

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

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**RESPONSES TO QUESTIONS FROM THE SECURITIES INVESTORS ASSOCIATION  
(SINGAPORE) IN RELATION TO THE ANNUAL GENERAL MEETING 2022**

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The Board of Directors (the “**Board**”) of ISEC Healthcare Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to provide responses to the following questions received from the Securities Investors Association (Singapore) (“SIAS”) on 14 April 2022 in relation to the Company’s upcoming annual general meeting to be convened on 22 April 2022. No questions were received from the shareholders of the Company for the period from 7 April 2022 to the deadline of 3.00pm on 15 April 2022.

The Company’s responses to the queries are set out below.

**Query 1:**

Would the board/management provide shareholders with greater clarity on the following operational matters? Specifically:

- (i) Malaysia expansion (KL & Penang): In his message to shareholders, the chairman stated the new Penang property is larger and will have more space to cater to more doctors (current capacity of three eye specialists). The new KL site will be more than two times bigger. Can management help shareholders understand the group’s organic expansion plans in Malaysia? Will the group be hiring more eye specialists for the clinics?

**Company’s response:**

The Group has been deriving significant revenue and profit contributions from our Malaysia operations. With a population size of approximately 33 million<sup>1</sup>, the Group continues to see growth potential in Malaysia. It has been the Group’s expansion plan to further enhance our presence in Malaysia. In our Message to Shareholders, we emphasized that the Company will focus on strengthening our presence in our core markets of Malaysia and Singapore while looking for suitable opportunities in China, Vietnam and Myanmar.

In line with our objectives to remain at the forefront of our field, improve on our services, and provide a better clinical environment so that we can continue to provide best-in-class patient care, the Group has been keeping a look out to hire more eye specialists for the clinics. This is made possible with the increased space capacity of our clinics at both Kuala Lumpur and Penang. We welcome eye specialists who share the Group’s vision and are able to contribute and provide high quality experience of patient care for our patients.

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<sup>1</sup> Source: <https://worldpopulationreview.com/countries/malaysia-population>

- (ii) Utilisation: What were the average utilisation rates of the clinics in the group's network in 2021? Does management have an estimate of the group's market share in Malaysia, Singapore and Myanmar? Has the board carried out a risk assessment of the expansion plans?

**Company's response:**

The management does not have an estimate of the Group's market share in Malaysia, Singapore and Myanmar. In 2021, our clinics within the Group had not reached full utilisation as our operations across the Group were gradually recovering from the impact of COVID-19 travel restrictions and safe management measures.

"ISEC", which stands for "International Specialist Eye Centre", started our operations in Kuala Lumpur, Malaysia since 2007 and has since grown to be one of the top market leaders in the private healthcare sector on eye conditions in Malaysia.

In Singapore, ISEC Eye Pte. Ltd. provides specialist medical ophthalmology services to Asia Pacific Eye Centre located in Gleneagles Hospital. We had in 2019 expanded into the Myanmar market and opened our clinic in Yangon. Our presence in Myanmar has been represented by the main clinic set up in Yangon.

Before the Group commences an expansion plan, the Board would carry out and deliberate on a risk assessment, including but not limited to (i) whether the expansion plan is in line with the overall Group's growth strategy; (ii) the local market demands; (iii) any changes to the risk profile of the Group; (iv) the financial effects of the proposed expansion plan.

- (iii) KL (property acquisition): The group accepted a letter of offer to acquire a floor in a commercial building located in Wilayah Persekutuan Kuala Lumpur, Malaysia in August 2021 for RM63,854,730. On page 3, the company states that it aims to conclude negotiation for the proposed acquisition by the second quarter of 2022. What is causing the delay in the transaction? Given the consideration is over \$20 million, would this transaction alter the risk profile of the group and require shareholder approval?

**Company's response:**

Since the acceptance of the letter of offer, ISEC Sdn. Bhd., ("Purchaser"), has been in negotiations to refine the terms and the building and floor plans with the Paramount Properties Sdn Bhd, a wholly-owned subsidiary of Bursa Malaysia-listed UOA Development Berhad ("Vendor").

