ISEC™ HEALTHCARE

SEEING THE POTENTIAL

2021 ANNUAL REPORT

CONTENTS

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The contact person for the Sponsor is Ms Gillian Goh, 16 Collyer Quay, #10-00 Income at Raffles, 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, Malacca, Penang, Johor 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. The Group further expanded this business segment in 2018 with the acquisition of a 25.0% stake in I Medical & Aesthetics Pte. Ltd., increasing its portfolio of general practitioner clinics from four to five.

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

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

NO. OF EYE CARE CENTRES

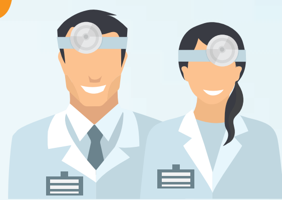
5 MALAYSIA

1(1) SINGAPORE

1 MYANMAR

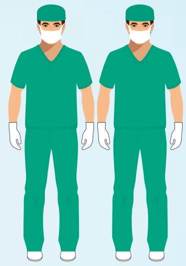
NO. OF OPHTHALMOLOGISTS

30



NO. OF ANAESTHESIOLOGISTS

2



NO. OF PATIENTS VISITS

110,500 SPECIALISED HEALTH SERVICES

60,400 GENERAL HEALTH SERVICES

NO. OF PROCEDURES PERFORMED

18,500 SPECIALISED HEALTH SERVICES

400 GENERAL HEALTH SERVICES

NO. OF PROCEDURES PERFORMED(2) UNDER

431 GENERAL ANAESTHESIA

572 SEDATION

31 MONITORED LOCAL ANAESTHESIA

CONFERENCES ATTENDED BY ISEC SPECIALIST DOCTORS/ GENERAL PRACTITIONERS

356

CONFERENCES WHERE ISEC SPECIALIST DOCTORS WERE INVITED AS SPEAKERS

74

TEACHING ACTIVITIES, CLINICAL ATTACHMENTS AND OBSERVERSHIPS IN ISEC

44

NO. OF GENERAL PRACTITIONER CLINICS IN SINGAPORE(3)

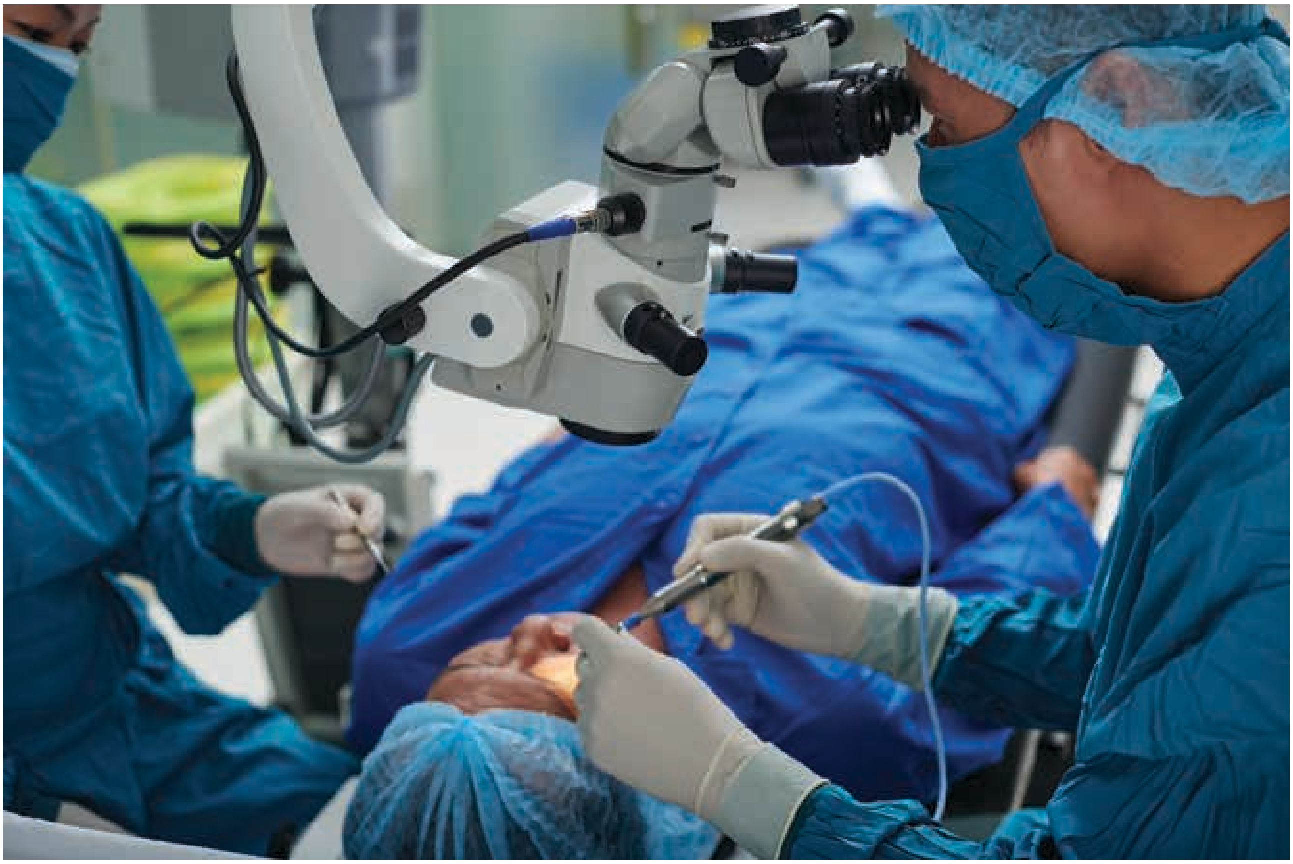
5

NO. OF GENERAL PRACTITIONERS(4)

6

(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 and 1 clinic from associate company – I Medical & Aesthetics Pte. Ltd.
(4) Comprises 4 general practitioners from JLM Companies and 2 general practitioners from associate company – I Medical & Aesthetics Pte. Ltd.

MESSAGE TO SHAREHOLDERS



THEME: SEEING THE POTENTIAL

DEAR SHAREHOLDERS

It is an honour for me to address you for the first time as the Non-Executive Chairman of ISEC Healthcare. I would like to start by thanking my predecessor, Mr Sitoh Yih Pin, for chairing the Board of Directors since the Group's listing in 2014. During his tenure, Mr Sitoh made many valuable contributions to ISEC Healthcare including setting high standards in corporate governance as its first Chairman and stewarding the Group through the height of the COVID-19 pandemic.

On behalf of the Group, I wish Mr Sitoh good health and success in all his future endeavours. I look forward to working closely with my fellow directors to continue building on the foundation he has laid.

UPCOMING CORPORATE DEVELOPMENTS

Business and lifestyle activities have picked up steadily after more than two years of the global economy operating in "COVID-19 mode". This included the formation of more vaccinated travel lanes ("**VTL**") between countries and the easing of safe management measures in the markets where we have operations.

In the year that ended 31 December 2021 ("**FY2021**"), ISEC Healthcare came back strongly with a 55% year-on-year ("**YoY**") increase in net profit to S$6.9 million as compared to S$4.5 million in the preceding year. This was on the back of revenue growth of 11% to S$40.5 million during a year that saw an increase in patient visits in tandem with the easing of COVID-19 restrictions across our core markets of Singapore and Malaysia.

Although both top and bottom lines in FY2021 were still weaker than the pre-COVID 19 levels achieved in the financial year ended 31 December 2019 ("**FY2019**"), we are cautiously optimistic that the operating environment will continue to improve gradually in the months ahead, and we will prepare ourselves to benefit from the upswing.

Accordingly, we have stepped up our expansion activities in FY2022. We will plant the ISEC brand for the first time in Kuching, Sarawak, with the expected opening of ISEC Kuching in the second half of 2022. Renovations have already commenced on the upcoming premises.

We are expanding our operations in Penang and expect to move into our newly acquired property by the second half of 2022 after renovations are complete. The new property is larger, with a larger parking area, and can cater to more doctors compared to our current property, which can only hold three eye specialists.

Meanwhile, we have entered into a letter of offer for the proposed acquisition of one floor in a commercial building in Kuala Lumpur and aim to conclude negotiations with the relevant party by the second quarter of 2022. The new premise is more than two times bigger and will enable us to offer additional and improved facilities compared to the existing clinic. We will keep shareholders updated of our progress through further announcements on SGXNET as and when there are material updates.

Once operational, our new clinics are expected to contribute positively to our topline.

GEOGRAPHICAL REVIEW

In FY2021, all three of our markets outperformed the preceding year and contributed higher revenues.

Our Singapore operations recorded a 23% increase in revenue, from S$7.3 million in FY2020 to S$9.0 million in FY2021. This was helped by the country's robust vaccination programme that led to the relaxation of COVID-19 measures and an increase in patient visits.

In Malaysia, revenue increased by S$1.8 million, or 6%, from S$28.7 million in FY2020 to S$30.5 million in FY2021. Although the first half of the year was affected by the reinstatement of the country's Movement Control Order, our operations recovered quickly in the second half when restrictions were eased.

Revenue from our Myanmar operations recorded very encouraging growth, increasing S$0.4 million in FY2020 to S$1.0 million in FY2021. The increase in sales is mainly attributable to the increase in patient visits during the year because of the establishment of an offsite satellite clinic in one of the hospitals in Yangon, which commenced operation in February 2021. It reflected the success of our move to attract more patients to visit our ISEC Myanmar main clinic centre and, meanwhile, aimed to improve the ISEC branding recognition in the local market.

The Group sees huge potential for growth in our existing markets and also in our target markets across the region.

Going forward, ISEC Healthcare will focus on strengthening its presence in its core markets of Malaysia and Singapore while looking for suitable opportunities in China, Vietnam and Myanmar. At the same time, the Group will also pursue suitable investments that are synergistic in nature and in line with the Group's business strategies.

We continue to believe the region's ageing population, and the increasing awareness about the benefits of seeking early treatment for ophthalmology issues, will drive ongoing demand for the specialised services that we provide. As such, we intend to stay focused on enhancing the professional skills of our team and to improve on our services and providing a better clinical environment so that we can continue to provide best-in-class patient care.

To remain at the forefront of our field, we will continue to add to our medical team and to provide opportunities for them to upgrade their professional skills, which will enable us to uphold the high quality patient care that our brand is recognised for.

APPRECIATION

On behalf of the Group, I would like to thank all shareholders for your trust in our ability to deliver results. In line with the improvement in performance, the Board of Directors is pleased to propose a final dividend of 0.30 Singapore cents per share, which including the interim dividend of 0.75 Singapore cents per share declared for the financial period ended 30 September 2021, totalling 1.05 Singapore cents per share in respect of FY2021 (FY2020: 0.8 Singapore cents per share).

I would like to thank our management team and medical staff for working hand-in-hand to navigate the challenging environment brought on by COVID-19 over the last two years. Through your joint efforts, we were able to serve our patients and meet their needs quickly when COVID-19 restrictions were eased and we were able to end FY2021 with better results.

Finally, I would like to thank our business partners and patients for your support and my fellow Directors on the Board for guiding the Group during the year.

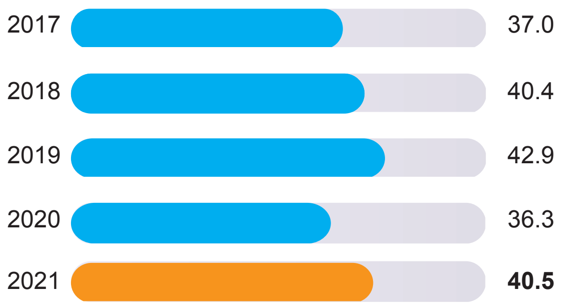
CHONG WENG HOE
Non-Executive Chairman and Independent Director

FINANCIAL REVIEW

REVENUE (S$'m)

S$40.5m

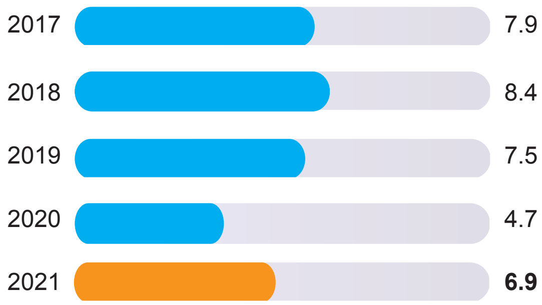
FY2021



PROFIT ATTRIBUTABLE TO SHAREHOLDERS (S$'m)

S$6.9m

FY2021



INCOME STATEMENT

The Group recorded an 11% increase in revenue for FY2021 to S$40.5 million compared to S$36.3 million in FY2020. This was mainly attributable to an increase of S$4.0 million in the specialised health services segment arising from an increase in patient visits and business activities of the Group's operations in tandem with the gradual resumption of business activities on easing of travel restrictions within countries which contributed to increased patient visits, with the implementation of a three-phased post circuit breaker plan by the Singapore government and the National Recovery Plan by the Malaysia government towards the end of 2021.

Revenue from the Group's Singapore operations rose 23% to S$9.0 million in FY2021 from S$7.3 million in FY2020 due to an increase in patient visits following the easing of certain safety management measures in the country. As at year-end, Singapore has reached a vaccination rate of approximately 85% of the country's total population for full vaccination.

Accounting for 75% of the Group's total revenue, Malaysia operations saw a 6% increase in revenue to S$30.5 million in FY2021 from S$28.7 million in FY2020. The country went into different stages of movement controls during 2021 with it re-entering into Movement Control Order ("**MCO**") in early January, leading to the slowdown of economic activities, before transitioning to Conditioned Movement Control Order ("**CMCO**") in March. Following which, MCO was reinstated and Full MCO ("**FMCO**") with stricter restrictions was implemented in early May due to a surge in COVID-19 cases.

As vaccination rate slowly rises in the country, Malaysia launched the National Recovery Plan aimed at gradually reopening the economy in the second half of 2021. As a result, Malaysia operations started to recover from September 2021 to record an overall increase in sales for FY2021.

Revenue from its Myanmar operations more than doubled to S$1.0 million in FY2021 compared to S$0.4 million in FY2020 due to an increase in patient visits. ISEC Myanmar set up an offsite satellite clinic in one of the hospitals in Yangon which commenced operations in February 2021, resulting in an increase in patient visits to the ISEC Myanmar main clinic.

Correspondingly, gross profit rose 11% to S$17.9 million in FY2021 from S$16.1 million in FY2020, while gross profit margin remained steady at 44.2%, same as last year's.

In FY2021, the Group recorded other expenses of S$0.7 million compared to S$2.1 million in FY2020. No impairment loss for goodwill was recognised in FY2021. The decline was due to an impairment loss for goodwill totalling S$1.5 million in FY2020 in relation to the general health services segment, with S$0.4 million recognised for JL Medical (Bukit Batok) Pte. Ltd. ("**JLMBB**"), S$0.3 million recognised for JL Medical (Woodlands) Pte. Ltd. ("**JLMWL**"), and S$0.8 million recognised for JL Medical (Yew Tee) Pte. Ltd. ("**JLMYT**").

Consequently, the Group saw profit attributable to shareholders increased by 47% to S$6.9 million in FY2021 compared to S$4.7 million in FY2020.

BALANCE SHEET

The Group's total assets stood at S$87.7 million as at 31 December 2021 compared to S$88.5 million as at 31 December 2020.

