4,440**	3,697
	62,954	40,469
Segment profit after tax		
Specialised health services	**11,786**	5,969
General health services	**942**	910
	12,728	6,879
Depreciation of property, plant and equipment and right-of-use assets		
Specialised health services	**2,651**	2,401
General health services	**265**	264
	2,916	2,665
Additions to property, plant and equipment		
Specialised health services	**5,927**	723
General health services	**40**	4
	5,967	727

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

30. SEGMENT INFORMATION (CONT'D)

Geographical information

Revenue and operating result are based on the country in which the services are provided and country where the customers are located.

	2022 $'000	2021 $'000
Group		
Segment revenue		
Singapore	**11,342**	8,953
Malaysia	**49,696**	30,524
Myanmar	**1,916**	992
	62,954	40,469
Segment profit after tax		
Singapore	**1,617**	1,566
Malaysia	**10,610**	5,261
Myanmar	**501**	52
	12,728	6,879
Depreciation of property, plant and equipment and right-of-use assets		
Singapore	**345**	375
Malaysia	**2,358**	2,001
Myanmar	**213**	289
	2,916	2,665
Additions to property, plant and equipment		
Singapore	**127**	4
Malaysia	**5,816**	702
Myanmar	**24**	21
	5,967	727

Major customers

Revenue is mainly derived from the walk-in patients who are the general public. Due to the diverse base of customers to which the Group renders services, the Group is generally not reliant on any customer for its sales and no one single customer accounted for 5% or more of the Group's total revenue except for 1 (2021: 2) corporate customers, which in total had contributed to 8% (2021: 15%) of the Group's total revenue for financial year ended 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS

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31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's and the Company's activities have exposure to credit risks, foreign currency risks, liquidity risks and interest rate risks arising in the ordinary course of business. The Group's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The Group's management then establishes the detailed policies such as risk identification and measurement, exposure limits and hedging strategies, if applicable, in accordance with the objectives and underlying principles approved by the Board of Directors.

There has been no change to the Group's exposure to these financial risks or the manner in which the risks are managed and measured.

The Group does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange rates.

(a) Credit risks

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and short-term deposits), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments 365 days after they fall due, which is derived based on the Group's historical information.

The Group considers financial instruments to have low credit risk at reporting date if the credit risk has not increased significantly since initial recognition. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition.

A significant increase in credit risk is presumed if a debtor is more than 365 days past due in making contractual payment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

(a) Credit risks (cont'd)

The Group determined that its financial assets are credit-impaired when:

- A breach of contract, such as a default or past due event;
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; or
- There is a disappearance of an active market for that financial asset because of financial difficulty

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for trade receivables.

Trade receivables

The Group provides for lifetime expected credit losses for all trade receivables using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due by grouping debtors based on their risk profile. The expected credit losses below also incorporate forward-looking information such as forecast of gross domestic product ("GDP") which affects the number of defaults.

NOTES TO THE FINANCIAL STATEMENTS

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

(a) Credit risks (cont'd)

Trade receivables (cont'd)

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

		Past due				
	Current $'000	0-90 days $'000	91-180 days $'000	181-365 days $'000	>365 days $'000	Total $'000
2022						
Credit impaired debtors:						
Gross carrying amount	**–**	**–**	**–**	**6**	**27**	**33**
Allowance for ECL	**–**	**–**	**–**	**(6)**	**(27)**	**(33)**
Expected credit loss rate	**–**	**–**	**–**	**100%**	**100%**	
Corporate debtors:						
Gross carrying amount	**2,592**	**888**	**143**	**40**	**8**	**3,671**
Allowance for ECL	**–**	**(1)**	*****	**(2)**	**(3)**	**(6)**
Expected credit loss rate	**–**	**^**	**^**	**5%**	**38%**	
Individuals:						
Gross carrying amount	**343**	**58**	**22**	**3**	**6**	**432**
Allowance for ECL	**(1)**	**(1)**	*****	*****	**(2)**	**(4)**
Expected credit loss rate	**^**	**1.7%**	**^**	**^**	**33.3%**	
2021						
Credit impaired debtors:						
Gross carrying amount	–	–	–	1	8	9
Allowance for ECL	–	–	–	(1)	(8)	(9)
Expected credit loss rate	–	–	–	100%	100%	
Corporate debtors:						
Gross carrying amount	2,280	233	17	6	2	2,538
Allowance for ECL	–	*	*	*	*	*
Expected credit loss rate	–	^	^	^	^	
Individuals:						
Gross carrying amount	346	35	7	16	13	417
Allowance for ECL	(4)	(3)	*	(1)	(6)	(14)
Expected credit loss rate	1.2%	8.6%	^	6.3%	46.5%	

* Less than $1,000

^ Less than 1%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

(a) Credit risks (cont'd)

Trade receivables (cont'd)

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

During the financial year, the Group has written-off $7,000 (2021: $227) of trade receivables previously provided for which are more than 365 days past due as the Group does not expect to receive future cash flows from and there are no recoveries from collection of cash flows previously written-off.

Other financial assets

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

Excessive risk concentration and exposure to credit risk

The Group does not have any significant credit exposure to any single counterparty or any group of counterparties having similar characteristics except trade receivables from 2 (2021: 2) corporate customers which represent 41% (2021: 45%) of total trade receivables balance at year end.