The Group expects the risk profile of the Group to change as a result of the acquisition and shareholders' approval for the acquisition will hence be required. We are at the final stages of negotiation and we will conduct an extra-ordinary general meeting to seek shareholders' approval in due course.

- (iv) Myanmar: Can the board/management help shareholders understand the sentiments on the ground in Yangon? What is the impact on the group's operations from the spread of COVID-19 and the coup that took place in February 2021? What is the profile of the typical patient in Yangon?

**Company's response:**

When the COVID-19 and/or political situation was unstable in Myanmar, work shift arrangements are implemented with up to 50% of the staff reporting to work at the clinic. The clinic operating hours are also shortened for staff to be back home earlier. Transportation is arranged to fetch staff to work and back to designated stations. Despite the COVID-19 and political situation occurring in Myanmar, there is still demand for our services, and we are still able to deliver them. Many locals and foreigners in Myanmar who face challenges seeking healthcare treatment overseas during these periods visit our clinic in Yangon.

Our clinic in Yangon sees patients with conditions mainly relating to cataracts, hence usually around middle to old age, although we do see patients with other eye conditions and from various age groups.

**Query 2:**

On 7 April 2022, the company announced the proposed acquisition of 100% of IE Centre Sdn. Bhd. ("IE Centre") and Kampar Eye Sdn. Bhd. ("Kampar Eye"); and the subscription of 50% plus 1 share each of the enlarged capital of ME Centre Sdn Bhd ("ME Centre"), TE Centre Sdn Bhd ("TE Centre"), and Taiping Eye Sdn Bhd ("Taiping Eye").

The announcement can be read here:

[https://links.sgx.com/FileOpen/ISECH%20Proposed%20Acquisition%20and%20Subscription%20of%20Shares\\_7Apr2022.ashx?App=Announcement&FileID=710485](https://links.sgx.com/FileOpen/ISECH%20Proposed%20Acquisition%20and%20Subscription%20of%20Shares_7Apr2022.ashx?App=Announcement&FileID=710485)

The purchase consideration for the sale shares will be satisfied by a cash portion of RM36.1 million and RM20.6 million in consideration shares.

The subscription sum of RM500,001 for each of ME Centre, TE Centre and Taiping Eye would be paid in cash. Each of ME Centre, TE Centre and Taiping Eye has not conducted any business yet as each of the aforesaid entities has applied for but has not obtained the licence to operate or provide a private healthcare facility or service pursuant to the Private Healthcare Facilities and Services Act 1998 of Malaysia ("PHFSA").

(i) How were the vendors introduced to the group?

**Company's response:**

The vendors were introduced to the Group through the local network among the eye specialists.

(ii) How was the split between cash and consideration shares determined?

**Company's response:**

The split between cash and consideration shares was determined through discussions with the board on the mechanisms that allows the Group to see benefits from the acquisition and consideration on available resources, and negotiations with the vendors to reach consensus and satisfaction by both parties.

- (iii) What was the level of commercial due diligence carried out by the company and by the directors prior to the proposed transactions?

**Company's response:**

Prior to the proposed transactions, the Group performed a study on the clinics and the vendors, including general feedback from the locals and fellow professionals within the industry. The Group also conducted site visits to the clinics and the surrounding areas to assess the growth potential of the clinics and whether the clinics are complementary and synergistic with the Group's business. The Group also engaged the respective professional firms to undertake the necessary financial and legal due diligence exercises.

- (iv) Given that the company will acquire 100% of IE Centre and Kampar Eye, what are the safeguards put in place to ensure that the specialists and the professionals are committed to the long-term success of the clinics after the acquisition?

