ISEC HEALTHCARE LTD.
Company Registration Number: 201400185H
(Incorporated in Singapore on 2 January 2014)

PROPOSED ACQUISITION OF 100% EQUITY INTEREST IN SOUTHERN SPECIALIST EYE CENTRE SDN. BHD.

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1. INTRODUCTION

The Board of Directors (the "**Board**") of ISEC Healthcare Ltd. (the "**Company**", and together with its subsidiaries, collectively the "**Group**") wishes to announce that its wholly owned subsidiary, ISEC Sdn. Bhd. ("**ISECSB**" or the "**Purchaser**") had on 17 October 2015 entered into a sale and purchase agreement ("**SPA**") with the following third parties, all of whom are independent of the Group:

(a) Yeo Kim Chuan ("**Dr Yeo**");
(b) Yang Phei Hua ("**Mrs Yeo**");
(c) Wong Yew Meng ("**Dr Wong"**); and
(d) Liu Han Seng ("**Dr Liu**"),

(collectively, the "**Vendors**") pursuant to which ISECSB had agreed to acquire the entire issued and paid-up share capital of Southern Specialist Eye Centre Sdn. Bhd. (Company No.: 1113344-M) ("**SSEC**") from the Vendors (the "**Proposed Acquisition**"), further details of which are set out below in this announcement.

Following the completion of the Proposed Acquisition ("**Completion**"), SSEC will become a wholly owned subsidiary of ISECSB.

2. INFORMATION RELATING TO THE VENDORS AND SSEC

The Vendors are all residents of Malaysia and they are professional eye surgeons. Save for Mrs Yeo who is the spouse of Dr Yeo, the Vendors are not related to each other.

The shareholding breakdown in SSEC is as follows:

Name	**Number and Percentage Shareholdings**
Dr Yeo	70,000 ordinary shares (70%)
Mrs Yeo	15,000 ordinary shares (15%)
Dr Wong	10,000 ordinary shares (10%)
Dr Liu	5,000 ordinary shares (5%)
Total	**100,000 (100%)**

SSEC is a private limited company incorporated in Malaysia in October 2014 and its registered office is at 48 Jalan Kota Laksamana, 2/15 Taman Kota Laksamana, Seksyen 2, Melaka, Malaysia 75200. SSEC's sole business is that of operating specialist eye clinics. Dr Yeo, Dr Wong and Dr Liu are the resident consultant ophthalmologists of SSEC's clinic. They were previously resident consultant ophthalmologist of K.C. Yeo Eye Specialist Clinic Sdn. Bhd. ("**KCYESC**"), which had an ophthalmology practice for 9 years since 2006 until 31 December 2014 when KCYESC transferred KCYESC's ophthalmology business segment (the

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"**Segment**") to SSEC. In view of the aforementioned, the historical financial information of SSEC (prior to 1 January 2015) for the purpose of the Proposed Acquisition was prepared based on the Segment results in the unaudited adjusted and normalised accounts of KCYESC for the financial year ended 31 December 2014 ("**FY2014**"). The unaudited adjusted and normalised net asset value of the Segment was RM2,200,000 as at 31 December 2014. The entire issued and paid-up share capital of SSEC comprises 100,000 ordinary shares of RM1.00 each (the "**Sale Shares**") with a total issued and paid-up share capital of RM100,000.

3. PURCHASE CONSIDERATION FOR THE SALE SHARES

The aggregate consideration for the Sale Shares is RM37,100,000 (the "**Consideration**") which was agreed by the Vendors and ISECSB based on approximately 12.43 times multiples of the unaudited adjusted and normalised profit after tax ("**PAT**") of the Segment for FY2014 of approximately RM2.98 million. ISECSB shall pay in cash to the Vendors such amount in excess of the unaudited net asset value of SSEC of RM2,200,000 on Completion Date (defined herein), up to a maximum adjustment of up to RM500,000 (the "**Excess Sum**"). Subject to the Vendors' performance of their respective obligations, the Consideration shall be satisfied by ISECSB in the following manner:

(a) RM15,667,500 out of the total cash portion of the Consideration of RM15,767,500 ("**Cash Portion**"), shall be paid by ISECSB to Dr Yeo and Mrs Yeo on the Completion Date and the balance RM100,000 will be retained by ISECSB as security (which is further described in Section 5.1 of this announcement); and

(b) such number of ordinary shares in the capital of the Company ("**Consideration Shares**") which is equivalent to RM21,332,500 ("**Consideration Shares Proportion**") shall be issued and allotted to the Vendors (save for Mrs Yeo, who shall receive her proportion of the Consideration fully in cash) on the Completion Date in the proportions set out in the table below. The aggregate number of Consideration Shares to be issued is 30,711,919, which was determined based on the weighted average closing price of the Company's shares traded on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the 7 market days immediately prior to the date of the SPA ("**Issue Price**").

Vendor	% of shareholding in SSEC	(A) = (B) + (C) Total consideration entitlement in RM (proportionate to shareholding in SSEC)	(B) Cash portion of consideration entitlement in RM	(C) Value of share portion of consideration entitlement in RM	Number of Consideration Shares to be issued[1], and represented as a % of the enlarged share capital of the Company[2]
Dr Yeo	70%	25,970,000	10,202,500[3]	15,767,500	22,700,115 (4.64%)
Mrs Yeo	15%	5,565,000	5,565,000[3]	-	-
Dr Wong	10%	3,710,000	-	3,710,000	5,341,203 (1.09%)
Dr Liu	5%	1,855,000	-	1,855,000	2,670,601 (0.55%)
Total	**100%**	**37,100,000**	**15,767,500**	**21,332,500**	**30,711,919 (6.28%)**

Notes:

(1) Based on the value of the share portion of consideration entitlement divided by the Issue Price of S$0.23.

(2) Based on the allotment and issuance of an aggregate of 30,711,919 Consideration Shares, the number of ordinary shares in the Company would increase from 458,500,000 shares to 489,211,919 shares.

(3) A total of RM100,000 (comprising RM80,000 retained from Dr Yeo's Cash Portion and RM20,000 retained from Mrs Yeo's Cash Portion) will be retained by ISECSB as security.

The Consideration was arrived at arm's length negotiations on a willing seller willing buyer basis, taking into account, *inter-alia*, the book values of the plant, machinery, equipment, inventories and stock-in-hand as at Completion Date and the unaudited adjusted and normalised PAT of the Segment for FY2014 of approximately RM2.98 million as well as the business potential of SSEC. Subject to the fulfilment of all Conditions (defined herein) of the SPA, SSEC shall have a net asset value of not less than RM2,200,000 comprising plant, equipment and machineries recorded in its books valued at not less than RM1,700,000 (equivalent to S$562,914) and inventory and stock-in-hand valued at no less than RM500,000 (equivalent to S$165,563) as at Completion (defined herein) respectively.

The Group will finance the Consideration from its internal funds, including the net proceeds from its initial public offering and the Consideration Shares Proportion via issuance of new shares of the Company amounting to approximately 6.70% of the existing total and issued share capital of the Company.

4. DETAILS OF THE CONSIDERATION SHARES

The Consideration Shares shall be issued free from all claims, pledges, mortgages, charges, liens and encumbrances and shall rank in all respects *pari passu* with the then existing issued ordinary shares in the capital of the Company ("**Shares**") at the time of the issue except that the Consideration Shares will not rank for any dividends, rights, allotments or other distributions the record date for which falls on or before the date of the issue of the Consideration Shares.

The Consideration Shares will be issued pursuant to the authority granted by shareholders of the Company ("**Shareholders**") by way of an ordinary resolution at the annual general meeting of the Company held on 24 April 2015 ("**2015 AGM**") for the issue of Shares not exceeding 100% of the total number of issued Shares (excluding treasury shares), of which the aggregate number of Shares to be issued other than on a pro-rata basis to the Shareholders shall not exceed 50% of the total number of issued Shares (excluding treasury shares) (the "**Share Issue Mandate**").