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

(b) Foreign currency risks

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

Sensitivity analysis for foreign currency risk

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

	Company	
	2022	2021
	$'000	$'000
	Increase/(decrease) in equity	
RM/SGD		
Strengthened 5% (2021: 5%)	**502**	509
Weakened 5% (2021: 5%)	**(502)**	(509)

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

(c) Liquidity risks

Liquidity risks refer to the risks in which the Group and the Company encounter difficulties in meeting their short-term obligations. Liquidity risks are managed by matching the payment and receipt cycle.

The Group and the Company actively manage operating cash flows so as to ensure that all payment obligations are met. As part of its overall prudent liquidity management, the Group and the Company minimise liquidity risk by ensuring the availability of funding through an adequate amount of credit facilities and maintain sufficient levels of cash to meet working capital requirements.

Contractual maturity analysis

The following table details the Group's and the Company's remaining contractual maturity for their non-derivative financial instruments. The tables have been drawn up based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group and the Company are expected to receive or pay.

	One year or less $'000	One to five years $'000	Over five years $'000	Total $'000
Group				
2022				
Financial assets				
Trade and other receivables	**4,749**	**–**	**–**	**4,749**
Net investment in sublease	**51**	**–**	**–**	**51**
Cash and cash equivalents	**20,633**	**–**	**–**	**20,633**
Total undiscounted financial assets	**25,433**	**–**	**–**	**25,433**
Financial liabilities				
Trade and other payables	**11,158**	**1,099**	**–**	**12,257**
Lease liabilities	**2,062**	**5,500**	**8,356**	**15,918**
Borrowings	**902**	**1,582**	**342**	**2,826**
Total undiscounted financial liabilities	**14,122**	**8,181**	**8,698**	**31,001**
Total net undiscounted financial assets/ (liabilities)	**11,311**	**(8,181)**	**(8,698)**	**(5,568)**
2021				
Financial assets				
Trade and other receivables	3,745	207	–	3,952
Net investment in sublease	61	51	–	112
Cash and cash equivalents	22,494	–	–	22,494
Total undiscounted financial assets	26,300	258	–	26,558
Financial liabilities				
Trade and other payables	6,639	–	–	6,639
Lease liabilities	1,770	3,385	3,760	8,915
Borrowings	917	2,326	–	3,243
Total undiscounted financial liabilities	9,326	5,711	3,760	18,797
Total net undiscounted financial assets/ (liabilities)	16,974	(5,453)	(3,760)	7,761

NOTES TO THE FINANCIAL STATEMENTS

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

(c) Liquidity risks (cont'd)

Contractual maturity analysis (cont'd)

	One year or less $'000	One to five years $'000	Total $'000
Company			
2022			
Financial assets			
Trade and other receivables	**14,807**	**–**	**14,807**
Cash and cash equivalents	**5,045**	**–**	**5,045**
Total undiscounted financial assets	**19,852**	**–**	**19,852**
Financial liabilities			
Trade and other payables	**295**	**–**	**295**
Lease liabilities	**40**	**142**	**182**
Total undiscounted financial liabilities	**335**	**142**	**477**
Total net undiscounted financial assets/(liabilities)	**19,517**	**(142)**	**19,375**
2021			
Financial assets			
Trade and other receivables	14,169	–	14,169
Cash and cash equivalents	1,867	–	1,867
Total undiscounted financial assets	16,036	–	16,036
Financial liabilities			
Trade and other payables	304	–	304
Lease liabilities	56	–	56
Total undiscounted financial liabilities	360	–	360
Total net undiscounted financial assets	15,676	–	15,676

(d) Interest rate risks

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from their borrowings.

The Group's borrowings at floating rates on which hedging has not been entered into, is denominated in Malaysian Ringgit.

NOTES TO THE FINANCIAL STATEMENTS
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31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Interest rate risks (cont'd)

Sensitivity analysis for interest rate risk

At the end of the reporting period, if RM interest rates had been 50 basis points higher/lower with all other variables held constant, the Group's profit net of tax would have been $13,000 (2021: $17,000) lower/higher, arising mainly as a result of higher/lower interest expense.

32. FAIR VALUE OF ASSETS AND LIABILITIES

Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Cash and cash equivalents, trade and other receivables, trade and other payables and borrowings, wherein, the carrying amounts of these financial instruments are based on their notional amounts, reasonably approximate their fair values because these are mostly short-term in nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

33. CAPITAL MANAGEMENT

The Group and the Company manage capital to ensure that the Group and the Company are able to continue as a going concern and maintain an optimal capital structure so as to maximise shareholders' value.

The Group and the Company are not subject to any externally imposed capital requirements for the financial years ended 31 December 2022 and 31 December 2021.

Management reviews the capital structure to ensure that the Group and the Company are able to service any debt obligations (including principal repayment and interest) based on operating cash flows. Upon review, the Group and the Company will balance the overall capital structure through new share issues or the issue of new debt, if necessary. The Group's overall strategy remains unchanged during the financial years ended 31 December 2022 and 31 December 2021.

The Group monitors capital on the basis of the Group's consolidated gearing ratio, which is total debt over total equity. Total debt relates to borrowings and total equity includes share capital, treasury share reserve, other reserves, retained earnings and non-controlling interests.

	2022 $'000	2021 $'000
Group		
Total debt (Note 18)	**2,593**	3,093
Total equity	**81,342**	69,307
Gearing ratio (%)	**3%**	4%

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34. EVENT OCCURRING AFTER THE REPORTING PERIOD

Political situation in Myanmar

Myanmar's military extended the country's state of emergency by another six months on 1 February 2023, the second anniversary of the military coup, which is expected to end on 31 July 2023. The Junta leader said multi-party elections must be held, but did not provide a timeline for the polls, which cannot be held during a state of emergency. As at the date of this set of financial statements, ISEC Myanmar's clinic continues to be operational amidst the on-going protests. As the situation is still evolving, the Group is unable to reasonably ascertain the extent of the probable impact on its financial performance for the year ending 31 December 2023.