Non-current assets increased S$0.2 million to S$59.8 million as at 31 December 2021 mainly due to (i) purchase of property, plant and equipment of S$0.2 million and renovation costs of S$0.5 million pertaining to the renovation of newly acquired building by ISEC Penang of S$0.4 million and renovation works at SSEC Malacca of S$0.1 million; (ii) right-of-use assets of S$0.8 million due to the leasing of clinic/office premises in Kuching by ISEC Kuching; (iii) right-of-use assets lease modification of S$2.6 million due to the extension of clinic/office premises leasing period in ISEC KL; (iv) recognition of S$0.1 million deferred tax assets arising from the increased accounting provisions balance in ISEC KL with temporary tax differences; and (v) a deposit of S$0.2 million pertaining to the 1% earnest deposit payment for the intended acquisition of property by ISEC KL as announced on 12 August 2021.

The increase in non-current assets was partially offset by (i) depreciation expenses of right-of-use assets of S$1.6 million; (ii) depreciation expenses of property, plant and equipment of S$1.1 million; (iii) amortisation expenses of S$0.6 million on intangible assets; (iv) currency translation losses of S$0.4 million and S$0.1 million on property, plant and equipment and right-of-use assets respectively; and (v) currency translation loss of S$0.4 million on goodwill that arose from the acquisition of SSEC Malacca and Indah Specialist.

Current assets as at 31 December 2021 declined by S$1.0 million to S$27.8 million, with a decrease in cash and cash equivalents of S$1.6 million (refer to review of cash flows). The decline was partially offset by a net increase in trade receivables of S$0.6 million due to the increase in the Group's business activities.

Total liabilities increased to S$18.4 million as at 31 December 2021 from S$16.8 million as at 31 December 2020. Non-current liabilities rose by S$32,000 to S$7.9 million as at 31 December 2021, mainly attributable to a net increase in lease liabilities of S$1.6 million arising from the extension of clinic/office premises lease period in Kuala Lumpur and the new leasing of Kuching clinic/office premises in 2021.

The increase was offset by (i) partial repayment of bank loan (principal and interest) of S$0.9 million undertaken for the purchase of freehold land and building by ISEC Penang leading to a decrease in borrowings; (ii) net decrease in deferred tax liabilities of S$0.1 million mainly due to reversal of deferred tax liability arising from the amortisation of intangible assets: contractual relationships; and (iii) reclassification of S$0.6 million of the purchase consideration payable to vendors for the acquisition of Indah Specialist to current liabilities, as it was payable within the 12 months from the date of completion of acquisition which was by 27 February 2022.

Current liabilities for the year increased by S$1.6 million to S$10.5 million mainly from (i) net increase in payroll payable of S$1.6 million from higher staff-related remuneration and bonuses arising from the Group's increased business activities; (ii) net increase in trade payable of S$0.5 million, advances and contract liabilities of S$0.1 million and accrued expenses of S$0.3 million due to the Group's increased business activities; (iii) net increase in current income tax payable of S$0.2 million arising from the S$2.4 million tax provision for FY2021, less tax payment of S$2.2 million; and (iv) the reclassification of the purchase consideration payable to vendors for the acquisition of Indah Specialist as elaborated above. This increase was partially offset by a decrease in payable with the S$1.8 million repayment of the balance purchase consideration for the acquisition of Indah Specialist.

CASH FLOW STATEMENT

As at 31 December 2021, the Group's cash and cash equivalents stood at S$22.5 million compared to S$24.1 million as at 31 December 2020.

In FY2021, the Group generated net cash from operating activities of S$12.3 million, up from S$7.9 million a year ago. This comprised operating cash flows before working capital changes of S$12.5 million and changes in working capital inflow of S$2.0 million largely from trade and other payables of S$2.6 million, offset by decrease in trade and other receivables of S$0.6 million, both mainly resulted from increased business activities, less income tax paid amounting to S$2.2 million.

Net cash used in investing activities amounted to S$2.3 million in FY2021 due to the S$1.8 million repayment of the balance purchase consideration for the acquisition of Indah Specialist, as well as payment for plant and equipment mainly for replacement of existing assets and renovation for clinics and deposits for intended acquisition amounting to S$0.7 million. The cash outflow was offset by the receipt of S$0.2 million in interest income.

The Group used S$11.3 million in financing activities for (i) final dividend payment to shareholders for FY2020 of S$4.4 million and first interim dividend payment for 3Q2021 of S$4.1 million; (ii) repayment of lease liabilities and its corresponding finance costs of S$1.8 million; and (iii) repayment of bank loan and its corresponding interest expense of S$0.9 million.

BOARD OF DIRECTORS

MR CHONG WENG HOE, 57
NON-EXECUTIVE CHAIRMAN AND INDEPENDENT DIRECTOR

Date of Appointment
1 July 2021

Date of Last Re-appointment
Not applicable

Country of Principal Residence
Singapore

The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)
The re-election of Mr Chong as an Independent and Non-Executive Director was recommended by the Nominating Committee and approved by the Board, after taking into consideration Mr Chong'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.)
- 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 – Present
Executive Vice President, Global Head of Service Line for EMC (Electromagnetic Compatibility), TÜV SÜD Asia Pacific Pte Ltd

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

January 2008 – 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 Pte Ltd
- 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

Other Principal Commitments (for the last 5 years)
Partner, Globalbev Investment LLP

(b) Present
Directorships
- Keong Hong Holdings Limited
- HC Surgical Specialists Limited
- Singapore Paincare Holdings 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, 58
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 appointment (including rationale, selection criteria, and the search and nomination process)
Not applicable, Dr Lee is not subject to re-election.

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 spearheading 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 – Present
Centre Director and Senior Consultant Ophthalmologist, Asia Pacific Eye Centre at Gleneagles Hospital

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.

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 43 to 46 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.

BOARD OF DIRECTORS

MR LIM WEE HANN, 55
NON-EXECUTIVE AND INDEPENDENT DIRECTOR

Date of Appointment
29 September 2014

Date of Last Re-appointment
24 April 2019

Country of Principal Residence
Singapore

The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)
The re-election of Mr Lim as an Independent and Non-Executive Director was recommended by the Nominating Committee and approved by the Board, after taking into consideration Mr Lim'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.)
- Independent and Non-Executive 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, 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 30 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

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 43 to 46 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, 56

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 appointment (including rationale, selection criteria, and the search and nomination process)
Not applicable, Mr Chen is not subject to re-election.

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-Independent and Non-Executive 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.

Other Principal Commitments (for the last 5 years)
Nil

(b) Present
Directorships
- Aier Eye International (Singapore) Pte. Ltd.
- Clínica 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
- Beijing Aier Yingzhi Eye Hospital Co., Ltd.
- Aier Medical Investment Group Co., Ltd
- Aier Eye Hospital Group Co., Ltd.
- Zhongchuang Qianhai Capital Co., Ltd.
- Lhasa Liangshi Venture Capital Co., Ltd.
- Changchun Aier Eye Hospital Co., Ltd.
- Jilin Aier Eye Hospital Co., Ltd.
- Nanchang Aier Eye Hospital Co., Ltd.
- Wuhan Aier Eye Hanyang Hospital Co., Ltd.
- Shenzhen Aier Eye Hospital Co., Ltd.
- Huizhou Aier Eye Hospital Co., Ltd.
- Hunan Aier Property Investment Development Co., Ltd.
- Taiyuan Aier Eye Hospital Co., Ltd.
- Shenzhen Liangjing Investment Co., Ltd.
- Xiangyang Aier Eye Hospital Co., Ltd.
- Guangzhou Aier Eye Hospital Co., Ltd.
- Wuzhou Liangjing Investment Co., Ltd.
- Shaoyang Aier Eye Hospital Co., Ltd.
- Shenyang Aier Optometry Hospital Co., Ltd.
- Wuhan Jinxing Investment Management Co., Ltd.
- Lanzhou Aier Eye Hospital Co., Ltd.
- Yueyang Aier Eye Hospital Co., Ltd.
- Shaoguan Aier Eye Hospital Co., Ltd.
- Shanghai Liangjing Medical Investment Management Co., Ltd.
- Hengyang Aier Eye Hospital Co., Ltd.
- Nanjing Aier Eye Hospital Co., Ltd.
- Beijing Licheng Gongchuang Consulting Co., Ltd.
- Hefei Aier Eye Hospital Co., Ltd.
- Shenyang Liangjing Investment Management Co., Ltd.
- Shanghai Aier Eye Hospital Co., Ltd.
- Hunan Jiaxing Investment Property Co., Ltd.
- Hunan Jishihulian Technology Co., Ltd
- Hunan Aier Healthcare Industrial Development 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 43 to 46 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.

BOARD OF DIRECTORS

MR LI LI, 56
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 appointment (including rationale, selection criteria, and the search and nomination process)
Not applicable, Mr Li is not subject to re-election.

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-Independent and Non-Executive 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, Chairmanships and Legal Representatives
- Xian Aier Eye Hospital Co., Ltd.
- Binzhou Hubin Aier Eye Hospital Co., Ltd.
- Taian Bright Aier Eye Hospital Co., Ltd.
- Guiyang Aier Eye Hospital Co., Ltd.
- Xiangtan Aier Eye Hospital Co., Ltd.
- Loudi Aier Eye Hospital Co., Ltd.
- Huaibei Aier Eye Hospital Co., Ltd.
- Shuangfeng Aier Eye Hospital Co., Ltd.
- Foshan Chancheng Aier Eye Clinic Co., Ltd.
- Chengdu Mega Eye Center Co., Ltd.
- Foshan Chancheng Aier Eye Outpatient Co., Ltd.

Other Principal Commitments (for the last 5 years)
Nil

(b) Present
Directorships, Chairmanships and Legal Representatives
- 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.
- Yongzhou Aier Eye Hospital Co., Ltd.
- Chongqing Aier Eye Hospital Co., Ltd.
- Yicheng Aier Eye Hospital Co., Ltd.
- Harbin 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.
- Chenzhou Aier Eye Hospital Co., Ltd.
- Zhengzhou Aier Eye Hospital Co., Ltd.
- Xiaogan 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.
- Shijiazhuang Aier Eye Hospital Co., Ltd.
- Qingyuan Aier Eye Hospital Co., Ltd.
- Wuhan Huangpi Aier Eye Clinic Co., Ltd.
- Ningbo Aier Bright Eye Hospital Co., Ltd.
- Wuhan Jiangxia Aier Eye Clinic Co., Ltd.
- Chongqing Aier Mega Eye Hospital Co., Ltd.
- Changde Aier Eye Hospital Co., Ltd.
- Ningbo Haishu Aier Bright Eye Clinic Co., Ltd.
- Nanning Aier Eye Hospital Co., Ltd.
- Wuhan Aier Eye Hospital Co., Ltd.
- Kunming Aier Eye Hospital Co., Ltd.
- Zhuzhou 331 Aier Eye Hospital Co., Ltd.
- Dongguan Aier Eye Hospital Co., Ltd.
- Huanggang Aier Eye Hospital Co., Ltd.
- Chengdu Aier Eye Hospital Co., Ltd.
- Yiyang Aier Eye Hospital Co., Ltd.
- Yichang Aier Eye Hospital Co., Ltd.
- Shanxi Aier Eye Hospital Co., Ltd.

- Dashiqiao Aier Eye Hospital Co., Ltd.
- Huzhou Aier Eye Hospital Co., Ltd.
- Chaoyang Aier Optometry Clinic Co., Ltd.
- Gejiu Aier Eye Hospital Co., Ltd.
- Tianjin Aier Eye Hospital Co., Ltd.
- Xianning Aier Eye Hospital Co., Ltd.
- Huangshi Aier Eye Hospital Co., Ltd.
- Jingmen Aier Eye Hospital Co., Ltd.
- Chaoyang Aier Eye Hospital Co., Ltd.
- Nanchong Aier Mega Eye Hospital Co., Ltd.
- Wuhan Caidian Aier Eye Clinic Co., Ltd.
- Jiujiang Aier Zhongshan Eye Hospital Co., Ltd.
- Hunan Aier Healthcare Industrial Development Co., Ltd.
- Jiangling Aier Eye Clinic Co., Ltd.
- Guangzhou Aier Eye Hospital Co., Ltd.
- Shaoguan Aier Eye Hospital Co., Ltd.
- Shenzhen Sading Hengshun Investment Co., Ltd.
- Beijing Aier Yingzhi Eye Hospital Co., Ltd.
- Shanghai Aier Eye Hospital Co., Ltd.

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 43 to 46 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.

BOARD OF DIRECTORS

MS ZHANG YONGMEI, 41
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 appointment (including rationale, selection criteria, and the search and nomination process)
The re-election of Ms Zhang as a Non-Independent and Non-Executive Director was recommended by the Nominating Committee and approved by the Board, after taking into consideration Ms Zhang's qualifications, expertise and past experiences and overall contribution since she 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-Independent and Non-Executive 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

2011 to 2012
Strategy & Business Development (M&A) Senior Manager, IMS Health

Other principal commitments including directorships

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

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.
- Clínica 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.
- Yunnan Huashan Medical Investment Co., Ltd
- 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 as 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 at ISEC KL since 2007. Dr Wong is considered a key opinion leader in his fields of subspecialty and is an Honorary Part-Time Lecturer for the Department of Optometry, Faculty of Allied Health Sciences in Universiti Kebangsaan Malaysia.

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

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

DR 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), 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 Elect in 2020 after being the Honorary Secretary since 2012. He is also a founding member of the Malaysian Society of Ophthalmology. He has received Distinguished Service Award from APAO in 2007, the Asian Angle Closure Glaucoma Club in 2012, MSO in 2017, Asian Economic Community Ophthalmology Meeting in 2018, and Achievement award from the APAO in 2016.

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

EXECUTIVE OFFICERS

DR CHOONG YEE FONG
KUALA LUMPUR CENTRE DIRECTOR

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

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

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

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

DR ROBERT YEO KIM CHUAN
MALACCA CENTRE DIRECTOR

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

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

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

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

DR ALAN ANG
PENANG CENTRE DIRECTOR

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

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

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

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

MS ELYSE LOW
CHIEF FINANCIAL OFFICER

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

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

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

CORPORATE SOCIAL RESPONSIBILITY

As 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.

We have been publishing our Sustainability Report for four years with the inaugural report for the financial year ended 31 December 2017 published in 2018. The reports were prepared in accordance with the Global Reporting Initiative ("GRI") Standards – "Core" reporting requirements. All reports, which covered Environmental, Social and Governance ("ESG") matters that are of particular importance to our business, are available on our corporate website at https://isechealthcare.com/sustainability-report.

For the period from 1 January 2021 to 31 December 2021, we focused our reporting scope on ISEC KL, SSEC Malacca and ISEC Penang, with continued disclosures on the COVID-19 situation which affected our healthcare centres' operations, and the measures taken in response to the evolving situation.

The areas of focus identified by the Group included stakeholder engagement, materiality assessment, contributing to the UN sustainable development and goals, providing world-class service to patients, developing a high-performing workforce, corporate governance and caring for the environment. We are pleased to have performed well across all matters including ensuring and maintaining patient confidentiality with zero leaks, offering free eye screening to more patients as compared to the previous year and having zero work-related accidents. The Group also maintained zero reportable cases of non-compliance in relation to the Code of Corporate Governance practices (on a comply-or-explain basis), as well as other regulatory requirements.

ISEC Healthcare will continue to take progressive steps to improve its data collection systems and expand the scope of its sustainability report to include other clinics. We expect to release our fifth sustainability report in May 2022.