The issued share capital of the Company as at the date of the 2015 AGM was 458,500,000 Shares and the maximum number of Shares to be issued other than on a pro rata basis is 229,250,000 Shares. As at the date of this announcement, the Share Issue Mandate has not been utilised. The proposed allotment and issuance of 30,711,919 Consideration Shares will fall within the limits of the Share Issue Mandate.

Assuming the successful allotment and issue of all the 30,711,919 Consideration Shares, the Company's issued and paid-up share capital will increase from 458,500,000 Shares to 489,211,919 Shares. The Consideration Shares represents 6.70% of the existing issued and paid-up share capital of the Company as at the date of this announcement and approximately 6.28% of the enlarged issued and paid-up share capital of the Company following the allotment and issuance of the Consideration Shares.

5. SECURITY FOR VENDOR'S PERFORMANCE OF OBLIGATIONS

5.1 Cash Retention Sum

The balance RM100,000 of the Cash Portion (in the proportion of 80:20 for Dr Yeo and Mrs Yeo respectively) shall be retained by ISECSB as security for Dr Yeo's and Mrs Yeo's performance of their respective representations, undertakings and warranties under the SPA, and shall be released by ISECSB to Dr Yeo and Mrs Yeo 12 months after Completion Date (with interest accrued thereon) less all deductions agreed by the Vendors and ISECSB to be made on account of a breach of any representations, undertakings and warranties.

5.2 Share Charge

Each of Dr Yeo, Dr Wong and Dr Liu (collectively the "**CS Recipients**") shall create in favour of the Purchaser or the Purchaser's nominee, a charge over 100% of their respective Consideration Shares Proportion, as a continuing security for the performance of each CS Recipient's Secured Obligation (CS Commitment)as defined in the SPA (the "**Share Charges**"). Each CS Recipient shall execute five separate Share Charges with each Share Charge being in respect of 20% of their respective Consideration Shares Proportion for delivery to the Purchaser. If no breach by an applicable CS Recipient of his Secured Obligation (CS Commitment) has occurred on or before the expiry of a 12-month period after the Completion Date, the Purchaser shall no later than 30 days from the said expiry of the 12 month period, at the Purchaser's own costs, execute all documents and take all action to discharge the charge created by such CS Recipient over the Consideration Shares for one Share Charge (only). This shall be repeated for the next 48 months until all the five Share Charges have been discharged in respect of a CS Recipient provided no breach of the CS Recipient's Secured Obligation (CS Commitment) has occurred.

If however any CS Recipient shall at any time over the 60-month period from the Completion Date breach any of his Secured Obligation (CS Commitment), the Purchaser shall be entitled to exercise its rights under all or any of the Share Charges which have not been discharged in respect of such CS Recipient. In particular, the Purchaser shall be entitled to sell the Consideration Shares secured by such remaining Share Charges and apply the proceeds of sale ("**Sale Proceeds**") towards the Purchaser's loss or damages suffered as a result of the non-performance of the Secured Obligation (CS Commitment) by the CS Recipient. During the duration of the Share Charge, each CS Recipient shall be entitled to all voting rights attached to the Consideration Shares and to any dividends declared in respect of the Consideration Shares.

6. RATIONALE FOR THE PROPOSED ACQUISITION OF SSEC

The Board is of the view that the Proposed Acquisition is in the best interest of the Company and the shareholders of the Company for the following reasons.

The Proposed Acquisition will expand the Group's eye specialist clinics footprint in Malacca, which serves as an established gateway to health tourists from Southern Sumatra and the Riau Bintang Islands. It is also intended to tap into the affluent local market and also Singapore patients who may consider having their procedures to be performed in Malacca which is about a 3 hours drive away from Singapore.