35. CONTINGENCIES

Service-related dispute with a doctor

A doctor who previously provided services to a subsidiary, ISEC Sdn. Bhd. ("ISEC KL"), has alleged to have been constructively dismissed by ISEC KL in 2020 and has initiated a legal suit at the Industrial Court at Kuala Lumpur in Malaysia, claiming for inter alia a Shortfall Sum amounting to RM736,322 (approximately $224,000) and a Deposit Sum amounting to RM98,931 (approximately $30,000). Additionally, the Doctor is claiming for backwages of up to 24 months based on an average salary of RM133,447 per month (approximately $41,000 per month) from the date of dismissal to the date of reinstatement. There is also a claim for general damages.

The Doctor ceased providing services to ISEC KL from 27 October 2020 onwards and has engaged the services of a lawyer in Malaysia to pursue the above suit. ISEC KL has also engaged a legal firm in Malaysia to defend itself against the legal suit that has been initiated by the Doctor at the Industrial Court. ISEC KL raised a preliminary objection to have the Industrial Court case to be struck off and the Industrial Court handed down its final award ("Award") in favour of ISEC KL in this regard on 5 April 2022. Following therefrom, the Doctor commenced a judicial review application at the High Court of Kuala Lumpur based on the Award. ISEC KL has appointed the same legal firm to oppose to the judicial review application commenced by the Doctor on 10 June 2022. Parties have since attended the hearing for the judicial review application on 16 March 2023. The judge has set 21 June 2023 as the date of decision.

Further to the above, on 10 May 2021, ISEC KL received a demand from the same Doctor alleging that ISEC KL had (i) unlawfully deducted the employer's share of EPF contributions from amounts payable to the Doctor and (ii) reserving the Doctor's right to claim for certain deductions made in 2015 amounting to RM504,331 (approximately $154,000) and RM66,000 (approximately $20,000), respectively. ISEC KL has denied these allegations via its reply letter to the Doctor's Solicitors dated 28 May 2021.

The Doctor has thereafter initiated a civil suit at the Kuala Lumpur High Court against ISEC KL on 12 September 2022 and this claim is premised on the alleged unlawful EPF deductions. The legal action commenced by the Doctor, essentially seeks for (i) special damages of RM491,292 (approximately $150,000), (ii) exemplary damages to be assessed by the court, (iii) aggravated damages to be assessed by the court, (iv) interest at the rate of 5% per annum on the alleged EPF deductions (RM491,292) calculated from the point in time when each deduction was allegedly made until full settlement and; on the exemplary and aggravated damages (if) awarded, from the date of the writ, i.e. 12 September 2022, until full settlement, (v) costs, and (vi) all and such other relief as deemed necessary and or appropriate by the court. Both parties have filed all cause papers and summary of cases as of the date of this report, and the court has issued pre-trial directions with the matter fixed for trial on 21 November 2023 to 24 November 2023.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

35. CONTINGENCIES (CONT'D)

Service-related dispute with a doctor (cont'd)

The Group has made a provision of RM815,467 (approximately $248,000) as at 31 December 2021 based on available documents and a pre-trial assessment for the aforesaid matters and this has been recorded in other payables (Note 17).

At present, the judicial review application and the civil suit at the High Court of Kuala Lumpur are still pending determination. As such, apart from the amount provided as disclosed above, no further provision has been made for amounts claimed as the outcome of the legal suits are difficult to predict at this juncture, and the Group considers that the possibility of an outflow of resources embodying economic benefits would be remote.

STATISTICS OF SHAREHOLDINGS

AS AT 22 MARCH 2023

Number of Ordinary Shares in Issue (excluding treasury shares and subsidiary holdings)	:	572,230,206
Number of Treasury Shares held	:	386,400 (0.07%)
Number of Subsidiary Holdings held	:	Nil
Class of Shares	:	Ordinary
Voting Rights	:	One vote for each ordinary share held

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	3	0.89	47	0.00
100 – 1,000	33	9.73	19,900	0.00
1,001 – 10,000	133	39.23	947,100	0.17
10,001 – 1,000,000	142	41.89	15,400,717	2.69
1,000,001 AND ABOVE	28	8.26	555,862,442	97.14
TOTAL	**339**	**100.00**	**572,230,206**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1.	DBS NOMINEES (PRIVATE) LIMITED	327,773,429	57.28
2.	MAYBANK SECURITIES PTE. LTD.	38,843,805	6.79
3.	CITIBANK NOMINEES SINGAPORE PTE LTD	31,547,012	5.51
4.	RAFFLES NOMINEES (PTE.) LIMITED	27,071,816	4.73
5.	LEE YENG FEN	25,892,258	4.52
6.	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	15,857,054	2.77
7.	CHOONG YEE FONG OR HERA LUKMAN	12,113,214	2.12
8.	FANG SENG KHEONG OR CAROLINE HO MEI LI	12,056,539	2.11
9.	SHIN HOY CHOONG	10,502,264	1.84
10.	JUSTIN TAN YOKE TARNG	7,500,000	1.31
11.	LIM SIEW GEOK	5,523,358	0.97
12.	PHILLIP SECURITIES PTE LTD	4,733,900	0.83
13.	MICHAEL LAW SIE HAUR	4,056,358	0.71
14.	YONG KED SHEONG	3,501,320	0.61
15.	OCBC SECURITIES PRIVATE LIMITED	2,860,067	0.50
16.	LEE PENG HWA	2,841,679	0.50
17.	WOI YOU WAN	2,761,679	0.48
18.	LOH SWEE SENG	2,589,074	0.45
19.	SIOW YUN CHING	2,579,774	0.45
20.	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	2,115,700	0.37
	TOTAL	**542,720,300**	**94.85**

