



Securities Investors Association (Singapore)

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UEN No: S99SS0111B

GST Reg No: M90367530Y

Issuer: ISEC Healthcare Ltd.

Stock code: 40T

Meeting details:

Date: 22 April 2022

Time: 3.00 p.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

Q1. 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?**
- (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?
- (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?**
- (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?

Q2. 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

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?**
- (ii) **How was the split between cash and consideration shares determined?**
- (iii) **What was the level of commercial due diligence carried out by the company and by the directors prior to the proposed transactions?**
- (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?**
- (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?**
- (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.

Q3. 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.)	- Non-Executive and Independent Chairman - 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
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	August 2016 - Present Executive Vice President, Global Head of Service Line for EMC (Electromagnetic Compatibility), TUV SUD Asia Pacific Pte Ltd Jul 2013 - August 2016 Board Director, TUV SUD PSB Pte Ltd (Previously known as PSB Corporation/SISIR) Jan 2008 - July 2013 Chief Executive Officer, TUV SUD PSB Pte Ltd (Previously known as PSB Corporation/SISIR)

(Source: company announcement)

- (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)?**
- (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?**
- (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?**

[^]On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so. On 9 April 2021, it was announced that the alternate arrangements for meetings ("Meetings Order") would be extend beyond 30 June 2021 until it is revoked or amended by the Ministry of Law. Accordingly, until such time, issuers may continue to utilise the Checklist issued by ACRA, MAS and SGX RegCo to guide entities on the conduct of their general meetings.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on [SIAS website](http://www.sias.org.sg)

[^] Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation
(<https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation>)



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