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

RESPONSES TO QUESTIONS FROM THE SECURITIES INVESTORS ASSOCIATION (SINGAPORE)

The Board of Directors (the "**Directors**") of ISEC Healthcare Ltd. (the "**Company**", or collectively with its subsidiaries, the "**Group**") wishes to provide responses to the following questions received from the Securities Investors Association (Singapore) ("**SIAS**") on 10 April 2025 in relation to the Company's upcoming annual general meeting to be convened on 21 April 2025. No questions were otherwise received from the shareholders of the Company prior to the deadline of 10.00 a.m. on 12 April 2025.

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

Query 1:

The group continued expanding its footprint in Malaysia, with three new centres launched in Perak in September 2024. In addition, its outpatient eye specialist clinic in Melaka began operations in July 2024 following a 50% expansion in floor space. Its joint venture in Klang, Selangor, with Durham Group Sdn. Bhd. commenced operations in March 2025.

Revenue from Malaysia increased from S$56.0 million to S$59.6 million year-on-year.

(i) **Kuala Lumpur flagship clinic**: In September 2024, the group acquired additional real estate to set up a 69,445 sq ft purpose-built medical centre. Why is the renovation timeline projected to take nearly two years, with operations expected to begin only in 2027? What is the expected capital expenditure?

Company's response:

*ISEC Sdn. Bhd. ("**ISEC KL**"), a wholly-owned subsidiary of the Company, had on 29 December 2023 entered into a Sale and Purchase Agreement ("**SPA**") to purchase certain strata-title units or parcels ("Parcels"). All conditions precedent of the SPA were fulfilled on 20 September 2024 and the SPA became unconditional on the same day. The premises will be a purpose-built medical centre, and the Parcels will be designed and constructed according to the ISEC KL's specifications.*

The construction started in mid-2024 and is expected to take approximately 2 years to complete. Subsequent to the completion of construction, renovation and fitting-out will commence. The timeline for construction, renovation and fitting-out also factors in (i) the anticipated duration for obtaining all necessary regulatory approvals, licences and permits from the relevant authorities, and (ii) the installation and commissioning of medical equipment, operational readiness preparation and staff training. The aforementioned works are currently on schedule and barring any unforeseen delays and subject to all regulatory approvals being obtained, operations is expected to commence by 2027.

The capital expenditure, in addition to the purchase consideration, is expected to be approximately RM30 million, including construction and renovation costs, fixed assets and equipment.

(ii) **Market saturation risk**: Does management foresee any risk of overcapacity of specialist eye clinics in Malaysia, especially in tier 1 cities? What are the most promising growth areas — by geography, patient segment, or procedural (e.g., glaucoma, cataracts, refractive surgery)?

Company's response:

The Company believes that the Malaysian market continues to present potential for growth, particularly in the field of ophthalmology. Compared to more mature markets like Singapore, Malaysia faces a general shortage of eye care specialists, indicating unmet demand. This provides opportunities for expansion, especially outside of major urban centres.

In addition, Malaysia's medical tourism industry has been on an upward trajectory, supported by strong government backing and continuous improvements in healthcare infrastructure. This growth is expected to drive greater demand for high-quality specialised medical services, including ophthalmology.

In Malaysia, while most ophthalmologists are currently based in larger cities, the Company believes that the market as a whole remains far from saturated.

The Group has recently expanded into new locations including Klang, Seremban, and several towns across Perak (outside of tier 1 cities) to broaden its reach and deliver high-quality care to patients in regions where it previously had no presence.

There is demand for all specialties, with the most important segments continuing to be cataract, retina, and glaucoma subspecialties. The Group also has not been overly aggressive in refractive surgery offerings, and there remains potential for growth in this segment, to increase the Group's overall market presence.

(iii) **Vietnam Market Entry**: Separately, what progress has been made in entering Vietnam, and what market fundamentals — such as demographics, regulatory environment, or unmet medical demand — make it attractive for the group's regional expansion?