STATISTICS OF SHAREHOLDINGS

AS AT 22 MARCH 2023

SUBSTANTIAL SHAREHOLDERS
(As recorded in the Register of Substantial Shareholders)

		DIRECT INTEREST		DEEMED INTEREST	
NO.	**NAME OF SUBSTANTIAL SHAREHOLDER**	**NO. OF SHARES**	**%(1)**	**NO. OF SHARES**	**%(1)**
1.	Aier Eye International (Singapore) Pte. Ltd.(2)	–	–	305,917,344	53.46
2.	Aier Eye Hospital Group Co., Ltd.(3)	–	–	305,917,344	53.46
3.	Aier Medical Investment Group Co., Ltd(4)	–	–	305,917,344	53.46
4.	Mr Chen Bang(4)	–	–	305,917,344	53.46
5.	Dr Lee Hung Ming(5),(6)	–	–	42,827,279	7.48
6.	Dr Lee Yeng Fen(6)	25,892,258	4.52	16,935,021	2.96

Notes:

(1) Based on the total issued share capital of 572,230,206 ordinary shares (excluding treasury shares) of the Company as at 22 March 2023.

(2) Aier Eye International (Singapore) Pte. Ltd. (“**Aier Singapore**”) is deemed interested in the 305,917,344 ordinary shares held through its depository agent, DBS Nominees Pte. Ltd. Aier Singapore is a wholly-owned subsidiary of Aier Eye Hospital Group Co., Ltd. (“**Aier China**”), which is listed on the Shenzhen Stock Exchange. Mr Chen Bang (“**Mr Chen**”) directly holds 15.48% of shares in Aier China and 79.99% of shares in Aier Medical Investment Group Co., Ltd. (“**Aier Medical**”). Aier Medical directly holds 34.32% of shares in Aier China.

(3) Aier China is deemed interested in the 305,917,344 ordinary shares in which Aier Singapore has an interest, by virtue of Aier Singapore being a wholly-owned subsidiary of Aier China.

(4) Mr Chen directly holds 15.48% of shares in Aier China and 79.99% of shares in Aier Medical. Aier Medical directly holds 34.32% of shares in Aier China. As such, Mr Chen and Aier Medical control the exercise of more than 20% of the votes attached to the voting shares of Aier China. Aier China is deemed interested in the 305,917,344 ordinary shares in which Aier Singapore has an interest, by virtue of Aier Singapore being a wholly-owned subsidiary of Aier China.

(5) Dr Lee Hung Ming is deemed interested in the 42,827,279 ordinary shares held by his spouse.

(6) Dr Lee Yeng Fen is the spouse of Dr Lee Hung Ming, Executive Vice Chairman of the Company. She is also deemed interested in the 16,935,021 ordinary shares held through her nominee Raffles Nominees (Pte) Ltd.

PUBLIC FLOAT

Based on the information available to the Company as at 22 March 2023, approximately 22.06% of the issued ordinary shares of the Company are held by the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual Section B: Rules of Catalist issued by the Singapore Exchange Securities Trading Limited.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of **ISEC HEALTHCARE LTD.** will be convened and held by electronic means on Thursday, 20 April 2023 at 10.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements for the financial year ended 31 December 2022 together with the Independent Auditor's Report thereon.
(Resolution 1)

2. To declare a final tax exempt (one-tier) dividend of 1.08 Singapore cents per ordinary share for the financial year ended 31 December 2022 (FY2021: Final tax exempt (one-tier) dividend of 0.30 Singapore cents per ordinary share).

[See Explanatory Note (i)] **(Resolution 2)**

3. To re-elect the following Directors of the Company retiring pursuant to Article 114 of the Constitution of the Company, and who have, being eligible, offered themselves for re-election as Directors:

Mr Chen Bang **(Resolution 3)**
Mr Li Li **(Resolution 4)**

[See Explanatory Note (ii)]

4. To approve the payment of Directors' fees amounting to S$120,000 for the financial year ending 31 December 2023, payable quarterly in arrears. (FY2022: S$120,000).
(Resolution 5)

5. To re-appoint Mazars LLP as the Independent Auditors of the Company for the ensuing year and to authorise the Directors of the Company to fix their remuneration.
(Resolution 6)

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

AS SPECIAL BUSINESS

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

7. **Authority to allot and issue shares**

That pursuant to Section 161 of the Companies Act 1967 (the "**Companies Act**") and Rule 806 of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**"), the Directors of the Company be authorised and empowered to:

(a) (i) allot and issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

NOTICE OF ANNUAL GENERAL MEETING

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

(1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) to be issued other than on a pro rata basis to shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new Shares arising from the conversion or exercise of any convertible securities;

(b) new Shares arising from the exercising of share options or vesting of share awards; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

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

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

NOTICE OF ANNUAL GENERAL MEETING

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), the Companies Act and the Constitution, for the time being, of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iii)] **(Resolution 7)**

8. **Authority to issue Shares under the ISEC Healthcare Share Option Scheme (the "Share Option Scheme")**