The Board believes that the Proposed Acquisition would allow the Group to continue to grow its footprint into Malaysia and capture the eye specialist markets. As the Segment had been operating under KCYESC for the last 9 years, there is a strong brand association with SSEC as the professional team of eye surgeons is the same as the Segment's. Furthermore, the Segment is one of the largest and reputable Malaysian private ophthalmology practice south of Kuala Lumpur. Hence, the Group intends to further capitalise on this branding and loyalty amongst the existing patients and with new customers of SSEC.

As the principal business of SSEC is in line with the ordinary course of business of the Group and there would be no additional borrowings to fund the Proposed Acquisition, the Proposed Acquisition is not expected to have any material change to the Group's risk profile.

7. KEY TERMS OF THE SPA AND PRE-COMPLETION UNDERTAKING

7.1. Conditions Precedent

The SPA is conditional upon the satisfaction of the following conditions (collectively "**CPs**") 2 months from the date of the SPA or such later period as agreed upon in writing by the Vendors and the ISECSB (the "**CP Deadline**"):

(a) completion, on or before the CP Deadline, of a legal, financial, tax and operational due diligence exercise by the Purchaser on SSEC and on the books and financial records of the Segment for the years 2013 to 2014, and the results of such due diligence exercise being satisfactory to the Purchaser in its sole and absolute discretion;

(b) no material adverse change (as reasonably determined by the Purchaser in its sole and absolute discretion) in the prospects, operations or financial conditions of SSEC occurring on or before the CP Deadline and such change is not one arising from an event (other than an event constituting or giving rise to a breach of any of the warranties) affecting or likely to affect generally all companies carrying on similar businesses in Malaysia;

(c) all representations, undertakings and warranties of the Vendors under the SPA being compiled with, true, accurate and correct as at the CP Deadline; and

(d) the approval by the SGX-ST to the listing and quotation of the Consideration Shares on the SGX-ST.

All CPs must be duly fulfilled and/or waived by ISECSB on or before the CP Deadline or such other later date agreed by the parties, failing which the SPA will automatically terminate and none of the parties shall have any claim against the other save for any antecedent breach.

7.2. Pre-Completion Undertaking

Completion shall take place within 5 business days from the day the last of the CPs is satisfied, fulfilled and/or waived in accordance with the terms in the SPA or such other date as the parties may agree ("**Completion Date**").

The pre-Completion undertakings include, *inter-alia*:

(a) Rights of Vendors to dividends

The Vendors shall be entitled to procure an interim dividend ("**Interim Dividend**") to be declared and paid by the Company to the Vendors prior to Completion Date subject to compliance with the following:-

(i) the Vendors shall forthwith after the date of the SPA, procure SSEC's auditors to perform a special audit for the period commencing from 1 January 2015 up to the date of the SPA ("**Interim Period**") to certify the amount of accumulated profit after tax as at the date of the SPA and which are available for payment as dividends ("**Certified AP**");
(ii) the amount of Interim Dividend shall not exceed the Certified AP; and
(iii) a copy of the Certified AP together with the financial statements for the Interim Period upon which the Certified AP is computed from and evidence of the Interim Dividend paid to each Vendor by SSEC shall be furnished to the Purchaser by the Vendor no later than 7 days from payment by SSEC.

(b) Tenancy Agreements

Dr Yeo and Mrs Yeo shall on or before the Completion Date, procure SSEC and the respective landlords of the 2 shop lots currently occupied by SSEC for its eye specialist clinic located at (i) 310, 310-A and 310-B Jalan Melaka Raya 1, Taman Melaka Raya, 75000 Melaka and (ii) 309, 309-A and 309-B Jalan Melaka Raya 1, Taman Melaka Raya, 75000 Melaka (the "**Tenanted Properties**") to enter into the tenancy agreements upon terms including monthly rent amounts, tenancy term and option of renewal, and upon such other terms satisfactory to the Purchaser and which are usual for a tenancy of this nature, effective from the Completion Date.

(c) New Employment Contracts

Dr Yeo, Dr Wong and Dr Liu shall terminate their existing contracts of employment/consultancy and supplementary agreements with KCYESC (if any) and with SSEC and enter into new terms of employment with SSEC, such terms of employment shall be as specified by ISECSB. Dr Yeo's, Dr Wong's and Dr Liu's contracts shall be fixed term contracts for 5 years each.