COMMITMENT TO PATIENTS

As the COVID-19 pandemic situation continued to evolve in 2021, all our healthcare centres adhered to the prevailing restrictions and measurements specific to each of our markets for the safety of our patients, our staff and visitors to our centres. This included issuing all our healthcare and support staff with personal protection equipment to prevent infection.

Despite the disruptions caused by the pandemic, our doctors continued to find innovative ways to promote public education about eye health and eye care.

In FY2021, our doctors developed a series of educational videos to share their expertise with the community. The videos cover topics relating to eye healthcare such as glaucoma, myopia, cataract and many more. The videos are available on our Facebook page: https://www.facebook.com/hashtag/isec. We hope to continue educating and increasing awareness among the community despite restrictions in organising face-to-face talks.

CORPORATE SOCIAL RESPONSIBILITY

During World Glaucoma week in March 2021, our doctors at SSEC Melaka volunteered their expertise by offering free eye screening to the elderly and the needy to also new patients. SSEC Melaka organised talks where our doctors shared their knowledge on glaucoma to encourage early detection and treatment.

In support of World Sight Day on 14 October 2021, we organised virtual talks and forums where doctors from our various centres shared their expertise and addressed public concerns about eye care and diseases.

In November 2021, ISEC KL organised a virtual "ISEC Ophthalmology Symposium 2021", which was attended by 366 healthcare practitioners. During the symposium, our doctors shared their knowledge on the various acute and chronic eye conditions as part of the Group's commitment to knowledge sharing so as to lift the overall skills and knowledge of the healthcare profession.

COMMITMENT TO COMMUNITY

In support of Malaysia's efforts to manage the pandemic, ISEC KL and SSEC Melaka participated in the National COVID-19 Immunisation Programme in FY2021 to administer vaccination services to the community. Our staff who volunteered for the programme had to undergo training and preparations in order to administer the vaccine effectively. After the training, each clinic started offering at least 50 vaccinations per day, for five days a week. We are pleased to play our part to help increase the vaccination rate within our community against COVID-19.

As the COVID-19 situation gradually comes under control, we look forward to rolling out more events and activities in the current year.

FINANCIAL CONTENTS

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 2021 ("**FY2021**"), 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**"), guidelines from Code of Corporate Governance 2012 ("**Code 2012**") which are still in effect, 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 FY2021, with specific reference to the principles and provisions of the Code and the disclosure guide developed by the SGX-ST in January 2015 (the "**Guide**"). Where there is a deviation from the Code, proper explanation of the reason for variation and how the practices it had adopted are consistent with the intent of the relevant principle have been explicitly stated in the annual report.

BOARD MATTERS

The Board's Conduct of its Affairs

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

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

- Overseeing the overall strategy formulation including sustainability and environmental issues as part of its strategy formulation, strategic human resources framework, and financial objectives of the Group; and

- Overseeing and safeguarding shareholders' interest and the Company's assets through a robust system of effective internal controls, risk management, financial reporting and compliance.

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

- Board authorisation limits;

- Interested persons transactions exceeding S$100,000;

- Bank mandates and facilities;

- Appointment and re-election of Directors at any time;
- Salaries and benefits/allowances of the members of the Board and key management personnel;
- Share options and performance share schemes;
- Investments, mergers and acquisitions ("**M&A**") transactions and divestments;
- Independent valuation reports prior to making any investments, M&A transactions and divestments decisions;
- Annual business strategy and the financial budget;
- Significant capital expenditure and purchase of major assets;
- Public announcements and responses to the SGX-ST/regulators;
- Dividend decisions;
- 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 conducts scheduled meetings on a quarterly basis. Additional meetings are convened as and when circumstances warrant. The Constitution of the Company (the "**Constitution**") allows Board meetings to be conducted via any form of audio or audio-visual communication. The Directors are free to discuss any information or views presented by any member of the Board and the Management. Directors facing conflicts of interest recuse themselves from meetings, discussions and decisions involving the issues of conflict.

The Company adopts a policy which welcomes Directors to request for further explanations, briefings or informal discussions on any aspect of the Group's operations or business from the Management. The CEO updates the Board 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. The appointment and removal of the Company Secretary is a decision of the Board as a whole.

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

REPORT ON CORPORATE GOVERNANCE

The attendance record of each Director at meetings of the Annual General Meeting ("**AGM**"), Board and Board Committees during the FY2021 is disclosed below:

Number of meetings held in FY2021	**AGM**	**Board**	**AC**	**NC**	**RC**
	1	**4**	**4**	**1**	**1**
Name of Director	**Number of meetings attended in FY2021**				
Sitoh Yih Pin[(1)]	1	1	1	1	1
Mr Chong Weng Hoe[(2)]	NA	2	2	NA	NA
Dr Lee Hung Ming	1	4	–	–	–
Lim Wee Hann	1	4	4	1	1
Chen Bang	1	1	–	–	–
Li Li	1	2	–	–	–
Zhang Yongmei	1	4	4	1	1

Notes:

(1) *Mr Sitoh Yih Pin retired as an Independent and Non-Executive Director and ceased to be Chairman of the Board and AC and member of the NC and RC on 21 April 2021.*

(2) *Mr Chong Weng Hoe was appointed as an Independent Director and as Chairman of the Board and AC and as a member of the NC and RC on 1 July 2021.*

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 at the Group's medical centres. Upon appointment, the Director will receive a letter of appointment setting out his/her duties and responsibilities.

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

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

The Directors may join institutes and group associations of specific interests, and attend relevant training seminars or informative talks from time to time so that they are in a better position to discharge their duties. The Company encourages the Directors to attend courses in areas of Directors' duties and responsibilities, corporate governance, changes in financial reporting standards, insider trading, changes in the Companies Act 1967 of Singapore (the "**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 Act and Catalist Rules, and other applicable regulatory updates or amendments to relevant laws, rules and regulations from time to time.

For FY2021, 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; and
- updates by the Company Secretary on amendments to the Act and Catalist Rules, from time to time.

Board Composition and Guidance

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

As at 31 December 2021, 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 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.

The Board and the NC have ascertained that for FY2021, two out of its six Directors, namely Mr Chong Weng Hoe and Mr Lim Wee Hann, are independent.

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

For FY2021, 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 FY2021, the Non-Executive Directors and Independent Directors have met once without the presence of the Management.

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 FY2021, 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.

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.

With the introduction of Rule 710(A) of the Catalist Rules effective from 1 January 2022 and as part of the Company's progressive goal towards Board diversity, the Board will endeavour to maintain a board diversity policy that addresses gender, skills and experience, and any other relevant aspects of diversity, and describe such policy in its Annual Report for the financial year ending 31 December 2022.

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);

(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

REPORT ON CORPORATE GOVERNANCE

(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 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 Lim Wee Hann and Ms Zhang Yongmei will retire by rotation at this AGM pursuant to Article 114 of the Constitution and Mr Chong Weng Hoe will retire by rotation at this AGM pursuant to Article 118 of the Constitution. The NC had reviewed and recommended that Mr Lim Wee Hann and Ms Zhang Yongmei, who will retire pursuant to Article 114 of the Constitution, and Mr Chong Weng Hoe, who will retire pursuant to Article 118 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 Lim Wee Hann, Ms Zhang Yongmei and Mr Chong Weng Hoe as required under Appendix 7F of the Catalist Rules.

Mr Lim Wee Hann, Ms Zhang Yongmei and Mr Chong Weng Hoe 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 of one-third of the Board, fulfilling its compliance to Catalist Rule 406(3)(d).

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 FY2021 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 FY2021, 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 44 – 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 FY2021.

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 FY2021 performance of the Board, Board Committees and individual Directors (including the Chairman) at a meeting held in February 2022. 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 FY2021. 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.

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

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

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

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

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

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

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

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

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

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

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

The current RC comprises entirely Non-Executive Directors, 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

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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 FY2021 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 2022 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 option has not been exercised as at 31 December 2021.

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 FY2021, 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 FY2021, 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 FY2021 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[3]	–	–	–	100	100
Sitoh Yih Pin[4]	–	–	–	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 FY2021 is set out below:

Remuneration and Name of Key Management Personnel	Designation	Salary and Allowance[1] (%)	Variable Bonus[1] (%)	Consultancy Fees (%)	Directors' Fees[2] (%)	Total (%)
From S$0 to S$250,000						
Elyse Low	Chief Financial Officer	85	15	–	–	100
From S$250,001 to S$500,000						
Dr Fang Seng Kheong	Medical Board Chairman	32	68	–	–	100
Dr Robert Yeo Kim Chuan	Malacca Centre Director	27	71	2	–	100
From S$500,001 to S$750,000						
Dr Choong Yee Fong[5]	Kuala Lumpur Centre Director	31	68	–	1	100
Dr Alan Ang Jin Soon	Penang Centre Director	20	80	–	–	100
From S$1,000,001 to S$1,250,000						
Dr Wong Jun Shyan	Chief Executive Officer	50	50	–	–	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 21 April 2021.*

(3) *Mr Chong Weng Hoe was appointed an Independent Director on 1 July 2021.*

(4) *Mr Sitoh Yih Pin retired as an Independent Director on 21 April 2021.*

(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 FY2021.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$2,360,000 for FY2021. The total remuneration paid to our CEO who is the Executive Officer was disclosed above in the band of S$1,000,001 to S$1,250,000. 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$200,001 to S$250,000 for FY2021. 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 FY2021.

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 FY2021. 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 FY2021.

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 Independent Directors) and employees of the Group whose services are vital to our well-being and success. The other objectives of the Share Option Scheme are as follows:

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

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

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

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

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

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

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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 FY2021 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 2021, 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 FY2021 (including terms)	Aggregate Options granted since commencement of Scheme to end of FY2021	Aggregate Options exercised since commencement of Scheme to end of FY2021	Aggregate Options outstanding as at end of FY2021
Mr Sitoh Yih Pin(1)	–	50,000	–	–
Mr Lim Wee Hann	–	50,000	–	50,000
Dr Lee Hung Ming	–	158,080	–	158,080

In FY2021, one key management personnel and one employee exercised their options for a total of 49,614 ordinary shares of the Company at a price of S$0.29 each.

Note:

(1) *Mr Sitoh Yih Pin has retired as a director by rotation pursuant to Article 114 of the Constitution of the Company on 21 April 2021 and had decided not to seek re-election. The 50,000 options that were granted to Mr Sitoh have lapsed upon his retirement.*

Participants who are controlling shareholders of the Company and their associates were not granted any Options during FY2021.

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

As at 31 December 2021, the aggregate number of Options granted to the Directors and employees of the Company and its subsidiaries for the FY2021, and since the commencement of the Scheme to the end of FY2021 were as follows:

Aggregate number of Options granted to Directors and employees of the Company and its subsidiaries for FY2021	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 FY2021
-	3,809,150

There was no Option granted at a discount during FY2021.

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.

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

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

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

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

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

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

The AC, on behalf of the Board, reviews the adequacy and effectiveness of the Group's system of internal controls, including financial, operational, compliance and information technology controls, and risk management policies and systems established by Management on an annual basis. The Group currently does not have a Board Risk Management Committee but the Board has approved a "Risk Governance and Internal Control Framework Manual" dated 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.

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 FY2021, 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 FY2021.

REPORT ON CORPORATE GOVERNANCE

AUDIT COMMITTEE

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

The terms of reference of the AC include the following:

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

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

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

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

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

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

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

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

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

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

(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.

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 FY2021 to, inter-alia, answer or clarify any matter on accounting, audit or internal controls relevant to the audit. The AC meets with the external auditor and the internal auditor in each case without the presence of the Management, at least annually.

The audit and non-audit services that were rendered by the Company's auditors, Ernst & Young LLP Singapore and EY network firms (collectively, "**EY**"), to the Group and their related fees for FY2021 are as follows:

	$'000
Audit fees	197
Non-audit fees	44
	241

The AC has reviewed the non-audit services which amounted to 22.3% of total audit fees. The Board, with the concurrence of the AC, is of the opinion that the independence and objectivity of the external auditor have not been affected, taking into account the nature of the non-audit services. In arriving at its opinion, the AC also took into consideration that notwithstanding the non-audit fees as a percentage of audit fees was 22.3%, EY has represented to the AC that it has in place independence safeguards as required by the Singapore Accountants (Public Accountants) Rules and EY had accordingly confirmed it had met the criteria for independence.

REPORT ON CORPORATE GOVERNANCE

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

As part of the Group's ongoing efforts to manage its overall business costs and expenses of the Group, the AC had recommended, and the Board had approved the nomination to appoint Mazars LLP to replace EY as the Company's external auditor for the financial year ending 31 December 2022, subject to shareholder approval being obtained at this AGM.

The Company has a whistleblowing 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 whistleblowing and the AC reviews all whistleblowing 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 FY2021. 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 whistleblowing policy have been made available to all employees.

The whistleblowers' 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 whistleblower (e.g. if their evidence is required in court), a dialogue will be entered into with the whistleblower as to whether and how to proceed.

For FY2021, 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 FY2021, 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 FY2021, 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 FY2021, 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;

- 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 certain 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.

REPORT ON CORPORATE GOVERNANCE

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 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 major developments of the Group.

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 the annual report for FY2021 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.

In view of the current COVID-19 situation, the forthcoming AGM to be held in respect of FY2021 will also be convened and held by electronic means similar to the AGMs held in 2020 and 2021 and therefore, alternative arrangements will be made to take into account the online nature of the annual general meeting, further information of which will be set out in the notice of AGM dated 7 April 2022.

As shareholders are unable to attend the AGM in person, shareholders will appoint the Chairman of the meeting as proxy to vote on their behalf at the AGM and submit questions relating to the business of the meeting in advance. Please refer to the notice of AGM dated 7 April 2022 for further information.

Substantial and relevant comments or questions from shareholders relating to the agenda of the AGM together with responses from the Board and the Management will be prepared by the Company and announced via SGXNet accordingly. The minutes of AGM which capture the attendance of the Board members at the meeting, matters approved by shareholders and voting results will be prepared by the Company. The minutes of the AGM for FY2021 will be released to the SGX-ST and shall be made available on the Company's website within one month after the AGM.

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 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 Act), may appoint more than two proxies to attend, speak and vote at the AGM.

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

Dividend Policy

The Board does not have a fixed dividend policy. The form, frequency and amount of dividends declared each year will take into consideration the Group's actual and projected financial performance, results of business operations, level of cash and retained earnings, projected capital expenditure and other investment plans, the terms of borrowing arrangements (if any), plans for expansions and other factors which the Directors may deem appropriate. The Board has proposed a final tax-exempt (one-tier) dividend of S$0.003 per ordinary share for FY2021 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$0.0075 per ordinary share for the financial period ended 30 September 2021.

Sustainability Report

The Company is working towards the issuance of its sustainability report by 31 May 2022 and such report will be made available to shareholders on the SGXNet and the Company's website http://isechealthcare.com/sustainability-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 (Chapter 289) of Singapore. The internal code on dealings in securities also makes clear that the Company, its Directors and officers should not deal in the Company's securities, while in possession of unpublished price-sensitive information and prohibits trading as well as in the following periods:

(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

REPORT ON CORPORATE GOVERNANCE

(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 more than S$100,000 transacted for FY2021. The Company does not have any IPT general mandate.

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 FY2021 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 FY2021 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 2021.