**Company's response:**

Pursuant to the terms in the share purchase and subscription agreement ("SPSA"), on the Completion Date (as defined below), each of Dr Shin Hoy Choong, Dr Yong Ked Sheong, Dr Cheng Heng Liang, Dr Chan Suet Mei and Dr Jane Foo Mei Li, who are the Vendors to the SPSA as well as the eye specialists working in IE Centre and Kampar Eye, will terminate his/her existing contract of employment or employment arrangements with each respective IE Centre and Kampar Eye and enter into new employment agreements with IE Centre or Kampar Eye (where applicable) for a fixed term of five (5) years commencing from the Completion Date.

The completion is to take place on the fifth business day immediately after the fulfilment or waiver of the last of the conditions precedent as determined by a written notice from the Purchaser to the Vendors pursuant to the SPSA (or such other date as the Purchaser and the Vendors may agree in writing), provided that if such day falls on a day occurring within either (i) the two (2) week period before an announcement of the Company's first and third quarterly results; or (ii) the one (1) month period before the announcement of the Company's half year and full year results ("Blackout Period"), completion date shall occur on the next business day immediately after the end of the Blackout Period provided that the Purchaser shall provide documentary evidence or proof to support such Blackout Period (the "Completion Date"). The proposed transactions shall be completed simultaneously.

As part of the consideration to be received by the Vendors in the form of the Company's shares, it would also be in their interest to work towards the continued success of the clinics and consequently the value of the shares they will be holding.

Being part of the Group, we will also be working together to complement the services to be provided to our patients across Malaysia, as well as to share our experiences in the industry.

- (v) Can management help shareholders understand the rationale of subscribing to shares in ME Centre, TE Centre and Taiping Eye? The existing shareholders of each of ME Centre, TE Centre and Taiping Eye are Shin Hoy Choong ("Dr Shin"), Yong Ked Sheong ("Dr Yong"), Cheng Heng Liang ("Dr Cheng"), Chan Suet Mei ("Dr Chan") and Jane Foo

Mei Li ("Dr Foo"), all vendors of IE Centre and Kampar Eye. Are the three companies (ME Centre, TE Centre and Taiping Eye) linked to the operations of IE Centre and Kampar Eye?

**Company's response:**

As part of the growth plans of the Vendors, they are in the process of setting up 3 new clinics (being ME Centre, TE Centre and Taiping Eye) in the towns within Perak, Malaysia. The objective is to reach out to patients in these towns and to refer these patients encountering more complicated or complexed eye conditions to IE Centre.

To align the Vendors' objectives to the Group's objectives and to ensure the Vendors are committed to the establishment and operations of these 3 clinics, the Group agreed to subscribe in each of ME Centre, TE Centre and Taiping Eye ordinary shares comprising 50% plus 1 ordinary share of the enlarged share capital of each of the aforesaid companies.

- (vi) Can the board help shareholders better understand the strategic growth plans for Malaysia? With the proposed acquisition, the group will add Ipoh, Kampar, Manjung, Teluk Intan, and Taiping to its network.

**Company's response:**

As mentioned above in our response to 1(i), the Group continues to see growth potential in Malaysia. It has been the Group's expansion plan to further enhance our presence in Malaysia. In our Message to Shareholders, we emphasized that ISEC Healthcare will focus on strengthening our presence in our core markets of Malaysia and Singapore while looking for suitable opportunities in China, Vietnam and Myanmar.

**Query 3:**

On 30 June 2021, the company announced the appointment of Mr Chong Weng Hoe as an independent director and as chairman of the board and audit committee and as a member of the nominating committee and remuneration committee, effective 1 July 2021.

The announcement of appointment can be found on SGX at the following link:

<https://links.sgx.com/1.0.0/corporate-announcements/U8H85FHW3PGVAU26/c391493dcca283406c775eda0e57d324c4829736aa4d5d28640981a0615e4a8>

- (i) For the benefit of shareholders, could the nominating committee (NC) elaborate further on the selection criteria and the search and nomination process that led the company to appoint Mr Chong Weng Hoe as a director of the company, as required in the SGX template (see below)?