(d) Business Transfer Agreement

Dr Yeo shall on or before the Completion Date, procure SSEC and KCYESC to enter into a business transfer agreement which would contain the following terms and other terms satisfactory to the Purchaser:

(i) a provision confirming the sale and transfer by KCYESC to SSEC effective 1 January 2015 of the assets required for the specialist eye clinic business (the "**KCYESC Assets**") at the aggregate price of RM1,760,000. The said sum of RM1,760,000 shall be an unsecured amount owing by SSEC to KCYESC on an interest free basis and payable upon demand by KCYESC; and

(ii) KCYESC shall use its best endeavours to obtain the consents of all counter parties to the business contracts entered into by KCYESC relating to its eye clinic to be novated to SSEC.

Upon Completion, Dr Wong Jun Shyan and Dr Choong Yee Foong will be appointed to the board of SSEC in connection with the Proposed Acquisition. Dr Yeo Kim Chuan will remain as director on the board of SSEC but all other directors of SSEC will resign upon Completion.

There are no directors who are proposed to be appointed as a director of the Company in connection with the Proposed Acquisition.

Save as disclosed above, there is no other material condition attached to the Proposed Acquisition.

8. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

8.1 Net Tangible Asset ("NTA") per Share

For illustrative purposes only and assuming that the Proposed Acquisition had been completed on 31 December 2014, the pro forma financial effects of the Proposed Acquisition on the consolidated NTA of the Group as at 31 December 2014 will be as follows:

	Before Completion of the Proposed Acquisition [1]	**After Completion of the Proposed Acquisition [2]**
Consolidated NTA attributable to the shareholders of the Company (S$)	30,461,077	25,968,527
Number of shares (excluding treasury shares)	458,500,000	489,211,919
Consolidated NTA per share attributable to the shareholders of the Company (Singapore Cents)	6.64	5.31

Notes:

1. *Before Completion, based on the Group's audited balance sheet as at 31 December 2014.*
2. *After Completion including the effect on the NTA arising from the Cash Portion of the Consideration of RM15,767,500 (approximately S$5,221,026) and the net asset value of not less than RM2,200,000 of SSEC as at Completion date.*

Note: Unless otherwise stated, the exchange rate used in this announcement is based on S$1:RM3.02 as at the business day preceding the date of the SPA

8.2 Earnings per Share ("EPS")

For illustrative purposes only and assuming that the Proposed Acquisition had been completed on 2 January 2014 (being the date of incorporation of the Company), the pro forma financial effects of the Proposed Acquisition on the consolidated EPS of the Group for FY2014 will be as follows:

	Before Completion of the Proposed Acquisition	After Completion of the Proposed Acquisition
Profit attributable to the shareholders of the Company (S$)	1,967,217[1]	2,955,296[2]
Weighted average number of shares (excluding treasury shares) [3]	458,500,000	489,211,919
Consolidated EPS (Singapore Cents)	0.43	0.60

Notes:

1. *Based on the period 2 January 2014 to 31 December 2014.*
2. *Based on the assumption that SSEC was acquired on 2 January 2014 and the unaudited adjusted and normalised PAT of the Segment for FY2014 of RM2.98 million (approximately S$0.99 million).*
3. *Assuming that the Company was listed on 2 January 2014.*

9. RELATIVE BASES COMPUTED ON THE BASES SET OUT IN CATALIST RULE 1006

Based on latest announced unaudited financial statements of the Group for the financial period ended 30 June 2015, the relative figures of the Proposed Acquisition computed on the bases set out in Rule 1006(a) to (e) of the SGX-ST Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") are as follows:

(a) *Rule 1006(a)*	
Net asset value of the assets to be disposed of (S$)	Not applicable
Net asset value of the Group as at 30 June 2015 (S$)	Not applicable
Size of relative figure	Not applicable