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 2021 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:

Chong Weng Hoe (appointed on 1 July 2021)
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 are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' STATEMENT

4. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act 1967 (the "Act"), an interest in shares and share options of the Company and its related corporations (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 Renminbi)				
Ultimate Holding Company				
Aier Medical Investment Co., Ltd				
Chen Bang	34,705,000 (79.99%)	34,705,000 (79.99%)	–	–
Li Li	8,681,673 (20.01%)	8,681,673 (20.01%)	–	–
Ordinary shares				
Intermediate Holding Company				
Aier Eye Hospital Group Co., Ltd				
Chen Bang	659,300,928	854,835,474	1,462,326,340	1,896,021,039
Li Li	143,238,505	185,949,084	–	–
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	–	–	300,917,344	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 2022.

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.

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 2021, 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 retirement of a director and resignation of an employee (FY2020: one employee) in the financial year, a total of 75,000 (FY2020: 63,760) share options offered to the employees under the ESOS had been forfeited. 49,614 (FY2020: nil) 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 3,188,406.

Details of the share options to subscribe for ordinary shares of the Company pursuant to the ESOS as at 31 December 2021 are as follows:

Grant date	Exercisable on or after	Expiry date	Exercise price S$	Number of share options outstanding as at the end of the financial year
22 April 2020	22 April 2021	21 April 2024	0.29	921,792
22 April 2020	22 April 2022	21 April 2024	0.29	971,406
22 April 2020	22 April 2023	21 April 2024	0.29	1,295,208
				3,188,406

The exercise price of the share options is fixed based on the average of the last dealt prices of the Company'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.

Performance Share Plan ("PSP")

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

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

DIRECTORS' STATEMENT

6. AUDIT COMMITTEE

The Audit Committee performed the functions specified in the Singapore Companies Act 1967 (the "Act"). The functions performed are detailed in the Report on Corporate Governance.

On behalf of the board of directors:

Dr Lee Hung Ming
Director

Zhang Yongmei
Director

Singapore
30 March 2022

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ISEC HEALTHCARE LTD.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of ISEC Healthcare Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2021, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) (SFRS(I)) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of the most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ISEC HEALTHCARE LTD.

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

Key Audit Matters (cont'd)

Impairment assessment of goodwill and cost of investment in subsidiaries

As at 31 December 2021, the Group recorded goodwill of $41.9 million, which is allocated to CGUs, namely ISEC Eye Pte. Ltd., Southern Specialist Eye Centre Sdn. Bhd., JL Medical (Bukit Batok) Pte. Ltd., JL Medical (Sembawang) Pte. Ltd., JL Medical (Woodlands) Pte. Ltd.,JL Medical (Yew Tee) Pte. Ltd. and Indah Specialist Eye Centre Sdn. Bhd.

The Company's cost of investment in subsidiaries amount to $56.9 million as at 31 December 2021.

Management conducts its impairment assessment by preparing value-in-use computations using discounted cash flow models to determine the recoverable amount of each CGU. For cost of investment in subsidiaries, management assesses whether any indicators of impairment, such as a decline in cash flows or operating profit flowing from the asset, are present. Any shortfall between the recoverable amounts against the carrying amounts of these assets will be recognised as impairment loss.

The recoverable amounts are determined based on the cash flow forecasts of the respective CGUs, using various significant operational and predictive assumptions such as forecasted revenue, profit margin, terminal growth rate and discount rate, after taking into consideration the impact of COVID-19 pandemic on market and prevailing economic conditions. Management has then determined the most likely scenario based on their best estimates of the recovery from COVID-19 pandemic, or where significant uncertainty is deemed to exist, considering the economic conditions and industry outlook. 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, amongst others, assessing the reasonableness of management's assumptions, including the alternate sets of varying assumptions, applied in the discounted cash flow models based on our knowledge of the respective CGUs' operations and performance, and this included obtaining an understanding of management's planned strategies on revenue growth and cost initiatives. We reviewed the robustness of management's budgetary exercise by comparing actual results against the forecasts prepared in the previous year for each CGU, and management's sensitivity analysis of the recoverable amounts to changes in the respective key assumptions. We also engaged our internal valuation specialists to assist us in reviewing the discount rates and terminal growth rates used in the discounted cash flow models. We further reviewed the adequacy of the disclosures in the financial statements in Notes 6 and 7 of the financial statements.

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ISEC HEALTHCARE LTD.

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

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

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

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

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

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

From the matters communicated with the directors, we determine those matters that were of the most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

The engagement partner on the audit resulting in this independent auditor's report is Ho Shyan Yan.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

30 March 2022

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	Group		Company	
		2021 $'000	2020 $'000	2021 $'000	2020 $'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	**9,428**	10,141	**9**	13
Right-of-use assets	5	**6,382**	4,754	**50**	126
Intangible assets	6	**43,484**	44,423	**–**	–
Investment in subsidiaries	7	**–**	–	**56,855**	56,855
Investment in associate	8	**156**	168	**–**	–
Net investment in sublease	5	**50**	109	**–**	–
Deposits	11	**207**	–	**–**	–
Deferred tax assets	9	**140**	51	**7**	7
		59,847	59,646	**56,921**	57,001
Current assets					
Inventories	10	**1,271**	1,333	**–**	–
Trade and other receivables	11	**3,745**	3,074	**14,169**	12,504
Prepayments		**271**	247	**28**	12
Net investment in sublease	5	**58**	56	**–**	–
Cash and cash equivalents	12	**22,494**	24,124	**1,867**	6,109
		27,839	28,834	**16,064**	18,625
Total assets		**87,686**	88,480	**72,985**	75,626
EQUITY AND LIABILITIES					
EQUITY					
Share capital	13	**70,068**	70,054	**70,068**	70,054
Treasury share reserve	14	**(105)**	(105)	**(105)**	(105)
Other reserves	15	**(8,141)**	(7,397)	**139**	71
Retained earnings		**6,932**	8,557	**2,474**	5,033
Equity attributable to owners of the Company		**68,754**	71,109	**72,576**	75,053
Non-controlling interests		**553**	580	**–**	–
Total equity		**69,307**	71,689	**72,576**	75,053
LIABILITIES					
Non-current liabilities					
Other payables	17	**–**	558	**–**	–
Borrowing	18	**2,244**	3,141	**–**	–
Lease liabilities	5	**5,212**	3,610	**–**	55
Deferred tax liabilities	9	**273**	378	**–**	–
Provisions	16	**153**	163	**21**	21
		7,882	7,850	**21**	76
Current liabilities					
Trade and other payables	17	**7,042**	5,583	**306**	399
Borrowing	18	**849**	866	**–**	–
Lease liabilities	5	**1,560**	1,646	**55**	73
Current income tax payable		**1,036**	846	**27**	25
Provisions	16	**10**	–	**–**	–
		10,497	8,941	**388**	497
Total liabilities		**18,379**	16,791	**409**	573
Total equity and liabilities		**87,686**	88,480	**72,985**	75,626

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	2021 $'000	2020 $'000
Revenue	19	**40,469**	36,327
Cost of sales		**(22,591)**	(20,270)
Gross profit		**17,878**	16,057
Other item of income			
Other income	20	**993**	1,325
Other items of expense			
Selling and distribution expenses		**(57)**	(41)
Administrative expenses		**(8,613)**	(8,345)
Other expenses	21	**(703)**	(2,048)
Finance costs	22	**(400)**	(424)
Share of results of associate		**(12)**	(18)
Profit before income tax	24	**9,086**	6,506
Income tax expense	25	**(2,207)**	(2,055)
Profit for the year		**6,879**	4,451
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation of subsidiaries		**(813)**	72
Other comprehensive income for the year, net of tax		**(813)**	72
Total comprehensive income for the year		**6,066**	4,523
Profit for the year attributable to:			
Owners of the Company		**6,905**	4,690
Non-controlling interests		**(26)**	(239)
		6,879	4,451
Total comprehensive income attributable to:			
Owners of the Company		**6,093**	4,762
Non-controlling interests		**(27)**	(239)
		6,066	4,523
Earnings per share			
– basic (in cents)	26	**1.25**	0.86
– diluted (in cents)	26	**1.25**	0.86

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	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	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 S$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.

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	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 2020		64,741	(105)	495	(3,572)	(4,463)	–	6,529	63,625	478	64,103
Profit for the year		–	–	–	–	–	–	4,690	4,690	(239)	4,451
Other comprehensive income											
Foreign currency translation		–	–	72	–	–	–	–	72	–	72
Total comprehensive income for the year		–	–	72	–	–	–	4,690	4,762	(239)	4,523
Transactions with owners of the Company											
Issuance of ordinary shares(1)	13	5,329	–	–	–	–	–	–	5,329	–	5,329
Share issue expenses	13	(16)	–	–	–	–	–	–	(16)	–	(16)
Dividends	27	–	–	–	–	–	–	(2,662)	(2,662)	–	(2,662)
Share-based compensation expense(2)	23	–	–	–	–	–	71	–	71	–	71
Total transactions with owners of the Company		5,313	–	–	–	–	71	(2,662)	2,722	–	2,722

(1) On 27 February 2020, the Company, through its wholly-owned subsidiary, ISEC Sdn. Bhd. ("ISEC KL"), completed the acquisition of Indah Specialist Eye Centre Sdn. Bhd. ("Indah Specialist"), by way of the allotment and issuance of 17,950,913 consideration shares, equivalent to fair value consideration of S$5,329,000 to the Vendors.

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

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

	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											
Transactions with non-controlling interests											
Subscription of shares in subsidiaries by non-controlling interests(1),(2)		–	–	–	–	–	–	–	–	341	341
Total transactions with non-controlling interests		–	–	–	–	–	–	–	–	341	341
At 31 December 2020		70,054	(105)	567	(3,572)	(4,463)	71	8,557	71,109	580	71,689

(1) During the financial year ended 31 December 2020, ISEC Myanmar Company Limited ("ISEC Myanmar"), a 51% owned indirect subsidiary of the Company, has undertaken share capital injection, resulting in an increase from S$1,365,000 (equivalent to US$1,000,000) to S$2,058,000 (equivalent to US$1,500,000), through issuance of shares allotted to the existing shareholders of the subsidiary in equal proportion to their existing shareholdings.

(2) In July 2020, the Company, through its wholly-owned subsidiary, ISEC Sdn. Bhd. ("ISEC KL"), incorporated ISEC (Kuching) Sdn. Bhd. ("ISEC Kuching"), and 51% of the total shareholding is held by ISEC KL. The initial issued and paid-up share capital of ISEC Kuching was S$3,000 (equivalent to RM10,000).

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Share capital $'000	Treasury share reserve $'000	Share option reserve $'000	Retained earnings $'000	Total equity $'000
Company						
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**
2020						
At 1 January 2020		64,741	(105)	–	3,359	67,995
Profit for the year, representing total comprehensive income for the year		–	–	–	4,336	4,336
Transactions with owners of the Company						
Issuance of ordinary shares	13	5,329	–	–	–	5,329
Share issue expenses	13	(16)	–	–	–	(16)
Dividends	27	–	–	–	(2,662)	(2,662)
Share-based compensation expense	23	–	–	71	–	71
Total transactions with owners of the Company		5,313	–	71	(2,662)	2,722
At 31 December 2020		70,054	(105)	71	5,033	75,053

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	2021 $'000	2020 $'000
Cash flows from operating activities			
Profit before income tax		**9,086**	6,506
Adjustments for:			
Allowance for/(write-back of) expected credit losses, net	24	**4**	(12)
Amortisation of intangible assets	24	**585**	597
Depreciation of property, plant and equipment and right-of-use assets	24	**2,665**	2,655
Interest income	20	**(220)**	(306)
Interest expense	22	**400**	424
Impairment of goodwill	21	**–**	1,484
Gain on disposal of property, plant and equipment	20	**–**	(16)
Other income from rental rebates	20	**(74)**	(132)
Property, plant and equipment written-off	21	**3**	–
Share of results of associate		**12**	18
Share-based compensation expense	23	**68**	71
Operating cash flows before working capital changes		**12,529**	11,289
Working capital changes:			
Inventories		**23**	(11)
Trade and other receivables		**(567)**	92
Prepayments		**(31)**	(2)
Trade and other payables		**2,554**	(1,218)
Cash generated from operations		**14,508**	10,150
Income tax paid		**(2,208)**	(2,276)
Net cash generated from operating activities		**12,300**	7,874
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		**–**	1
Purchase of property, plant and equipment	4	**(526)**	(2,314)
Purchase of intangible assets	6	**(58)**	(105)
Deposits for intended acquisition of property, plant and equipment	11	**(207)**	–
Interest received		**217**	298
Acquisition of a subsidiary, net of cash acquired	7(d)	**(1,765)**	(2,946)
Net cash used in investing activities		**(2,339)**	(5,066)
Cash flows from financing activities			
Dividends paid	27	**(8,530)**	(2,662)
Subscription of shares in subsidiaries by non-controlling interests		**–**	341
Share issue expenses	13	**–**	(16)
Proceeds from exercise of share options	13	**14**	–
Principal elements of lease payments, net	5	**(1,582)**	(1,412)
Interest paid – lease liabilities	5	**(254)**	(279)
Repayment of loan	18	**(843)**	(284)
Interest paid – loan	18	**(101)**	(33)
Net cash used in financing activities		**(11,296)**	(4,345)
Net decrease in cash and cash equivalents		**(1,335)**	(1,537)
Cash and cash equivalents at beginning of year		**24,124**	25,657
Effect of exchange rate changes on cash and cash equivalents		**(295)**	4
Cash and cash equivalents at end of year	12	**22,494**	24,124

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

1. CORPORATE INFORMATION

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

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

2.2 Changes in accounting policies

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 2021. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

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

2.3 Standards issued but not yet effective

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

Description	**Effective for annual periods beginning on or after**
Amendments to SFRS(I) 1-16 *Property, Plant and Equipment: Proceeds before Intended Use*	1 January 2022
Amendments to SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets:* Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to SFRS(I)s 2018-2020	1 January 2022
Amendments to SFRS(I) 3 *Business Combinations:* Reference to the Conceptual Framework	1 January 2022
Amendments to SFRS(I) 1-1 *Presentation of Financial Statements:* Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to SFRS(I) 1-1 and SFRS(I) *Practice Statement 2: Disclosure of Accounting Policies*	1 January 2023
Amendments to SFRS(I) 1-8 *Accounting Policies, Changes in Accounting Estimates and Errors:* Definition of Accounting Estimates	1 January 2023
Amendments to SFRS(I) 1-12 *Income Taxes:* Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to SFRS(I) 10 *Consolidated Financial Statements and SFRS(I) 1-28 Investments in Associates and Joint Ventures:* Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

The directors expect that the adoption of the standards and amendments above will have no material impact on the financial statements in the year of initial application.

2.4 Basis of consolidation

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

2.5 Business combinations and goodwill

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

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

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

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

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

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

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

Acquisition under common control

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

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

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

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

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

2.5 Business combinations and goodwill (cont'd)

Acquisition under common control (cont'd)

– 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.

2.6 Transactions with non-controlling interests

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

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

2.7 Foreign currencies

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

(a) Transactions and balances

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

2.7 Foreign currencies (cont'd)

(b) Consolidated financial statements

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

2.8 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. 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

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, 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.

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

2.9 Intangible assets

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

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

(a) Intangible assets with finite useful lives

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

Computer software and software under development

Acquired computer software 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 2021

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

2.9 Intangible assets (cont'd)

(b) Intangible assets with indefinite useful lives

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

Goodwill

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

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

2.10 Impairment of non-financial assets

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

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

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

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

2.11 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's statement of financial position, investment in subsidiaries is accounted for at cost less impairment losses.