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

[See Explanatory Note (iv)] **(Resolution 8)**

9. **Authority to issue Shares under the ISEC Healthcare Performance Share Plan (the "Performance Share Plan")**

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

[See Explanatory Note (v)] **(Resolution 9)**

NOTICE OF ANNUAL GENERAL MEETING

10. **Proposed Renewal of the Share Buyback Mandate**

That

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

(i) market purchases transacted on Catalist through the ready market, and which may be transacted through one or more duly licensed stockbrokers appointed by the Company for the purpose of the share buyback ("**Market Purchases**"); and/or

(ii) off-market purchases effected pursuant to an equal access scheme as defined in Section 76C of the Companies Act ("**Off-Market Purchase**"),

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

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

(c) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next AGM of the Company is held or is required by law to be held;

(ii) the date on which the purchases or acquisitions of the shares pursuant to the Share Buyback Mandate is carried out to the full extent mandated; or

(iii) the date on which the authority conferred in the Share Buyback Mandate is varied or revoked by the shareholders in a general meeting,

whichever is the earliest ("**Relevant Period**").

NOTICE OF ANNUAL GENERAL MEETING

(d) for purposes of this Resolution:

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

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

(i) in the case of a Market Purchase, 105% of the Average Closing Price; and

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

where:

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

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

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

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

[See Explanatory Note (vi)] **(Resolution 10)**

By Order of the Board

Ngiam May Ling
Company Secretary
Singapore,
5 April 2023

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) For the financial year ended 31 December 2021, the Company paid a final tax exempt (one-tier) dividend of 0.30 Singapore cents per ordinary share. For the financial year ended 31 December 2022, the Company paid a first interim tax exempt (one-tier) dividend of 0.48 Singapore cents per ordinary share and will be paying a final tax exempt (one-tier) dividend of 1.08 Singapore cents per ordinary share, if approved by the members at this AGM.

(ii) Resolutions 3 and 4 are for the re-election of Mr Chen Bang and Mr Li Li, Directors of the Company who retire by rotation at this AGM. Mr Chen Bang and Mr Li Li, will upon re-election as Directors of the Company, remain as Non-Executive Directors and will be considered non-independent. For more information on Mr Chen Bang and Mr Li Li, please refer to the "Board of Directors" section in this Annual Report 2022.

(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 allot and issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments, up to a number not exceeding, in total, one hundred per centum (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to fifty per centum (50%) may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of Shares that may be issued, the percentage of issued Shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time Ordinary Resolution 7 is passed after adjusting for new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards and any subsequent bonus issue, consolidation or subdivision of shares. These adjustments are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution.

(iv) The Ordinary Resolution 8, if passed, will empower the Directors of the Company to issue Shares up to an amount in aggregate not exceeding fifteen per centum (15%) of the issued share capital (excluding treasury shares and subsidiary holdings) of the Company pursuant to the Share Option Scheme, and such other share-based incentive scheme or share plan, on the date preceding the date of the relevant grant. This authority is in addition to the general authority to issue Shares sought under Ordinary Resolution 7.

(v) The Ordinary Resolution 9, if passed, will empower the Directors of the Company, effective until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to grant awards under the Performance Share Plan in accordance with the provisions of the Performance Share Plan and to allot and issue from time to time such number of fully-paid Shares as may be required to be issued pursuant to the vesting of the awards under the Performance Share Plan subject to the maximum number of Shares prescribed under the terms and conditions of the Performance Share Plan.

The aggregate number of Shares which may be allotted and issued pursuant to the Performance Share Plan and under any other share incentive scheme or share plan adopted by the Company for the time being in force, is limited to fifteen per centum (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company on the day preceding the date of grant of the option and/or award. This authority is in addition to the general authority to issue Shares sought under Ordinary Resolution 7.

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

The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of ordinary shares by the Company pursuant to the Share Buyback Mandate on the audited consolidated financial statements of the Group for the financial year ended 31 December 2022 are set out in greater detail in the Appendix to the Annual Report 2022.

NOTICE OF ANNUAL GENERAL MEETING

Important Notes:

1. **No attendance at the AGM**

   The AGM is being convened, and will be 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. Printed copies of this Notice of AGM, Proxy Form and the Annual Report 2022 will not be sent to Shareholders. Instead, the Notice of AGM, the Proxy Form and the Annual Report 2022 may be accessed at the Company's website at the URL http://www.isechealthcare.com, and will also be made available on SGXNet at the URL https://www.sgx.com/securities/company-announcements. Members will not be able to attend in person.

   Alternative arrangements have been put in place to allow Shareholders to participate at the AGM by:

   (a) observing and/or listening to the AGM proceedings via "live" audio-and-visual webcast via their mobile phones, tablets or computers or "live" audio-only stream via telephone (Live Webcast);

   (b) submitting questions in advance of the AGM or during the AGM via an online text box; and/or

   (c) voting at the AGM (i) "live" by the Shareholders themselves via electronic means or (ii) by appointing the Chairman of the Meeting or proxy(ies) (other than the Chairman of the Meeting) as proxy to attend and vote on their behalf at the AGM.

   Details of the steps for pre-registration, submission of questions and voting at the AGM are set out in detail below.