(b) *Rule 1006(b)*	
Net profits attributable to the assets to be acquired (S$)[(1)]	727,946[(2)]
Net profits of the Group for the 6 months ended 30 June 2015 (S$) [(1)]	2,912,000
Size of relative figure	25.0%

(c) *Rule 1006(c)*	
Aggregate value of the consideration given (S$)	12,284,768
The Company's market capitalization as at 16 October 2015 based on the total number of issued shares, excluding treasury shares (S$) [(3)]	108,297,700
Size of relative figure	11.3%

(d) *Rule 1006(d)*	
Number of equity securities issued by the Company as consideration for the Proposed Acquisition	30,711,919[(4)]
Number of equity securities of the Company previously in issue	458,500,000
Size of relative figure	6.7%

(e) *Rule 1006(e)*	
The aggregate volume or amount of proven and probable reserves to be	Not applicable

Note: Unless otherwise stated, the exchange rate used in this announcement is based on S$1:RM3.02 as at the business day preceding the date of the SPA

disposed of, compared with the aggregate of the Group's proven and probable reserves. This basis is not applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets	

Notes:

(1) "net profits" means profit or loss before income tax, minority interests and extraordinary items.

(2) Based on the unaudited management accounts of SSEC and the profit before tax of SSEC for the 4 months ended 30 April 2015 of RM1,465,598 (approximately S$485,297) and extrapolated to a 6 month period.

(3) The Company's market capitalisation of approximately S$108,297,700 is based on its total number of issued shares of 458,500,000 shares and the volume weighted average price of S$0.2362 per share on 16 October 2015, being the last trading day for the shares prior to the signing of the SPA.

(4) The number of Consideration Shares was determined based on the Consideration Shares Proportion of RM21,332,500 divided by the Issue Price of S$0.23 per Consideration Share.

Based on the above, the relative figures computed on the bases set out in Catalist Rules 1006(b), (c) and (d), exceed 5% but are less than 75%. Accordingly, the Proposed Acquisition constitutes a "Discloseable Transaction" as defined under Chapter 10 of the Catalist Rules.

10. INTEREST OF THE DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors (other than in his capacity as a Director or shareholder of the Company) or controlling shareholders of the Company (other than through their respective shareholdings in the Company) has any interest, direct or indirect, in the Proposed Acquisition.

11. ADDITIONAL LISTING APPLICATION

The sponsor of the Company (the "**Sponsor**"), PrimePartners Corporate Finance Pte. Ltd., will be making an application on behalf of the Company to the SGX-ST for the dealing in, listing of and quotation for the Consideration Shares on Catalist of the SGX-ST.

The Company will make the necessary announcement upon receipt of the listing and quotation notice from the SGX-ST for the listing and quotation for the Consideration Shares on Catalist of the SGX-ST.

12. DOCUMENTS FOR INSPECTION

A copy of the SPA will be made available for inspection during normal business hours at the registered office of the Company for three (3) months from the date of this announcement.

13. CAUTIONARY STATEMENT

Shareholders and potential investors are advised to exercise caution when trading the Company's shares as there is no certainty or assurance as at the date of this announcement that the Proposed Acquisition will proceed to Completion, as Completion is subject to, *inter alia*, the fulfilment of CPs in the SPA. Shareholders are advised to read this announcement and any further announcements carefully, and where in doubt as to the action they should take, they should consult their financial, tax or other advisors.

Note: Unless otherwise stated, the exchange rate used in this announcement is based on S$1:RM3.02 as at the business day preceding the date of the SPA

By Order of the Board

Dr Wong Jun Shyan
Executive Director and Chief Executive Officer
19 October 2015

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*ISEC Healthcare Ltd. (the "**Company**") was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 28 October 2014. The initial public offering of the Company (the "**IPO**") was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**" or "**PPCF**").*

This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Keng Yeng Pheng, Associate Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.

Note: Unless otherwise stated, the exchange rate used in this announcement is based on S$1:RM3.02 as at the business day preceding the date of the SPA