Company's response:

The Group's interest in the Vietnam market is supported by several key market fundamentals, including the country's rapidly growing population, coupled with an aging demographic, which creates a rising demand for specialised eye care services, particularly for conditions such as cataracts, glaucoma, and refractive errors. There is also a shortage of qualified ophthalmologists, resulting in significant unmet medical demand. The Group has been actively engaging in discussions on potential opportunities. The Company will provide updates to shareholders on material developments, as and when necessary and appropriate.

Query 2:

Revenue from general health services in Singapore declined, in part due to the cessation of evening clinical hours. The group operates four GP clinics but currently has three general practitioners on staff (page 1 of the annual report).

(i) Is the group facing difficulties in hiring, developing, and retaining GPs in Singapore? With four clinics but only three GPs, is there a structural mismatch between infrastructure and human capital? Does the cessation of evening hours indicate that the clinics are operating below optimal utilisation levels—especially given Singapore's relatively high fixed cost base?

Company's response:

Recruiting doctors for GP clinics in Singapore remains a challenge. Nevertheless, in early 2025, the Group successfully onboarded a new resident GP, allowing it to have a dedicated doctor *stationed at each of its GP clinics. Prior to the appointment of its fourth GP consultant, the Group relied on locum doctors for one of the GP clinics.*

The Group had previously operated evening sessions at the Yew Tee GP clinic, supported mainly by locum doctors and part-time clinical staff. Over time, the rising operating costs and increasing challenge in securing reliable locum coverage and clinical staff made this operating model less viable. Evening sessions were therefore ceased with effect from late 2023 at the Yew Tee clinic.

A goodwill impairment loss of S$1.5 million was recorded in FY2024 for JL Medical (Bukit Batok) Pte. Ltd. and JL Medical (Yew Tee) Pte. Ltd. Upon their acquisition in 2016, the goodwill recognised for these entities was $4.3 million and $2.27 million, respectively. As at 31 December 2024, the goodwill amounts have been reduced to $3.3 million for Bukit Batok and $0.58 million for Yew Tee.

(ii) What specific factors contributed to the underperformance of the Bukit Batok and Yew Tee clinics?

Company's response:

The underperformance of the two GP clinics can be attributed to several factors. Along with increasing operating costs and heightened competition in the respective neighbourhood hubs over the years, other contributing factors include challenges in recruiting and retaining qualified healthcare professionals, as well as pricing limitations imposed by third-party administrators ("TPAs"). These restrictions on the fees that could be charged under TPA or insurance agreements hindered the clinics' ability to adjust pricing in response to rising costs, impacting profitability and overall performance.

(iii) Is the board carrying out a strategic review on the GP segment?

Company's response:

The Company continually reviews all of its operations with a view to optimisation. The Company believes that there is still a steady demand for general healthcare services in Singapore and that government initiatives such as Healthier SG and Age Well SG will continue to drive the demand for GP services. In line with government initiatives, the Group's strategic plan includes enhancing the training and development of its healthcare professionals, enhancing patient care services, and introducing more personalised care models. This approach aims to ensure the Group consistently delivers high-quality, patient-centric services while meeting the evolving healthcare needs of the population.

Separately, management has also stated its intention to expand in Myanmar. In FY2024, revenue from Myanmar increased by 38% to $2.7 million, supported by fee adjustments.

(iv) As the group considers expansion in Myanmar, how is the board assessing the risks associated with operating in Myanmar—including political instability, foreign exchange volatility, and restrictions on capital repatriation?

Company's response:

At present, the Group's Myanmar segment represents a relatively small portion of its overall business. Notwithstanding the current political and economic climate in Myanmar, there remains a strong demand for high-quality eye care services in the market. The Group collaborates closely with its joint venture partner in Myanmar to carefully navigate expansion plans, taking into account challenges such as political instability, foreign exchange fluctuations, and restrictions on capital repatriation. Fee adjustments are implemented on services to *account for fluctuations and/or increases in operating costs and inflation. Cash generated has also been utilised in-country to meet operational expenditure and cater for expansion.*

The Company will continue to maintain a proactive approach, regularly reviewing and adjusting expansion and cash management strategies in response to evolving conditions on the ground, ensuring the growth in Myanmar is prudent yet sustainable.