2. **Pre-Registration to attend the AGM remotely**

   Shareholders (including SRS investors) and, where applicable, appointed proxy(ies), who wish to vote "live" at the AGM must pre-register at the pre-registration website at https://go.lumiengage.com/ISECAGM2023; from now till 10.00 am on 18 April 2023 to enable the Company to verify their status as Shareholders. If they wish to appoint the Chairman of the Meeting as proxy or proxy(ies) (other than the Chairman of the Meeting) to vote on their behalf, they should submit a Proxy Form/approach their respective SRS Operators in accordance with paragraph (5) below. Following the verification, authenticated persons will receive a confirmation email which will contain the instructions to access the "live" audio-and-visual webcast and a telephone number to access the "live" audio-only stream of the AGM proceedings, via the e-mail address provided during pre-registration. Persons who do not receive the confirmation email by 12.00 pm on 19 April 2023, but have registered by 10.00 am on 18 April 2023 deadline should contact the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, by telephone at 6536 5355 during Monday to Friday, from 8.30 a.m. to 5.30 p.m. or by email to ISECAGM2023@boardroomlimited.com.

   Deadline to pre-register: By 10.00 am on 18 April 2023

   Investors holding Shares through relevant intermediaries (other than SRS investors) who wish to participate in the "live" broadcast of the AGM should contact the relevant intermediary through which they hold such Shares as soon as possible, no later than 10.00 am on 10 April 2023 (being 7 working days before the date of the AGM) in order to make the necessary arrangements for them to participate in the AGM.

3. **Submission of questions**

   Shareholders and SRS investors will be able to ask questions at the AGM by typing in and submitting their questions through the online text box function via the audio-visual webcast platform. It is important for Shareholders and SRS investors to have their web-browser devices ready for asking questions during the Live Webcast.

   Shareholders and SRS investors who pre-registered and are verified in accordance with paragraph (2) above are also encouraged to submit questions related to the proposed resolutions to be tabled for approval at the AGM in the following manner:

   (a) via the pre-registration website at https://go.lumiengage.com/ISECAGM2023;

   (b) by email to isec.agm@gmail.com;

   (c) if submitted by post, be deposited at the registered office of the Company at 51 Goldhill Plaza #10-07/08 Singapore 308900; or

   (d) during the AGM via an online text box.

   Shareholders will need to identify themselves when posing questions by providing the following details:

   – the Shareholder's full name as it appears on the CDP/SRS share records;

   – the Shareholder's NRIC/Passport/UEN number;

   – the Shareholder's contact number and email address; and

   – the manner in which the Shareholder holds his/her/its shares in the Company (e.g. via SRS).

   Please note that the Company will not be able to answer questions from persons who provide insufficient details to enable the Company to verify his/her/its shareholder status.

   Shareholders are strongly encouraged to submit their questions electronically via email.

   Deadline to submit questions: By 10.00 a.m. on 13 April 2023

NOTICE OF ANNUAL GENERAL MEETING

The Company will endeavour to respond to substantial and relevant questions received from Shareholders relating to the agenda of the AGM and publish its responses on SGXNet and the Company's website prior to the AGM. The Company will also address any subsequent clarifications sought, or follow-up questions, prior to, or at, the AGM in respect of substantial and relevant matters.

The Company will adopt real-time electronic communication facilities i.e. an online text box for the Shareholders to raise questions during the AGM and receive responses to these substantial and relevant questions from the Company prior to vote casting.

The Company will, within one (1) month after the date of the AGM, publish the minutes of the AGM on Company's website and on SGXNet, and the minutes will include the responses to substantial and relevant questions referred to above.

4. **Voting at the AGM**

Shareholders and SRS investors who wish to attend and vote electronically (in real time) at the AGM must pre-register at the pre-registration website in accordance with paragraph (2) above. "Live" voting will be conducted during the AGM for Shareholders and SRS investors attending the Live Webcast (and not the audio-only feed via telephone). It is important for Shareholders and SRS investors to have their web-browser devices ready for voting during the Live Webcast.

5. **Voting by the appointment of Chairman of the Meeting as proxy or proxy(ies) (other than the Chairman of the Meeting)**

A member (whether individual or corporate) who does not wish to attend and vote (in real time) at the AGM may submit a Proxy Form to appoint the Chairman of the Meeting as his/her/its proxy or proxy(ies) (other than the Chairman of the Meeting) to attend and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.

Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy or proxy(ies) (other than the Chairman of the Meeting), if no specific instructions as to voting, or abstentions from voting, in respect of a resolution is given in the Proxy Form, the Chairman of the Meeting or proxy(ies) (other than the Chairman of the Meeting) will vote or abstain from voting at his/her discretion.

SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective SRS Operators to submit their votes at least seven (7) working days before the AGM (i.e. by 10.00 a.m. on 10 April 2023) in order to allow sufficient time for their respective relevant intermediaries to in turn submit a Proxy Form to appoint the Chairman of the Meeting to vote on their behalf by the cut-off date.

For the avoidance of doubt, pre-registration is not required if a shareholder only intends to appoint the Chairman of the Meeting as his/her/its proxy or proxy(ies) (other than the Chairman of the Meeting) and does not intend to attend the AGM. The Chairman of the Meeting as proxy or proxy(ies) appointed (other than the Chairman of the Meeting), need not be a Member of the Company.