2.12 Associate

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

2.13 Financial instruments

(a) Financial assets

Initial recognition and measurement

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

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

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

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.

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

2.13 Financial instruments (cont'd)

(b) Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

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

De-recognition

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

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

2.14 Impairment of financial assets

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

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

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

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

2.15 Cash and cash equivalents

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

2.16 Inventories

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

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

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

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

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

2.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

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

2.18 Government grants

Government grants are recognised as a receivable when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Government grants are recognised as income in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income are presented as a credit in profit or loss under "Other Income".

2.19 Employee benefits

(a) Defined contribution plans

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

(b) Employee leave entitlement

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

(c) Employee share option plans

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 comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

2.19 Employee benefits (cont'd)

(c) Employee share option plans (cont'd)

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.

2.20 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.

(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 2.10.

The Group's right-of-use assets are disclosed in Note 5.

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

2.20 Leases (cont'd)

As lessee (cont'd)

(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.

The Group's lease liabilities are disclosed in Note 5.

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

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

Sublease

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

2.20 Leases (cont'd)

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

Sublease (cont'd)

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.

2.21 Revenue

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

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

(a) Rendering of services

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

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

Revenue from the provision of 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.

(b) Interest income

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

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

2.22 Finance costs

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

2.23 Taxes

(a) Current income tax

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

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

(b) Deferred tax

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

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

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

– in respect of taxable temporary differences associated with 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 2021

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

2.23 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.

2.24 Share capital and share issue expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.25 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

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

2.25 Contingencies (cont'd)

(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 balance sheet of the Group.

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 and cost of investment in subsidiaries

The Group's goodwill and the Company's cost of investment in subsidiaries are subjected to impairment assessment for the financial year ended 31 December 2021. Management assesses goodwill impairment annually. For cost of investment in subsidiaries, management performs an assessment to ascertain whether indicators of impairment are present. For impairment assessment, management uses a discounted cash flow model which involves significant judgement in estimating the recoverable values of these assets. Any shortfall of the recoverable values against the carrying amounts of these assets will be recognised as impairment losses. Determination of the recoverable values requires a number of significant operational and predictive assumptions such as forecasted revenue, profit margin, discount rate and terminal growth rate. These key assumptions applied in the determination of the value-in-use including a sensitivity analysis, are disclosed and further explained in Notes 6 and 7 to the financial statements.

The carrying amounts of the Group's goodwill and the Company's cost of investment in subsidiaries as at 31 December 2021 are $41,865,000 (2020: $42,252,000) and $56,855,000 (2020: $56,855,000), respectively.

4. PROPERTY, PLANT AND EQUIPMENT

Group	Computer equipment $'000	Electrical equipment $'000	Motor vehicles $'000	Medical equipment $'000	Office equipment, furniture and fittings $'000	Renovation $'000	Assets under construction $'000	Freehold land $'000	Total $'000
Cost									
At 1 January 2020	558	584	56	6,784	550	2,171	3	–	10,706
Acquisition of a subsidiary (Note 7(d))	8	–	–	300	120	92	–	–	520
Additions	44	–	–	318	17	24	899	5,314	6,616[(1),(2)]
Disposals	–	–	–	(79)[(2)]	–	–	–	–	(79)
Written-off	–	–	–	(7)	(4)	(2)	–	–	(13)
Currency translation differences	7	–	–	88	9	23	6	49	182
At 31 December 2020 and 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	**594**	**565**	**55**	**7,019**	**656**	**2,346**	**1,300**	**5,271**	**17,806**

(1) During the financial year ended 31 December 2021, $235,000 (2020: $34,000) of the property, plant and equipment purchased remained unpaid and was included in other payables set out in Note 17 to the financial statements. Additionally, during the previous financial year, a bank loan of $4,254,000 was undertaken to partially finance the acquisition of freehold land and building (included in assets under construction). The bank loan was disbursed to the vendors directly (Note 18).

(2) As at 31 December 2020, the medical equipment disposed of had a trade-in value of $15,000 included in the gain on disposal of property, plant and equipment as a non-cash transaction in the consolidated statement of cash flows.

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

Group	Computer equipment $'000	Electrical equipment $'000	Motor vehicles $'000	Medical equipment $'000	Office equipment, furniture and fittings $'000	Renovation $'000	Assets under construction $'000	Freehold land $'000	Total $'000
Accumulated depreciation									
At 1 January 2020	400	388	23	4,141	354	1,443	–	–	6,749
Depreciation charge for the year	62	57	11	716	82	189	–	–	1,117
Disposals	–	–	–	(79)	–	–	–	–	(79)
Written-off	–	–	–	(7)	(4)	(2)	–	–	(13)
Currency translation differences	(2)	–	–	11	5	3	–	–	17
At 31 December 2020 and 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	**492**	**481**	**45**	**5,086**	**510**	**1,764**	**–**	**–**	**8,378**
Carrying amount									
At 31 December 2020	157	139	22	2,622	255	675	908	5,363	10,141
At 31 December 2021	**102**	**84**	**10**	**1,933**	**146**	**582**	**1,300**	**5,271**	**9,428**

* Less than $1,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

Company	Computer equipment $'000	Office equipment, furniture and fittings $'000	Renovation $'000	Total $'000
Cost				
At 1 January 2020	49	14	144	207
Additions	8	–	–	8
At 31 December 2020, 1 January 2021 and 31 December 2021	57	14	144	215
Accumulated depreciation				
At 1 January 2020	42	12	128	182
Depreciation charge for the year	3	1	16	20
At 31 December 2020 and 1 January 2021	45	13	144	202
Depreciation charge for the year	4	*	–	4
At 31 December 2021	**49**	**13**	**144**	**206**
Carrying amount				
At 31 December 2020	12	1	–	13
At 31 December 2021	**8**	**1**	**–**	**9**

* Less than $1,000

Assets under construction

The Group's property, plant and equipment of $1,300,000 (2020: $908,000) as at 31 December 2021 mainly relates to the acquisition of a building and expenditures on renovation of clinics in Malaysia.

5. LEASES

As lessee

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

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

5. LEASES (CONT'D)

As lessee (cont'd)

(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 2020	2,874	25	1,231	4,130
Additions	1,996	–	141	2,137
Lease modification	(17)	–	–	(17)
Depreciation charge for the year	(1,078)	(6)	(454)	(1,538)
Currency translation differences	41	2	(1)	42
At 31 December 2020 and 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	**5,650**	**12**	**720**	**6,382**

Lease modification during the current financial year 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. In the previous financial year, the lease modification relates to a price revision in the existing lease of one of the clinic premises.

	Office premise 2021 $'000	Office premise 2020 $'000
Company		
At 1 January	**126**	45
Additions	**–**	152
Depreciation charge for the year	**(76)**	(71)
At 31 December	**50**	126

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
At 1 January	**5,256**	4,714	**128**	47
Additions	**745**	2,137	**–**	152
Lease modification	**2,633**	(34)	**–**	–
Interest expense	**259**	287	**3**	3
Payments, net	**(1,893)**	(1,736)	**(76)**	(62)
Rental rebates	**(79)**	(154)	**–**	(12)
Currency translation differences	**(149)**	42	**–**	–
At 31 December	**6,772**	5,256	**55**	128
Current	**1,560**	1,646	**55**	73
Non-current	**5,212**	3,610	**–**	55

Lease modification during the current financial year 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. In the previous financial year, the lease modification relates to a price revision in the existing lease of one of the clinic premises. 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:

	2021	**2020**
Group	**$'000**	**$'000**
At 1 January	**165**	241
Lease modification	**–**	(17)
Accretion of interest income	**5**	8
Receipts, net	**(57)**	(45)
Rental rebates	**(5)**	(22)
At 31 December	**108**	165
Current	**58**	56
Non-current	**50**	109

Lease modification relates to a price revision in the existing lease of one of the clinic premises.

5. LEASES (CONT'D)

As lessee (cont'd)

(d) Amounts recognised in profit or loss

The following are the amounts recognised in profit or loss:

Group	2021 $'000	2020 $'000
Depreciation of right-of-use assets (Note 24)	**1,611**	1,538
Interest expense on lease liabilities (Note 22)	**259**	287
Interest income on sublease	**(5)**	(8)
Rental rebates (Note 20)	**(74)**	(132)
Lease expenses not capitalised in lease liabilities (Note 24)		
– Expenses relating to leases of short-term leases (included in administrative expenses)	**–**	28
– Expenses relating to leases of short-term leases (included in cost of sales)	**3**	–
– Expenses relating to leases of low-value leases (included in administrative expenses)	**11**	11
Total amount recognised in profit or loss	**1,805**	1,724

(e) Total cash outflow

The Group had total cash outflows for leases (including short-term and low-value leases) of $1,850,000 in 2021 (2020: $1,730,000), net of receipts from sublease and rental rebates. The Group also had non-cash additions to right-of-use assets and lease liabilities of $745,000 (2020: $2,137,000) and $745,000 (2020: $2,137,000) 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 2021

6. INTANGIBLE ASSETS

Group	Computer software $'000	Software under development $'000	Goodwill $'000	Contractual relationship $'000	Customer relationships $'000	Total $'000
Cost						
As at 1 January 2020	539	–	33,712	5,300	155	39,706
Acquisition of a subsidiary (Note 7(d))	1	–	–	–	–	1
Additions	11	110	10,150	–	–	10,271[(1)]
Written-off	(1)	–	–	–	–	(1)
Impairment loss	–	–	(1,484)	–	–	(1,484)
Currency translation differences	1	*	(126)	–	–	(125)
At 31 December 2020 and 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	**537**	**149**	**41,865**	**5,300**	**155**	**48,006**
Accumulated amortisation						
At 1 January 2020	473	–	–	2,783	92	3,348
Amortisation for the year	36	–	–	530	31	597
Written-off	(1)	–	–	–	–	(1)
Currency translation differences	1	–	–	–	–	1
At 31 December 2020 and 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	**524**	**–**	**–**	**3,843**	**155**	**4,522**
Carrying amount						
At 31 December 2020	42	110	42,252	1,987	32	44,423
At 31 December 2021	**13**	**149**	**41,865**	**1,457**	**–**	**43,484**
Remaining useful life as at 31 December 2021 (years)	**0 to 5**	**–**	**–**	**2.75**	**–**	

* Less than $1,000

(1) As at 31 December 2020, $16,000 of the intangible assets purchased remained unpaid and was included in other payables set out in Note 17 to the financial statements.

6. INTANGIBLE ASSETS (CONT'D)

Company	**Computer software $'000**
Cost	
At 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021	8
Accumulated amortisation	
At 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021	8
Carrying amount	
At 31 December 2020 and 31 December 2021	–
Remaining useful life as at 31 December 2021 (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.

	2021 $'000	**2020 $'000**
Goodwill		
ISEC Eye Pte. Ltd. ("ISEC Eye")	**7,970**	7,970
Southern Specialist Eye Centre Sdn. Bhd. ("SSEC")	**12,151**	12,365
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")	**9,842**	10,015
	41,865	42,252

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

6. INTANGIBLE ASSETS (CONT'D)

Goodwill (cont'd)

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	
	2022 to 2026 %	2021 to 2025 %	2021 %	2020 %	2021 %	2020 %
ISEC Eye	6 – 13	3 – 23	**1.0**	1.1	**17**	18
SSEC	6 – 32	6 – 22	**3.0**	3.0	**15**	15
JLMBB	4 – 8	1 – 6	**2.0**	2.0	**10**	10
JLMS	4 – 5	3 – 4	**2.0**	2.0	**10**	10
JLMW	7	4 – 6	**2.0**	2.0	**10**	10
JLMYT	2 – 6	4 – 7	**2.0**	2.0	**10**	10
Indah Specialist	6 – 12	6 – 22	**3.0**	3.0	**15**	15

Management estimates the discount rate using pre-tax rates that reflect current market assessment of the time value of money and the risks specific to each CGUs. The revenue and terminal growth rates are based on management's estimates and expectations from historical trends, impact of COVID-19 pandemic on 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, recovery from COVID-19 pandemic and planned business strategies, as well as long-term average growth rates of the healthcare industry in the respective countries.

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

Sensitivity analysis

Management has determined the most likely revenue growth rates based on their best estimates on the recovery to pre-COVID-19 levels, or where significant uncertainty is deemed to exist. Management has taken into consideration the adverse effect on businesses arising from and the current evolving COVID-19 situation, as well as the historical trend (pre-COVID-19) and long term average growth rates of the healthcare industry in the respective countries.

6. INTANGIBLE ASSETS (CONT'D)

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.

7. INVESTMENT IN SUBSIDIARIES

Company	2021 $'000	2020 $'000
Unquoted equity shares, at cost	**35,287**	35,287
Deemed capital contribution	**27,335**	27,335
	62,662	62,622
Less: Allowance for impairment	**(5,767)**	(5,767)
	56,855	56,855

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

	2021 $'000	2020 $'000
Movement in allowance account:		
At 1 January	**5,767**	4,467
Impairment loss	**–**	1,300
At 31 December	**5,767**	5,767

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 Southern Specialist Eye Centre Sdn. Bhd., ISEC Penang Sdn. Bhd. and Indah Specialist Eye Centre Sdn. Bhd., 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 2021

7. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Composition of the Group

The Group has the following investments in subsidiaries:

	Name of company	Principal place of business	Principal activities	Proportion of ownership interest (%) 2021	Proportion of ownership interest (%) 2020
	Held by the Company:				
(2)	ISEC Sdn. Bhd. ("ISEC KL")	Malaysia	Medical eye care services	**100**	100
(1)	ISEC Eye Pte. Ltd.	Singapore	Medical eye care services	**100**	100
(1)	International Specialist Eye Centre Pte. Ltd.	Singapore	Medical eye care services	**100**	100
(1)	ISEC Global Pte. Ltd.	Singapore	Investment holding	**100**	100
(1)	JL Medical (Bukit Batok) Pte. Ltd.	Singapore	General medical services	**100**	100
(1)	JL Medical (Sembawang) Pte. Ltd.	Singapore	General medical services	**100**	100
(1)	JL Medical (Woodlands) Pte. Ltd.	Singapore	General medical services	**100**	100
(1)	JL Medical (Yew Tee) Pte. Ltd.	Singapore	General medical services	**100**	100
(2)	ISEC (Penang) Sdn. Bhd. ("ISEC Penang")	Malaysia	Medical eye care services	**100**	100
(2)	ISEC (Sibu) Sdn. Bhd. ("ISEC Sibu")	Malaysia	Medical eye care services	**55**	55
(2)	Southern Specialist Eye Centre Sdn. Bhd. ("SSEC")	Malaysia	Medical eye care services	**100**	100
(2)	Indah Specialist Eye Centre Sdn. Bhd. ("Indah Specialist")	Malaysia	Medical eye care services	**100**	100
(2)	ISEC (Kuching) Sdn. Bhd. ("ISEC Kuching")	Malaysia	Medical eye care services	**51**	51

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	Principal place of business	Principal activities	Proportion of ownership interest (%) 2021	2020
	Held through Southern Specialist Eye Centre Sdn. Bhd.:				
(4)	ISEC (Melaka) Sdn. Bhd. ("ISEC Melaka")	Malaysia	Medical eye care services	**100**	–
	Held through ISEC Global Pte. Ltd.:				
(3)	ISEC Myanmar Company Limited ("ISEC Myanmar")	Myanmar	Medical eye care services	**51**	51

(1) Audited by Ernst & Young LLP, Singapore
(2) Audited by Ernst & Young Malaysia, a member firm of Ernst & Young Global
(3) Audited by Sein Win & Associates
(4) Newly incorporated on 13 December 2021, with an initial issued and paid-up share capital of S$32,000 (equivalent to RM$100,000). ISEC Melaka is dormant and is not required to be audited as at 31 December 2021.