|   |   |
|---|---|
| Date Of Appointment   | 01/07/2021  |
| Name Of Person  | Chong Weng Hoe  |
| Age   | 57  |
| Country Of Principal Residence  | Singapore   |
| The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)   | The appointment of Mr Chong Weng Hoe ("Mr Chong") as Non-Executive and Independent Director, Chairman of the Board and Audit Committee and a member of the Nominating and Remuneration Committees, were recommended by the Nominating Committee and approved by the Board, after taking into consideration Mr Chong's qualifications, expertise and past experience.                                    |
| Whether appointment is executive, and if so, the area of responsibility   | Non-Executive   |
| Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)   | <ul style="list-style-type: none"> <li>- Non-Executive and Independent Chairman</li> <li>- Chairman of Audit Committee</li> <li>- Member of Nominating Committee</li> <li>- Member of Remuneration Committee</li> </ul>   |
| Professional qualifications   | <ul style="list-style-type: none"> <li>- Bachelor of Engineering (Electrical and Electronics), National University of Singapore</li> <li>- Master of Business Administration (Accountancy), Nanyang Technological University</li> </ul>   |
| Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or any of its principal subsidiaries | No  |
| Conflict of interests (including any competing business)  | No  |
| Working experience and occupation(s) during the past 10 years   | <p>August 2016 - Present<br/>Executive Vice President, Global Head of Service Line for EMC (Electromagnetic Compatibility), TUV SUD Asia Pacific Pte Ltd</p> <p>Jul 2013 - August 2016<br/>Board Director, TUV SUD PSB Pte Ltd (Previously known as PSB Corporation/SISIR)</p> <p>Jan 2006 - July 2013<br/>Chief Executive Officer, TUV SUD PSB Pte Ltd (Previously known as PSB Corporation/SISIR)</p> |

(Source: Company announcement)

### **Company's response:**

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. The Company commenced the search process through available networks to identify suitable candidates with accounting or finance-related knowledge and experience. For the shortlisted candidates, the Nominating Committee ("**NC**") considered the composition of the Board, the independence to the Company, qualifications, expertise, as well as past and present experience of Mr Chong in the healthcare industry as well as relevant knowledge and experience as the Chairman for Audit Committee. In addition, the Company's sponsor has also conducted due diligence on the nominated candidate and its findings (if any) are then highlighted to the Nominating Committee for further deliberation.

- (ii) In addition, it was stated that the company's sponsor had reviewed the announcement. Can the company help shareholders understand the guidance provided by the sponsor in terms of the level of disclosure required for the company's announcements (especially when the SGX template clearly states to include the rationale, selection criteria and the search and nomination process)?

**Company's response:**

The announcement template should not be read as individual section. The rationale of the appointment was provided in the annual report for the financial year ended 31 December 2020 and in our announcement on 6 April 2021. The Sponsor reviews the announcement together with the Company and guides the Company in its adherence to the selection criteria and the search and nomination processes previously disclosed in the Company's annual reports.

- (iii) Has the NC reviewed the overall desired competency matrix of the board and identified any gaps in skills or competencies that could be addressed in future director appointments?

**Company's response:**

The NC conducts an annual review to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board. In the review carried out for the financial year ended 31 December 2021 ("FY2021"), 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.

As part of the Company's progressive goal towards Board diversity, the NC endeavours 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.

- (iv) Can the NC help shareholders understand if the independent directors have the appropriate balance and mix of skills, knowledge, experience, especially in healthcare/eyecare, operations, business experience in Myanmar/ Malaysia/Vietnam, to engage in effective and constructive debate with the executive directors?

**Company's response:**

The independent directors comprise Mr Chong Weng Hoe and Mr Lim Wee Hann. The NC has considered the skills, knowledge, and industry and geographical experiences of the independent directors to complement and to provide an appropriate mix for effective and constructive debate within the Board. Details of Mr Chong and Mr Lim's skillsets and experiences may be found in the "Board of Directors" profile of the Company's Annual Report 2021.

By Order of the Board

**Dr. Lee Hung Ming**  
**Executive Vice Chairman**  
**18 April 2022**

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*This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.*

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