Query 3:

The attendance of directors at board and board committee meetings is shown on page 20 of the annual report and reproduced below:

The attendance records of the Directors at meetings of the Annual General Meeting ("**AGM**"), Extraordinary General Meeting ("**EGM**"), Board and Board Committees during the FY2024 are disclosed below:

	AGM	EGM	Board	AC	NC	RC
Number of meetings held in FY2024	1	1	4	4	1	3
Name of Director	**Number of meetings attended in FY2024**					
Mr Chong Weng Hoe	1	1	4	4	1	3
Dr Lee Hung Ming	1	1	2	4*	1*	1*
Mr Lim Wee Hann(1)	1	1	1	1	1	1
Ms Wee Kim Lin Evelyn(2)	NA	NA	2	2	NA	2
Mr Chen Bang	1	1	4	4*	1*	1*
Mr Li Li	1	1	4	4*	1*	1*
Ms Zhang Yongmei	1	1	4	4	1	2

Notes:

(1) Mr Lim Wee Hann retired as an Independent and Non-Executive Director and ceased to be Chairman of the NC and RC and member of the AC on 19 April 2024.

(2) Ms Wee Kim Lin Evelyn was appointed as an Independent and Non-Executive Director and as Chairman of the NC and RC and member of the AC on 1 May 2024.

* Attendance by invitation.

Dr Lee Hung Ming, the executive vice-chairman, attended only two out of four board meetings in the past year. Given that Dr Lee Hung Ming received no consultant's fees, it appears that he is not practising and serves as an executive director. The group is currently in negotiations with Dr Lee Hung Ming on his terms of employment. In the interim, both parties have agreed to extend his current employment contract until 30 June 2025.

(i) What were the extenuating circumstances that resulted in Dr Lee Hung Ming being absent from half the board meetings in the past year?

Company's response:

Dr Lee Hung Ming has been spearheading Asia Pacific Eye Centre as Centre Director since 2007 and continues to practice as a Senior Consultant Ophthalmologist. In addition thereto, Dr Lee oversees the Group's Singapore operations as well as overseas growth strategy of the Group through mergers and acquisitions. His remuneration as a Senior Consultant formed the bulk of his total annual remuneration.

Dr Lee had attended the AC, NC, and RC meetings held in February 2024 but was unable to attend the Board meeting held on the same day. He was also unable to attend the Board meeting in April 2024. Dr Lee was unable to attend both of the aforementioned Board meetings as he had to attend to unscheduled urgent clinical matters. Nonetheless, Dr Lee was separately briefed on the key matters discussed in the Board meeting.

The minutes of the said meetings were circulated to the Directors shortly thereafter, including Dr Lee.

(ii) Other than Dr Wong Jun Shyan who is the chief executive officer, what is the current depth and capability of the group's senior leadership team across key business functions?

Company's response:

In addition to the Group's CEO, Dr Lee, who is the Executive Vice Chairman, remains part of the Group's senior leadership team. As mentioned above, Dr Lee oversees the Group's Singapore operations as well as overseas growth strategy of the Group through mergers and acquisitions.

The Group's Chief Financial Officer ("CFO"), Ms Elyse Low, is responsible for overseeing the Group's accounting, finance, and regulatory compliance functions. The CFO also assists the Group's CEO on merger and acquisition activities. Dr Fang Seng Kheong acts as the Chairman of the Group's Medical Board to handle potential medico-legal matters of the Group.

Additionally, each of the Group's larger medical centres each have their own appointed Medical Director. The Medical Directors oversee the business functions of their respective centres, reporting directly to the Group's CEO. More information on the Group's key executives can be found at https://www.isechealthcare.com/key-executives/.

By Order of the Board

Dr. Lee Hung Ming
Executive Vice Chairman
15 April 2025

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*This announcement has been reviewed by the Company's 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 announcement.*

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