(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 2021	2020
Proportion of ownership interest held by non-controlling interest (%)	**49**	49
Profit/(loss) after taxation allocated to NCI during the reporting period ($'000)	**26**	(202)
Accumulated NCI at the end of reporting period ($'000)	**554**	528

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

7. INVESTMENT IN SUBSIDIARIES (CONT'D)

(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	
	2021	**2020**
	$'000	**$'000**
Non-current assets	**740**	1,420
Current assets	**584**	307
Non-current liabilities	**(43)**	(281)
Current liabilities	**(316)**	(270)
Net assets	**965**	1,176

Summarised statement of comprehensive income

	ISEC Myanmar	
	2021	**2020**
	$'000	**$'000**
Revenue	**992**	402
Profit/(loss) for the financial year, representing total comprehensive income	**52**	(415)

Other summarised information

	ISEC Myanmar	
	2021	**2020**
	$'000	**$'000**
Net cash generated from/(used in) operating activities	**447**	(334)
Net cash used in investing activities	**(18)**	(11)
Net cash (used in)/generated from financing activities	**(150)**	529
Net change in cash and cash equivalents	**279**	184

7. INVESTMENT IN SUBSIDIARIES (CONT'D)

(d) Acquisition of Indah Specialist

In previous year on 27 February 2020, the Company completed the acquisition of Indah Specialist through its wholly-owned subsidiary, ISEC Sdn. Bhd. from external parties (or the "Vendors").

The entire issued and paid up share capital of Indah Specialist was acquired by way of allotment of 17,950,913 new ordinary shares to the Vendors, equivalent to fair value consideration of $5,329,000 and cash consideration of $5,883,000. 80% of the consideration shares are subjected to a moratorium of up to a period of 60 months from 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.

Partial consideration of $1,765,000 has been paid in cash during the year. As at 31 December 2021, the remaining consideration amount of $588,000 is expected to be settled in cash in the next financial year.

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

Transaction costs

Transaction costs related to the acquisition amounting to $37,000 and $50,000, had been recognised in the "other expenses" line item in the Group's profit or loss for the year ended 31 December 2020 and 2019 respectively.

Goodwill arising from acquisition

The goodwill of $10,150,000 comprises the value of strengthening the Group's market position in Malaysia and the synergies expected to arise from integrating Indah Specialist into the Group's existing Specialised Health business. None of the goodwill recognised is expected to be deductible for income tax purposes.

Impact of the acquisition on profit or loss

For the period from 27 February 2020 to 31 December 2020, Indah Specialist contributed revenue of $3,153,000 and profit of $652,000 to the Group's results. If the business combination had taken place at the beginning of 2020, the Group's consolidated revenue and consolidated profit after tax for 2020 would have been $36,851,000 and $4,561,000 respectively.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

7. INVESTMENT IN SUBSIDIARIES (CONT'D)

(d) Acquisition of Indah Specialist (cont'd)

The fair value of the identifiable assets and liabilities of Indah Specialist as at the acquisition date were:

	Fair value recognised on acquisition $'000
Property, plant and equipment (Note 4)	520
Intangible assets (Note 6)	1
Deposits, prepayments and other receivables	70
Inventories	118
Cash and cash equivalents	626
	1,335
Trade and other payables	(212)
Deferred tax liabilities	(27)
Income tax payable	(34)
	(273)
Total identifiable net assets at fair value	1,062
Goodwill arising from acquisition	10,150
	11,212
<u>Consideration transferred for the acquisition of Indah Specialist</u>	
Cash paid	3,572
Equity instruments issued (17,950,913 ordinary shares of the Company)	5,329
Deferred cash settlement	2,311
Total consideration transferred	11,212

Effects of the acquisition of Indah Specialist on cash flows

	$'000
Total consideration for 100% equity interest acquired	11,212
Less: non-cash consideration	(5,329)
Less: deferred cash settlement	(2,311)
Consideration settled in cash	3,572
Less: cash and cash equivalents of subsidiary acquired	(626)
Net cash outflow on acquisition	2,946

8. INVESTMENT IN ASSOCIATE

Group	2021 $'000	2020 $'000
Unquoted equity investment at cost	**250**	250
Share of post-acquisition reserves		
At 1 January	**(82)**	(64)
Share of results of associate	**(12)**	(18)
Carrying amount of investment	**156**	168

	Name of company	Principal place of business	Principal activities	Proportion of ownership interest (%) 2021	Proportion of ownership interest (%) 2020
	Held through JL Medical (Bukit Batok) Pte. Ltd.:				
(1)	I Medical & Aesthetics Pte. Ltd.	Singapore	General medical services	**25**	25

(1) Audited by Ernst & Young LLP, Singapore

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

	2021 $'000	2020 $'000
Revenue	**629**	580
Loss for the financial year, representing total comprehensive income	**(49)**	(72)

9. DEFERRED TAX

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

	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
	51	90	(1)	140
Deferred tax credit		(90)		

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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 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)		

	At 1 January 2020 $'000	Recognised in profit or loss $'000	Acquisition through business combination $'000	Currency translation differences $'000	At 31 December 2020 $'000
Deferred tax assets					
Provisions and other temporary differences	114	(36)	(27)	*	51
	114	(36)	(27)	*	51
Deferred tax expense		36			
Deferred tax liabilities					
Differences in depreciation for tax purposes	11	23	–	*	34
Differences in amortisation of intangible assets	440	(95)	–	(1)	344
	451	(72)	–	(1)	378
Deferred tax credit, net		(36)			

* Less than $1,000

10. INVENTORIES

Group	2021 $'000	2020 $'000
Medical and surgical supplies	**1,271**	1,333

Inventories of $8,008,000 (2020: $7,189,000) were recognised as an expense and included in "cost of sales" line item in profit or loss.

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables	**2,851**	2,065	**–**	–
Contract assets	**111**	280	**–**	–
Amounts due from associate (trade)	**2**	11	**–**	–
Total trade receivables	**2,964**	2,356	**–**	–
Less: Allowance for expected credit loss	**(23)**	(19)	**–**	–
	2,941	2,337	**–**	–
Other receivables	**80**	82	**52**	27
Accrued reimbursement from vendors of subsidiaries acquired	**165**	135	**165**	135
Amounts due from immediate holding company (non-trade)	**28**	–	**28**	–
Amounts due from subsidiaries (non-trade)	**–**	–	**13,877**	12,291
Amounts due from associate (non-trade)	**16**	14	**3**	7
Deposits (Current)	**515**	506	**44**	44
Deposits (Non-current)	**207**	–	**–**	–
Total trade and other receivables	**3,952**	3,074	**14,169**	12,504
Current	**3,745**	3,074	**14,169**	12,504
Non-current	**207**	–	**–**	–
Add:				
– Net investment in sublease (Note 5)	**108**	165	**–**	–
– Cash and cash equivalents (Note 12)	**22,494**	24,124	**1,867**	6,109
Total financial assets held at amortised cost	**26,554**	27,363	**16,036**	18,613

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

Contract assets mainly relate to unbilled specialist ophthalmology services provided to Asia Pacific Eye Centre in accordance with the terms of the service agreement. In 2021, $280,000 (2020: $459,000) 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 pertain to the 1% earnest deposit payment for the intended acquisition of a Malaysia's property.

Accrued reimbursement from vendors of subsidiaries acquired on 1 December 2016 relates to shortfall in profit achieved by the subsidiaries for the financial years ended 31 December 2021 and 31 December 2020.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

11. TRADE AND OTHER RECEIVABLES (CONT'D)

Trade and other receivables denominated in foreign currency is as follows:

	Company	
	2021	**2020**
	$'000	**$'000**
Ringgit Malaysia	**10,197**	8,070

Expected credit losses

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

Group	**2021**	**2020**
	$'000	**$'000**
Movement in allowance account:		
At 1 January	**19**	31
Charge for the year	**8**	4
Written-back	**(4)**	(16)
Written-off	*	*
At 31 December	**23**	19

* Less than $1,000

12. CASH AND CASH EQUIVALENTS

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Cash and bank balances	**21,413**	18,480	**867**	909
Fixed deposits	**1,081**	5,644	**1,000**	5,200
Total cash and cash equivalents	**22,494**	24,124	**1,867**	6,109

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 0.18% to 1.45% (2020: 0.20% to 1.42%) per annum.

13. SHARE CAPITAL

	Group and Company			
	2021	2020	2021	2020
	Number of ordinary shares		$'000	$'000
Issued and fully paid:				
At 1 January	**550,685,857**	532,734,944	**70,054**	64,741
Issuance of consideration shares for the acquisition of 100% equity interest in Indah Specialist (Note 7(d))	**–**	17,950,913	**–**	5,329
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	**550,735,471**	550,685,857	**70,068**	70,054

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			
	2021	2020	2021	2020
	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.

15. OTHER RESERVES

Group	2021	2020
	$'000	$'000
Foreign currency translation reserve	**(245)**	567
Merger reserve	**(3,572)**	(3,572)
Capital reserve	**(4,463)**	(4,463)
Share option reserve	**139**	71
	(8,141)	(7,397)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

15. OTHER RESERVES (CONT'D)

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 or exercise of the share options.

16. PROVISIONS

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Provision for restoration costs	**163**	163	**21**	21
Non-current	**153**	163	**21**	21
Current	**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.

16. PROVISIONS (CONT'D)

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

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
At 1 January	**163**	162	**21**	20
Amortisation of discount (Note 22)	**1**	1	**–**	1
Currency translation differences	**(1)**	*	**–**	–
At 31 December	**163**	163	**21**	21

* Less than $1,000

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Trade payables	**1,634**	1,098	**–**	–
Other payables (current)	**1,406**	2,176	**21**	50
Other payables (non-current)	**–**	558	**–**	–
Goods and services tax ("GST") payable	**140**	162	**2**	–
Amounts due to subsidiaries	**–**	–	**12**	160
Contract liabilities (Note 19(c))	**42**	44	**–**	–
Advances from customers	**221**	168	**–**	–
Accrued expenses	**839**	512	**193**	148
Payroll payable	**2,760**	1,423	**78**	41
Total trade and other payables	**7,042**	6,141	**306**	399
Current	**7,042**	5,583	**306**	399
Non-current	**–**	558	**–**	–
Less:				
– GST payable	**(140)**	(162)	**(2)**	–
– Advances from customers	**(221)**	(168)	**–**	–
– Contract liabilities	**(42)**	(44)	**–**	–
Add:				
– Lease liabilities (Note 5)	**6,772**	5,256	**55**	128
– Borrowing (Note 18)	**3,093**	4,007	**–**	–
Total financial liabilities carried at amortised cost	**16,504**	15,030	**359**	527

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

Amounts due to subsidiaries are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

17. TRADE AND OTHER PAYABLES (CONT'D)

Trade and other payables denominated in foreign currency is as follows:

	Company	
	2021 $'000	**2020 $'000**
Ringgit Malaysia	**11**	160

18. BORROWING

	Group	
	2021 $'000	**2020 $'000**
Bank loan	**3,093**	4,007
Current	**849**	866
Non-current	**2,244**	3,141

On 6 August 2020, ISEC (Penang) Sdn. Bhd., a wholly-owned indirect subsidiary of the Company, entered into a 5-year term bank loan of RM13,000,000 (equivalent to S$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 was 2.85% (August to December 2020: 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.

A reconciliation of liabilities arising from financing activities relating to borrowing are as follows:

	At 1 January 2021 $'000	Cash flows $'000	Addition $'000	Accretion of interest $'000	Non-cash change $'000	At 31 December 2021 $'000
Borrowing	**4,007**	(944)[1]	–	99	(69)	**3,093**
Total	**4,007**	(944)	–	99	(69)	**3,093**

	At 1 January 2020 $'000	Cash flows $'000	Addition $'000	Accretion of interest $'000	Non-cash change $'000	At 31 December 2020 $'000
Borrowing	–	(317)[1]	4,254	43	27	4,007
Total	–	(317)	4,254	43	27	4,007

[1] Cash flows comprise interest paid of $101,000 (2020: $33,000) and payment of principal portion of borrowing of $843,000 (2020: $284,000).

Non-cash change relates to translation differences.

19. REVENUE

(a) Disaggregation of revenue

	General health services		Specialised health services		Total	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Types of goods or services						
Consultation, medication and procedures	**3,697**	3,509	**36,772**	32,818	**40,469**	36,327
Timing of transfer of goods or services						
At a point in time	**3,648**	3,476	**36,772**	32,818	**40,420**	36,294
Over time	**49**	33	**–**	–	**49**	33
	3,697	3,509	**36,772**	32,818	**40,469**	36,327
Primary geographical market						
Singapore	**3,697**	3,509	**5,256**	3,754	**8,953**	7,263
Malaysia	**–**	–	**30,524**	28,662	**30,524**	28,662
Myanmar	**–**	–	**992**	402	**992**	402
	3,697	3,509	**36,772**	32,818	**40,469**	36,327

(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:

	2021	**2020**
	$'000	**$'000**
Contract liabilities (Note 17)	**42**	44

19. REVENUE (CONT'D)

(c) Contract liabilities (cont'd)

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:

	2021 $'000	2020 $'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	**20**	14

(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.

20. OTHER INCOME

	Group	
	2021 $'000	2020 $'000
Gain on disposal of plant and equipment	**–**	16
Interest income	**215**	298
Interest income on net investment in sublease	**5**	8
Government grants	**449**	639
Rental rebates (Note 5)	**74**	132
Reimbursement from vendors of subsidiaries acquired (Note 11)	**165**	135
Gain on exchange differences, net	**–**	34
Others	**85**	63
	993	1,325

Government grants relate to mainly Wage Subsidies Programme ("WSP") in Malaysia, Jobs Support Scheme ("JSS") in Singapore and business grants as support measures to relief operations affected by COVID-19 of $366,000 (2020: $523,000).

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 (2020: RM600 to RM1,200) per eligible employee.

20. OTHER INCOME (CONT'D)

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 $79,000 (2020: $154,000) and rent concessions provided to lessee of $5,000 (2020: $22,000) to which the Group applied the practical expedient.

21. OTHER EXPENSES

	Group	
	2021	**2020**
	$'000	**$'000**
Amortisation of intangible assets[1]	**562**	561
Impairment of goodwill	**–**	1,484
Loss on exchange differences, net	**132**	–
Property, plant and equipment written-off	**3**	–
Others	**6**	3
	703	2,048

(1) Comprised amortisation of contractual relationship and customer relationships

22. FINANCE COSTS

	Group	
	2021	**2020**
	$'000	**$'000**
Interest expense on bank loan (Note 18)	**99**	43
Interest expense on amortisation of discount on provision (Note 16)	**1**	1
Interest expense on lease liabilities (Note 5)	**259**	287
Interest expense on other payables	**41**	92
Others	**–**	1
	400	424

23. SHARE-BASED COMPENSATION EXPENSE

	Group	
	2021	**2020**
	$'000	**$'000**
Share-based compensation expense in relation to:		
Employee Share Option Scheme	**68**	71

On 22 April 2020, the Company granted equity-settled share options to the employees of the Group under the Employee Share Option Scheme.

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23. SHARE-BASED COMPENSATION EXPENSE (CONT'D)

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 Company'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 2021.