The instrument appointing the Chairman of the Meeting as proxy or proxy(ies) (other than the Chairman of the Meeting), which can be assessed at the SGXNet at the URL https://www.sgx.com/securities/company-announcements and the Company's website at the URL http://www.isechealthcare.com, must be submitted to the Company in the following manner:

(a) if electronically, be submitted via email at isec.agm@gmail.com; or

(b) if by post, be deposited at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632;

in either case, by no later than 10.00 a.m. on 18 April 2023, being forty-eight (48) hours before the time fixed for the holding of the AGM and in default the instrument of proxy shall be treated as invalid. Shareholders who wish to submit an instrument of proxy must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

Deadline to submit Proxy Form: By 10.00 a.m. on 18 April 2023

Where an instrument appointing the Chairman of the Meeting as proxy or proxy(ies) (other than the Chairman of the Meeting), submitted by email, it must be authorised in the following manner, failing which the instrument may be treated as invalid:

(a) by way of the affixation of an electronic signature by the appointor or his/her duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation; or

(b) by way of the appointor or his/her duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation signing the instrument under hand and submitting a scanned copy of the signed instrument by email.

A corporation which is a Shareholder may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the AGM and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

NOTICE OF ANNUAL GENERAL MEETING

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

6. Completion and return of the instrument appointing the Chairman of the AGM or proxy(ies) (other than the Chairman of the Meeting) will not prevent a shareholder from attending and voting (in real time) via electronic means at the AGM if he/she/it subsequently wishes to do so, provided that in the event of such attendance by the shareholder via electronic means, the relevant instrument submitted by the shareholder shall be deemed to be revoked.

7. All documents and information relating to the business of the Meeting (including this Notice of Meeting and the instrument appointing a proxy) have been published on the SGXNet at the URL https://www.sgx.com/securities/company-announcements and the Company's website at the URL http://www.isechealthcare.com.

Personal Data Privacy:

By submitting personal data to the Company (or its agents) or an instrument appointing the Chairman of the AGM or proxy(ies) (other than the Chairman of the Meeting) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company 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 the Chairman of the AGM as proxy or proxy(ies) (other than the Chairman of the Meeting) for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (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, and recording and transmitting images and voice recordings when broadcasting the proceedings of the AGM through a live audio-visual webcast or live audio-only stream.

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ISEC HEALTHCARE LTD.

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

PROXY FORM

IMPORTANT:
1. The Annual General Meeting (the "**Meeting**" or "**AGM**") is being convened, and will be held, by way of 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. Printed copies of the Notice of AGM, the Annual Report 2022 and the Proxy Form will not be sent to Shareholders. Instead, the Notice of AGM, the Annual Report 2022 and Proxy Form may be accessed at the Company's website at the URL http://www.isechealthcare.com, and will also be made available on SGXNet at the URL https://www.sgx.com/securities/company-announcements.
2. Alternative arrangements relating to the attendance of the Meeting through electronic means, as well as conduct of the Meeting and relevant guidance with full details are set out in the notice of the AGM dated 5 April 2023 which can be accessed via the SGXNet at the URL: https://www.sgx.com/securities/companyannouncements.
3. SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective SRS Operators to submit their votes at least seven (7) working days before the AGM (i.e. by 10.00 a.m. on 10 April 2023).
4. This Proxy Form is not valid for use by SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PERSONAL DATA PRIVACY: By submitting an instrument appointing a proxy(ies) and/or representative(s), the shareholder accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 5 April 2023.

I/We (Name) ______________________________ (NRIC/Passport/UEN No.) ______________________

of (Address) ____

being a member/members of ISEC Healthcare Ltd. (the "**Company**"), hereby appoint:

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

and/or (delete as appropriate)

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

and/or* the Chairman of the AGM as *my/our *proxy/proxies to attend and vote for *me/us on *my/our behalf, at the AGM of the Company to be held via electronic means on Thursday, 20 April 2023 at 10.00 a.m. and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against, or abstain from voting on the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/her discretion.

No.	**Resolutions relating to:**	**Number of votes For^**	**Number of votes Against^**	**Number of votes Abstaining^**
As Ordinary Business				
1	Adoption of Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2022 together with the Independent Auditor's Report thereon			
2	Declaration of a final tax exempt (one-tier) dividend of 1.08 Singapore cents per ordinary share for the financial year ended 31 December 2022			
3	Re-election of Mr Chen Bang as a Director of the Company			
4	Re-election of Mr Li Li as a Director of the Company			
5	Approval of Directors' fees amounting to S$120,000 for the financial year ending 31 December 2023, payable quarterly in arrears			
6	To appoint Mazars LLP as the Company's Auditors			
As Special Business				
7	Authority to allot and issue shares			
8	Authority to issue shares under the ISEC Healthcare Share Option Scheme			
9	Authority to issue shares under the ISEC Healthcare Performance Share Plan			
10	Proposed Renewal of the Share Buyback Mandate			

^ *Voting will be conducted by poll. If you wish the Chairman of the Meeting or proxy(ies) (other than the Chairman of the Meeting) as your proxy to cast all your votes "For" or "Against" a Resolution, please tick (√) in the "For" or "Against" box provided in respect of that Resolution. Alternatively, please indicate the number of votes "For" or "Against" in the "For" or "Against" box provided in respect of that resolution. If you wish the Chairman of the Meeting or proxy(ies) (other than the Chairman of the Meeting) to abstain from voting on a resolution, please tick in the "Abstain" box provided in respect of that resolution. Alternatively, please indicate the number of shares that the Chairman of the Meeting as your proxy or proxy(ies) appointed (other than the Chairman of the Meeting) is directed to abstain from voting in respect of that resolution.* ***If no specific direction as to voting is given, the Chairman of the Meeting as your proxy*** *or proxy(ies) appointed (other than the Chairman of the Meeting)* ***will vote or abstain from voting at his/her discretion****.*

Dated this ________ day of ________________ 2023

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

____

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder
* Delete where inapplicable