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 2021 and 2020:

	2021		2020	
	No.	**WAEP S$**	**No.**	**WAEP S$**
Outstanding at 1 January	**3,313,020**	**$0.29**	–	–
Options granted and accepted during the year	**–**	**–**	3,376,780	$0.29
Options exercised during the year	**(49,614)**	**$0.29**	–	–
Options forfeited during the year	**(75,000)**	**$0.29**	(63,760)	$0.29
Outstanding at 31 December	**3,188,406**	**$0.29**	3,313,020	$0.29
Exercisable at 31 December	**921,792**	**$0.29**	–	–

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 2021 was 2 years (2020: 3 years).

Fair value of share options granted

The fair value of the share option granted in 2020 was estimated at the grant date using a binomial option pricing model, taking into account the terms and conditions upon which the share options were granted.

The weighted average fair value of share options granted on 22 April 2020 was $0.047.

23. SHARE-BASED COMPENSATION EXPENSE (CONT'D)

Employee Share Option Scheme ("ESOS") (cont'd)

Fair value of share options granted (cont'd)

The following table summarises the key inputs to the binomial option pricing model:

	2020
Expected dividend yield (%)	3.00
Expected volatility (%)	25.6 to 25.8
Risk-free interest rate (% p.a.)	0.52 to 0.61
Expected life of option from the date of grant (years)	2.5 to 3.5

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.

24. PROFIT BEFORE INCOME TAX

Other than as disclosed in Notes 19 to 23, the following items have been included in arriving at profit before income tax:

		Group	
	Note	**2021 $'000**	**2020 $'000**
Audit fees paid to:			
– Auditors of the Company		**123**	123
– Member firm of EY Global		**74**	82
Non-audit fees paid to:			
– Auditors of the Company		**32**	32
– Member firm of EY Global		**12**	12
Cost of inventories	10	**8,008**	7,189
Depreciation of property, plant and equipment	4	**1,054**	1,117
Depreciation of right-of-use assets	5	**1,611**	1,538
Doctors' consultancy fees		**910**	687
Directors' fees	28	**121**	162

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24. PROFIT BEFORE INCOME TAX (CONT'D)

Other than as disclosed in Notes 19 to 23, the following items have been included in arriving at profit before income tax: (cont'd)

		Group	
		2021	**2020**
	Note	**$'000**	**$'000**
Employee benefits expense (including executive director)			
– salaries, bonus and other benefits		**14,942**	13,740
– defined contribution plans		**1,639**	1,526
Amortisation of intangible assets	6	**585**	597
Allowance for/(write-back of) expected credit losses, net	11	**4**	(12)
Short-term and low-value lease expenses	5	**14**	39
Share-based compensation expense	23	**68**	71

25. INCOME TAX EXPENSE

Major components of income tax expense

	Group	
	2021	**2020**
	$'000	**$'000**
Current income tax expense		
– current financial year	**2,409**	2,052
– (Over)/under-provision in previous financial years	**(7)**	39
	2,402	2,091
Deferred tax credit		
– current financial year	**(200)**	(33)
– Over/(under)-provision in previous financial years	**5**	(3)
	(195)	(36)
Total income tax expense recognised in profit or loss	**2,207**	2,055

There is no deferred tax expense related to other comprehensive income or charged directly in equity during the year (2020: Nil).

25. INCOME TAX EXPENSE (CONT'D)

Relationship between tax expense and profit before income tax

A reconciliation between tax expense and the product of profit before income tax multiplied by the applicable corporate tax rate for the years ended 31 December 2021 and 2020 is as follows:

	Group	
	2021	**2020**
	$'000	**$'000**
Profit before income tax	**9,086**	6,506
Income tax calculated at Singapore's statutory income tax rate of 17% (2020: 17%)	**1,545**	1,106
Adjustments:		
Effect of different tax rates in other countries	**467**	413
Income not subject to income tax	**(89)**	(252)
Non-deductible expenses	**379**	836
Deferred tax assets not recognised	**8**	18
Benefits from previously unrecognised deferred tax assets	**(2)**	(9)
(Over)/under-provision of income tax expense in previous years	**(7)**	39
Over/(under)-provision of deferred tax credit (net) in previous years	**5**	(3)
Effect of tax exemption and rebates	**(101)**	(96)
Share of results of associate	**2**	3
	2,207	2,055

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

As at 31 December 2021, the Group has unutilised tax losses and unabsorbed capital allowances of approximately $155,000 (2020: $157,000) and $311,000 (2020: $269,000) respectively available for offset against future taxable profits subject to the agreement by the tax authorities and provisions of the tax legislations of the respective countries in which the Group operates.

Tax losses subject to expiry are as follows:

	Group	
	2021	**2020**
	$'000	**$'000**
Expiry dates:		
– After 7 years	**155**	157

These deferred tax assets have not been recognised as it is not certain whether future taxable profits will be available against which the Group can utilise these benefits in accordance with the accounting policy in Note 2.23(b) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

25. INCOME TAX EXPENSE (CONT'D)

Tax consequence of proposed dividends

There are no income tax consequences (2020: nil) attached to the dividends to the shareholders proposed by the Company 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 the Group's 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.

The following table reflect the profit and share data used in the computation of basic and dilutive earnings per share for the years ended 31 December:

	Group	
	2021	**2020**
Profit for the year attributable to owners of the Company ($'000)	**6,905**	4,690
Weighted average number of ordinary shares in issue during the financial year applicable to basic earnings per share	**550,324,332**	547,503,823
Effect of dilution:		
– Share options	**53,732**	35,614
Weighted average number of ordinary shares outstanding for diluted earnings per share computation	**550,378,064**	547,539,437
Earnings per share (in cents) – basic	**1.25**	0.86
Earnings per share (in cents) – diluted	**1.25**	0.86

27. DIVIDENDS

	Group and Company	
	2021	**2020**
	$'000	**$'000**
Dividends on ordinary shares:		
– Final tax-exempt dividend for 2020: 0.80 cents (2019: 0.50 cents) per share	**4,402**	2,662
– First interim tax-exempt dividend for 2021: 0.75 cents (2020: nil) per share	**4,128**	–
	8,530	2,662
Proposed but not recognised as a liability as at 31 December:		
– Final tax-exempt dividends on ordinary shares for 2021 of 0.30 cents (2020: 0.80 cents) per share, subject to shareholders' approval at the Annual General Meeting	**1,651**	4,402
	1,651	4,402

28. RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the following were significant related party transactions at rates and terms agreed between the Group and the Company with their related parties during the financial year:

	Group	
	2021	**2020**
	$'000	**$'000**
With firm and member firm related to a director of the Company		
Professional fees charged by	**104**	44

Key management personnel are directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company, directly, or indirectly.

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

	Group	
	2021	**2020**
	$'000	**$'000**
Directors of the Company		
– Directors' fee	**115**	150
– short-term employee benefits	**864**	867
– post employment benefits	**21**	21
– share option expense	**4**	5

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

28. RELATED PARTY TRANSACTIONS (CONT'D)

The remuneration of key management personnel of the Group during the financial year is as follows (cont'd):

	Group	
	2021	**2020**
	$'000	**$'000**
Key management personnel of the Group		
– Directors' fee	**5**	5
– short-term employee benefits	**3,022**	2,794
– post employment benefits	**354**	346
– share option expense	**13**	14
Other key management personnel of the subsidiaries, including directors		
– Directors' fee	**1**	7
– short-term employee benefits	**1,322**	1,018
– post employment benefits	**107**	90
– share option expense	**3**	2
	5,831	5,319

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:

	Group	
	2021	**2020**
	$'000	**$'000**
Renovation, currently classified as assets under construction	**2,727**	–
Software under development	**165**	203
	2,892	203

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.

30. SEGMENT INFORMATION (CONT'D)

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

	Group	
	2021	**2020**
	$'000	**$'000**
Segment revenue		
Specialised health services	**36,772**	32,818
General health services	**3,697**	3,509
	40,469	36,327
Segment profit/(loss) after tax		
Specialised health services	**5,969**	4,996
General health services	**910**	(545)
	6,879	4,451
Impairment of goodwill		
Specialised health services	**–**	–
General health services	**–**	1,484
	–	1,484
Depreciation of property, plant and equipment and right-of-use assets		
Specialised health services	**2,401**	2,391
General health services	**264**	264
	2,665	2,655
Additions to property, plant and equipment		
Specialised health services	**723**	6,533
General health services	**4**	83
	727	6,616

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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.

	Group	
	2021	**2020**
	$'000	**$'000**
Segment revenue		
Singapore	**8,953**	7,263
Malaysia	**30,524**	28,662
Myanmar	**992**	402
	40,469	36,327
Segment profit/(loss) after tax		
Singapore	**1,566**	(297)
Malaysia	**5,261**	5,163
Myanmar	**52**	(415)
	6,879	4,451
Impairment of goodwill		
Singapore	**–**	1,484
Malaysia	**–**	–
Myanmar	**–**	–
	–	1,484
Depreciation of property, plant and equipment and right-of-use assets		
Singapore	**375**	264
Malaysia	**2,001**	2,040
Myanmar	**289**	351
	2,665	2,655
Additions to property, plant and equipment		
Singapore	**4**	83
Malaysia	**702**	6,524
Myanmar	**21**	9
	727	6,616

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 2 (2020: 1) corporate customers, which in total had contributed to 15% (2020: 9%) of the Group's total revenue for financial year ended 31 December 2021.

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, 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

(a) Credit risks (cont'd)

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.

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				
2021	**Current $'000**	**0-90 days $'000**	**91-180 days $'000**	**181-365 days $'000**	**>365 days $'000**	**Total $'000**
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%	

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

(a) Credit risks (cont'd)

Trade receivables (cont'd)

2020	Current $'000	Past due 0-90 days $'000	91-180 days $'000	181-365 days $'000	>365 days $'000	Total $'000
Credit-impaired debtors:						
Gross carrying amount	–	–	–	–	5	5
Allowance for ECL	–	–	–	–	(5)	(5)
Expected credit loss rate	–	–	–	–	100%	
Corporate debtors:						
Gross carrying amount	1,933	124	27	7	6	2,097
Allowance for ECL	–	*	*	*	(1)	(1)
Expected credit loss rate	–	^	^	^	16.7%	
Individuals:						
Gross carrying amount	217	15	6	3	13	254
Allowance for ECL	(4)	*	*	(1)	(8)	(13)
Expected credit loss rate	1.8%	^	^	33.3%	61.5%	

* Less than $1,000

^ Less than 1%

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

During the financial year, the Group has written-off $227 (2020: $86) of trade receivables previously provided for which are more than 365 days past due as the Group does not expect to receive future cash flows from and there are no recoveries from collection of cash flows previously written-off.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

(a) Credit risks (cont'd)

Other financial assets

The Group and Company computes expected credit loss for other financial assets using the general approach. In calculating the expected credit loss, the Group and 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 (2020: 2) corporate customers which represent 45% (2020: 46%) of total trade receivables balance at year end.

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

(b) Foreign currency risks

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

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Company's 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	
		2021	2020
		$'000	$'000
		Increase/(decrease) in equity	
RM/SGD	– strengthened 5% (2020: 5%)	**509**	396
	– weakened 5% (2020: 5%)	**(509)**	(396)

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.

Group	One year or less $'000	One to five years $'000	Over five years $'000	Total $'000
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**
Borrowing	**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**
2020				
Financial assets				
Trade and other receivables	3,074	–	–	3,074
Net investment in sublease	61	112	–	173
Cash and cash equivalents	24,124	–	–	24,124
Total undiscounted financial assets	27,259	112	–	27,371
Financial liabilities				
Trade and other payables	5,233	591	–	5,814
Lease liabilities	1,889	2,303	3,008	7,200
Borrowing	957	3,300	–	4,257
Total undiscounted financial liabilities	8,079	6,194	3,008	17,271
Total net undiscounted financial assets/ (liabilities)	19,180	(6,082)	(3,008)	10,100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

(c) Liquidity risks (cont'd)

Company	One year or less $'000	One to five years $'000	Total $'000
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**
2020			
Financial assets			
Trade and other receivables	12,504	–	12,504
Cash and cash equivalents	6,109	–	6,109
Total undiscounted financial assets	18,613	–	18,613
Financial liabilities			
Trade and other payables	399	–	399
Lease liabilities	90	64	154
Total undiscounted financial liabilities	489	64	553
Total net undiscounted financial assets/(liabilities)	18,124	(64)	18,060

(d) Interest rate risk

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 borrowing.

The Group's borrowing at floating rates on which hedging has not been entered into, is denominated in Malaysian Ringgit.

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 (FY2020: $20,000) lower/higher, arising mainly as a result of higher/lower interest expense.

32. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

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 borrowing, 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 2021 and 31 December 2020.

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 2021 and 31 December 2020.

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 borrowing and total equity includes share capital, treasury share reserve, other reserves, retained earnings and non-controlling interest.

	Group	
	2021	**2020**
	$'000	**$'000**
Total debt (Note 18)	**3,093**	4,007
Total equity	**69,307**	71,689
Gearing ratio	**0.04**	0.06

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

34. IMPACT OF COVID-19 AND EVENTS OCCURRING AFTER THE REPORTING PERIOD

Coronavirus 2019 (COVID-19) outbreak

On 8 March 2022, the Prime Minister of Malaysia announced that Malaysia will fully reopen its borders on 1 April 2022 as the country begins to transition to the COVID-19 endemic phase. Similarly, in Singapore, the country will reopen its borders to all fully vaccinated travellers, removing all existing vaccinated travel lanes ("VTL") and unilateral opening arrangements from 1 April 2022 according to a recent announcement by the local government on 24 March 2022. In tandem with the substantial easing of restrictions on cross-border travel, Singapore has also implemented further easing of COVID-19 measures within the community from 29 March 2022 as part of the country's move towards living with COVID-19.

Myanmar is currently not open to tourists. However, borders are due to reopen on 17 April 2022. Until now, only foreigners with compelling reasons to travel could get entry permission from the Myanmar Ministry of Foreign Affairs.

As the global COVID-19 situation remains fluid and is still evolving as at the date of the financial statements, the Group is unable to reasonably ascertain the full extent of the impact arising from COVID-19 disruptions on its operations and financial performance for the year ending 31 December 2022.

Political situation in Myanmar

Myanmar's military announced the extension of the state of emergency measure, which was due to end on 31 January 2022, for another six months. The military has been facing persistent opposition from anti-coup protesters. In the country's largest city of Yangon, there have been sporadic attacks on military and police facilities, purportedly staged by pro-democracy forces. As at the date of these financial statements, ISEC Myanmar's clinic continues to be operational. The on-going protest may adversely affect the operations of the clinic. 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 2022.

35. CONTINGENCIES

Service-related dispute with a doctor

In the foregoing year, a Doctor who previously provided services to a subsidiary, ISEC Sdn. Bhd. ("ISEC KL"), has alleged to have been unfairly dismissed by ISEC KL 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 S$238,000) and a Deposit Sum amounting to RM98,931 (approximately S$32,000). Additionally, the Doctor is claiming for backwages based on an average salary of RM133,447 per month (approximately S$43,000 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 and the Doctor have been corresponding through their respective legal representatives and parties have also attempted to mediate the matter, but thus far, these mediation attempts have not been successful.

35. CONTINGENCIES (CONT'D)

Service-related dispute with a doctor (Cont'D)

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 S$163,000) and RM66,000 (approximately S$21,000), respectively.