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. A member will not be able to attend the AGM in person and can only participate in the AGM via electronic means. Alternative arrangements relating to the attendance at the AGM have been put in place to allow Shareholders to electronically access the AGM by (a) observing and/or listening to the AGM proceedings via "live" audio-and-visual webcast (via their mobile phones, tablets or computers) or "live" audio-only stream (via telephone), (b) submitting questions in advance of the AGM or during the AGM via an online text box and/or (c) voting at the AGM (i) "live" by the members themselves via electronic means or (ii) by appointing the Chairman of the Meeting or proxy(ies) (other than the Chairman of the Meeting) as proxy to attend and vote on their behalf at the AGM. A member (whether individual or corporate) who does not wish to attend and vote (in real time) at the AGM must submit this Proxy Form to appoint the Chairman of the Meeting or proxy(ies) (other than the Chairman of the Meeting) as his/her/its proxy to attend and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. The Proxy Form may be accessed at the Company's website at the URL http://www.isechealthcare.com, and will also be made available on SGXNet at the URL https://www.sgx.com/securities/company-announcements. Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy or proxy(ies) (other than the Chairman of the Meeting), if no specific instructions as to voting, or abstentions from voting, in respect of a resolution is given in the Proxy Form, the Chairman of the Meeting or proxy(ies) (other than the Chairman of the Meeting) will vote or abstain from voting at his/her discretion.

2. SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective SRS Operators to submit their votes at least seven (7) working days before the AGM (i.e. by 10.00 a.m. on 10 April 2023) in order to allow sufficient time for their respective relevant intermediaries to in turn submit a Proxy Form to appoint the Chairman of the Meeting to vote on their behalf by the cut-off date.

3. The Chairman of the Meeting as proxy, or proxy(ies) (other than the Chairman of the Meeting), need not be a member of the Company.

4. A shareholder should insert the total number of shares held in the Proxy Form. If the shareholder has shares entered against his/her name in the Depository Register maintained by The Central Depository (Pte) Limited ("**CDP**"), he/she should insert that number of shares. If the shareholder has shares registered in his/her name in the Register of Shareholder of the Company, he/she should insert that number of shares. If the shareholder has shares entered against his/her name in the said Depository Register and registered in his/her name in the Register of Shareholder, he/she should insert the aggregate number of shares. If no number is inserted, this proxy form will be deemed to relate to all the shares held by the shareholder.

5. A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share in the company or Shares held by such Shareholder. Where such Shareholder's instrument appointing a proxy(ies) appoints more than two proxies, the number of Shares held in relation to which each proxy has been appointed must be specified in the instrument appoint a proxy(ies).

   "Relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act (Chapter 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

6. The Proxy Form must be submitted to the Company in the following manner:

   (a) if submitted by post, be lodged at the office of the Company's Share Registrar at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632, Attention: Share Registrar of ISEC Healthcare Ltd.; or

   (b) if submitted electronically, be received by the Company at isec.agm@gmail.com,

   in either case, by **10.00 a.m. on Tuesday, 18 April 2023**, being forty-eight (48) hours before the time appointed for holding the AGM.

   A shareholder who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above. Shareholders are strongly encouraged to submit completed Proxy Forms electronically via email.

7. The Proxy Form must be executed under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation, it must be executed either under its common seal or under the hand of an officer or attorney so authorised.

8. Where the Proxy Form is signed on behalf of the appointor by an attorney or a duly appointed officer, the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power of attorney must (failing previous registration) be deposited with the Proxy Form, failing which the Proxy Form may be treated as invalid.

9. A corporation which is a shareholder may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the AGM and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

10. The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of shares entered in the Depository Register, the Company may reject a Proxy Form if the shareholder, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by CDP to the Company.

11. All shareholders will be bound by the outcome of the AGM regardless of whether they have attended or voted at the AGM.

CORPORATE INFORMATION

REGISTERED OFFICE
51 Goldhill Plaza
#10-07/08
Singapore 308900
Telephone: +65 6258 2262
Facsimile: +65 6258 2272

BOARD OF DIRECTORS

Mr Chong Weng Hoe
Non-Executive Chairman and
Independent Director

Dr Lee Hung Ming
Executive Vice Chairman

Mr Lim Wee Hann
Non-Executive and
Independent Director

Mr Chen Bang
Non-Executive and
Non-Independent Director

Mr Li Li
Non-Executive and
Non-Independent Director

Ms Zhang Yongmei
Non-Executive and
Non-Independent Director

AUDIT COMMITTEE
Mr Chong Weng Hoe (Chairman)
Mr Lim Wee Hann
Ms Zhang Yongmei

NOMINATING COMMITTEE
Mr Lim Wee Hann (Chairman)
Mr Chong Weng Hoe
Ms Zhang Yongmei

REMUNERATION COMMITTEE
Mr Lim Wee Hann (Chairman)
Mr Chong Weng Hoe
Ms Zhang Yongmei

COMPANY SECRETARY
Ms Ngiam May Ling

SPONSOR
PrimePartners Corporate Finance Pte. Ltd.
16 Collyer Quay
#10-00 Collyer Quay Centre
Singapore 049318

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

INDEPENDENT AUDITORS
Mazars LLP
Public Accountants and Chartered Accountants
135 Cecil Street #10-01
Singapore 069536

Partner-in-charge: Zhang Liang
(Appointed from the financial year ended 31 December 2022)

INVESTOR RELATIONS
ir@isechealthcare.com

WEBSITE
http://www.isechealthcare.com

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

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