As at 31 December 2021, the Group has made a provision of RM815,467 (approximately S$264,000) 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 legal suit at the Industrial Court is 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 trial is unknown at this juncture, and the Group is unable to determine whether the possibility of an outflow of resource embodying economic benefits is remote or to reliably estimate its obligation, if any.

36. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the directors on 30 March 2022.

STATISTICS OF SHAREHOLDINGS

AS AT 24 MARCH 2022

Number of Ordinary Shares in Issue (excluding treasury shares and subsidiary holdings)	:	550,349,071
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	0.85	47	0.00
100 – 1,000	31	8.86	18,300	0.00
1,001 – 10,000	143	40.86	1,002,200	0.18
10,001 – 1,000,000	149	42.57	14,913,788	2.71
1,000,001 AND ABOVE	24	6.86	534,414,736	97.11
TOTAL	**350**	**100.00**	**550,349,071**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1.	DBS NOMINEES (PRIVATE) LIMITED	315,364,895	57.30
2.	MAYBANK SECURITIES PTE. LTD.	38,249,650	6.95
3.	CITIBANK NOMINEES SINGAPORE PTE LTD	29,932,668	5.44
4.	RAFFLES NOMINEES (PTE.) LIMITED	27,062,916	4.92
5.	LEE YENG FEN	25,892,258	4.70
6.	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	15,220,145	2.77
7.	WONG JUN SHYAN	12,377,634	2.25
8.	CHOONG YEE FONG OR HERA LUKMAN	12,113,214	2.20
9.	FANG SENG KHEONG OR CAROLINE HO MEI LI	12,056,539	2.19
10.	JUSTIN TAN YOKE TARNG	7,500,000	1.36
11.	LIM SIEW GEOK	5,523,358	1.00
12.	PHILLIP SECURITIES PTE LTD	4,990,200	0.91
13.	MICHAEL LAW SIE HAUR	4,056,358	0.74
14.	LEE PENG HWA	2,841,679	0.52
15.	WOI YOU WAN	2,761,679	0.50
16.	LOH SWEE SENG	2,589,074	0.47
17.	SIOW YUN CHING	2,579,774	0.47
18.	ALAN ANG JIN SOON	2,278,866	0.41
19.	UNG CHUIN TSIANG	2,278,866	0.41
20.	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	2,110,700	0.38
	TOTAL	**527,780,473**	**95.89**

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	55.59
2.	Aier Eye Hospital Group Co., Ltd.(3)	–	–	305,917,344	55.59
3.	Aier Medical Investment Group Co., Ltd(4)	–	–	305,917,344	55.59
4.	Mr Chen Bang(4)	–	–	305,917,344	55.59
5.	Dr Lee Hung Ming(5),(6)	–	–	42,827,279	7.78
6.	Dr Lee Yeng Fen(6)	25,892,258	4.70	16,935,021	3.08

Notes:

(1) Based on the total issued share capital of 550,349,071 ordinary shares (excluding treasury shares) of the Company as at 24 March 2022.

(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 15.81% of shares in Aier China and 79.99% of shares in Aier Medical Investment Group Co., Ltd. ("Aier Medical"). Aier Medical directly holds 35.08% 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 15.81% of shares in Aier China and 79.99% of shares in Aier Medical. Aier Medical directly holds 35.08% 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, Dr Lee Yeng Fen.

(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 24 March 2022, approximately 23.85% 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 Friday, 22 April 2022 at 3.00 p.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 2021 together with the Independent Auditor's Report thereon.
(Resolution 1)

2. To declare a final tax exempt (one-tier) dividend of 0.30 Singapore cents per ordinary share for the financial year ended 31 December 2021 (FY2020: Final tax exempt (one-tier) dividend of 0.80 Singapore cents per ordinary share).

[See Explanatory Note (i)] **(Resolution 2)**

3. To re-elect the following Directors of the Company retiring pursuant to Articles 114 and 118 of the Constitution of the Company, and who have, being eligible, offered themselves for re-election as Directors:

Mr Lim Wee Hann	(Retiring pursuant to Article 114)	**(Resolution 3)**
Ms Zhang Yongmei	(Retiring pursuant to Article 114)	**(Resolution 4)**
Mr Chong Weng Hoe	(Retiring pursuant to Article 118)	**(Resolution 5)**

[See Explanatory Note (ii)]

4. To approve the payment of Directors' fees amounting to S$120,000 for the financial year ending 31 December 2022, payable quarterly in arrears. (FY2021: S$120,000).
(Resolution 6)

5. (a) To appoint Mazars LLP ("**Mazars**") as auditors of the Company in place of the retiring auditors, Ernst & Young LLP ("**Ernst & Young**"), to hold office until the conclusion of the next annual general meeting of the Company and to authorise the Directors of the Company to fix their remuneration; and

   (b) the Directors of the Company and each of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents and ancillary agreements and to make all such amendments thereto as may be required in connection with the proposed appointment of auditors) as may be necessary, desirable or expedient in the interests of the Company to give effect to the proposed appointment of auditors and/or this ordinary resolution.

[See Explanatory Note (iii)] **(Resolution 7)**

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 of Singapore (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

(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;

NOTICE OF ANNUAL GENERAL MEETING

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

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), the 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 (iv)] **(Resolution 8)**

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 fifteen per centum (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 (v)] **(Resolution 9)**

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 (vi)] **(Resolution 10)**

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**").

(d) for purposes of this Resolution:

"**Prescribed Limit**" means ten per centum (10%) of the total number of issued ordinary shares of the Company 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

NOTICE OF ANNUAL GENERAL MEETING

"**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, one hundred five per centum (105%) of the Average Closing Price; and

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, one hundred twenty per centum (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 (5) 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 (vii)] **(Resolution 11)**

By Order of the Board

Ngiam May Ling
Company Secretary
Singapore,
7 April 2022

Explanatory Notes:

(i) For the financial year ended 31 December 2020, the Company paid a final tax exempt (one-tier) dividend of 0.80 Singapore cents per ordinary share. For the financial year ended 31 December 2021, the Company paid a first interim tax exempt (one-tier) dividend of 0.75 Singapore cents per ordinary share and will be paying a final tax exempt (one-tier) dividend of 0.30 Singapore cents per ordinary share, if approved by the members at this AGM.

(ii) Resolution 3 is for the re-election of Mr Lim Wee Hann, a Director of the Company who retires by rotation at this AGM. Mr Lim, will upon re-election as a Director of the Company, remain as Chairman of both the Remuneration and Nominating Committees and a member of the Audit Committee and will be considered independent for the purposes of Catalist Rule 704(7). For more information on Mr Lim, please refer to the "**Board of Directors**" section in this Annual Report 2021.

Resolution 4 is for the re-election of Ms Zhang Yongmei, a Director of the Company who retires by rotation at this AGM. Ms Zhang, will upon re-election as a Director of the Company, remain as a member of the Audit, Remuneration and Nominating Committees and will be considered non-independent. For more information on Ms Zhang, please refer to the "**Board of Directors**" section in this Annual Report 2021.

Resolution 5 is for the re-election of Mr Chong Weng Hoe, a Director of the Company who retires by rotation at this AGM. Mr Chong, will upon re-election as a Director of the Company, remain as Chairman of the Board and Audit Committee and a member of the Remuneration and Nominating Committees and will be considered independent for the purposes of Catalist Rule 704(7). For more information on Mr Chong, please refer to the "**Board of Directors**" section in this Annual Report 2021.

(iii) Resolution 7 is to approve the appointment of Mazars as the auditors of the Company in place of the retiring auditors, Ernst & Young, and to authorise the Directors of the Company to fix their remuneration. In accordance with the requirements of Rule 712(3) of the Catalist Rules:

a. the outgoing auditor of the Company, Ernst & Young, via its professional clearance letter dated 31 March 2022 ("**Professional Clearance Letter**") has confirmed that they are not aware of any professional reasons why the new auditor, Mazars, should not accept appointment as auditor of the Company;

b. the Company confirms that there were no disagreements with Ernst & Young on accounting treatments within the last 12 months up to the date of the Appendix A[(1)];

c. the Company confirms that it is not aware of any circumstances connected with the retirement of Ernst & Young and appointment of Mazars that should be brought to the attention of Shareholders which has not been disclosed in the Appendix A[(1)];

d. the Company confirms that the specific reasons for the proposed appointment of Mazars are disclosed in Section 2.1 of the Appendix A[(1)], and it is not due to the resignation of outgoing auditors declining to stand for election, or dismissed or directed by the SGX-ST to be replaced under Rule 305(1)(eb) of the Catalist Rules; and

e. the Company confirms that it complies with Rule 712 and Rule 715 of the Catalist Rules in relation to the appointment of Mazars as its new auditor. Please refer to the Appendix A[(1)] for further information.

(iv) Resolution 8, 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.

(1) The Appendix A and Appendix B will be distributed as part of separate letters to all Shareholders

NOTICE OF ANNUAL GENERAL MEETING

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 Resolution 8 is passed after adjusting for new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards and any subsequent bonus issue, consolidation or subdivision of shares. These adjustments are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution 8.

(v) Resolution 9, 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 Resolution 8.

(vi) Resolution 10, 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 Resolution 8.

(vii) Resolution 11, 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 2021 are set out in greater detail in the Appendix B[(1)] to this Annual Report 2021.

[(1)] *The Appendix A and Appendix B will be distributed as part of separate letters to all Shareholders.*

Important Notes:

1. 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, the Annual Report 2021 and the Proxy Form will not be sent to Shareholders. Instead, the Notice of AGM, the Proxy Form and the Annual Report 2021 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 attendance at the AGM of the Company by electronic means (including arrangements by which the meeting may be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions, queries and/or questions relating to the resolutions to be tabled for approval at or before the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM, are set out in the Company's accompanying announcement dated 7 April 2022. This announcement 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.

3. **Due to the current COVID-19 situation in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) who wishes to exercise his/her/its voting rights at the AGM must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf 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.

4. Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

5. Persons who hold shares in the Company through relevant intermediaries (as defined in Section 181 of the Companies Act), including SRS investors, and who wish to participate in the AGM by:

   (a) observing and/or listening to the AGM proceedings via live audio-visual webcast or live audio-only stream;

   (b) submitting questions in advance of the AGM; and/or

   (c) appointing the Chairman of the Meeting as proxy to attend, speak and vote on their behalf at the AGM,

   should contact the relevant intermediary (which would include, in the case of SRS investors, their respective SRS Operators) through which they hold such shares as soon as possible in order for the necessary arrangements to be made for their participation in the AGM.

   SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective SRS Operators by **3.00 p.m. on Monday, 11 April 2022** to submit their votes, being at least seven (7) working days prior to the date of the AGM.

6. The Chairman of the Meeting, as proxy, need not be a member of the Company.

7. The Proxy Form appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:

   (a) if submitted 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; or

   (b) if submitted electronically, be submitted via email to isec.agm@gmail.com.

   in either case by **3.00 p.m. on Wednesday, 20 April 2022**, being 48 hours before the time appointed for holding the AGM.

   A member 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.

   In view of the current COVID-19 situation in Singapore, members are strongly encouraged to submit completed Proxy Forms electronically via email.

Personal Data Privacy:

By submitting a Proxy Form appointing the Chairman of the Meeting as proxy 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 or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the Meeting as proxy 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 or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

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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 this Notice of AGM, the Annual Report 2021 and the Proxy Form will not be sent to Shareholders. Instead, the Notice of AGM, the Annual Report 2021 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 attendance at the AGM by electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio- only stream), submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions queries and/or questions relating to the resolutions to be tabled for approval at or before the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM, are set out in the Company's announcement dated 7 April 2022 titled "Alternative arrangements for Annual General Meeting to be held on 22 April 2022".
3. Due to the current COVID-19 situation in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak 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 proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
4. SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective SRS Operators **by 3.00 p.m. on Monday, 11 April 2022** to submit their votes.
5. Please read the notes overleaf which contains instructions on, inter alia, the appointment of the Chairman of the Meeting as a member's proxy to attend, speak and vote on his/her/its behalf at the AGM.

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 7 April 2022.

I/We (Name) ____________________ (NRIC/Passport/UEN No.) ____________________

of (Address) ____

being a member/members of ISEC Healthcare Ltd. (the "**Company**"), hereby appoint the Chairman of the Meeting as my/our proxy to attend, speak and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be convened and held by way of electronic means on Friday, 22 April 2022 at 3.00 p.m. and at any adjournment thereof, as indicated below.

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 2021 together with the Independent Auditor's Report thereon			
2	Declaration of a final tax exempt (one-tier) dividend of 0.30 Singapore cents per ordinary share for the financial year ended 31 December 2021			
3	Re-election of Mr Lim Wee Hann as a Director of the Company			
4	Re-election of Ms Zhang Yongmei as a Director of the Company			
5	Re-election of Mr Chong Weng Hoe as a Director of the Company			
6	Approval of Directors' fees amounting to S$120,000 for the financial year ending 31 December 2022, payable quarterly in arrears			
7	To appoint Mazars LLP as the Company's Auditors			
As Special Business				
8	Authority to allot and issue shares			
9	Authority to issue shares under the ISEC Healthcare Share Option Scheme			
10	Authority to issue shares under the ISEC Healthcare Performance Share Plan			
11	Proposed Renewal of the Share Buyback Mandate			

^ *Voting will be conducted by poll. If you wish 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 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 is directed to abstain from voting in respect of that resolution.* ***In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.***

Dated this ______ day of __________________ 2022

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

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Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder
* Delete where inapplicable

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. Due to the current COVID-19 restriction orders in Singapore, a shareholder will not be able to attend the AGM in person. **A shareholder (whether individual or corporate) who wishes to exercise his/her/its voting rights at the AGM, must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM.** This Proxy Form may be accessed at the Company's website at the URL http://www.isechealthcare.com and will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements. In appointing the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

2. SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective SRS Operators to submit their votes by **3.00 p.m. on Monday, 11 April 2022**, being 7 working days before the date of the AGM.

3. The Chairman of the Meeting, as proxy, 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 entitled to attend the meeting and vote (whether to vote in favour of or against, or to abstain from voting) is entitled to appoint the Chairman as proxy to attend and vote (whether to vote in favour of or against, or to abstain from voting) instead of the member, but the Chairman must be appointed to exercise the rights attached to a different share or shares held by such member.

   "Relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act (Chapter 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

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 **3.00 p.m. on Wednesday, 20 April 2022**, being 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. In view of the Covid-19 restrictions orders in Singapore which may make it difficult for shareholders to submit completed Proxy Forms by post, 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 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.

12. SRS Approved Nominees acting on the request of the SRS investors who wish to appoint the Chairman as their proxy are requested to submit in writing, a list with details of the SRS investors' names, NRIC/Passport numbers, addresses and number of shares held. The list (to be signed by an authorised signatory of the SRS Approved Nominee) shall:

    (a) if submitted by post, reach 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; or

    (b) if submitted electronically, must be submitted via email to the Company at isec.agm@gmail.com.

    in either case, by **3.00 p.m. on Wednesday, 20 April 2022**, being not less than 48 hours before the time appointed for holding the AGM.

CORPORATE INFORMATION

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

BOARD OF DIRECTORS
Mr 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 Income at Raffles
Singapore 049318

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

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

Partner-in-charge: Ho Shyan Yan
(Appointed from the financial year ended 31 December 2021)

INVESTOR RELATIONS
ir@isechealthcare.com

WEBSITE
http://www.isechealthcare.com

ISEC HEALTHCARE LTD.

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

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