

CIRCULAR DATED 22 SEPTEMBER 2016

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt as to the action that you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax advisor or other professional adviser immediately.

Capitalised terms appearing but not defined on the cover of this Circular bear the same meanings as ascribed to them in the section entitled "Definitions" of this Circular.

If you have sold or transferred all your shares in the capital of ISEC Healthcare Ltd. (the "**Company**") held through The Central Depository (Pte) Limited ("**CDP**"), you need not forward this Circular to the purchaser or transferee as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your shares in the capital of the Company represented by physical share certificate(s), you should immediately forward this Circular together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form to the purchaser or the transferee, or to the bank, stockbroker or agent through whom the sale or the transfer was effected for onward transmission to the purchaser or the transferee.

This Circular has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**"), for compliance with the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this Circular.

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

The contact person for the Sponsor is Ms Gillian Goh, Director, Head of Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.



ISEC HEALTHCARE LTD.

(Company Registration No. 201400185H)
(Incorporated in the Republic of Singapore)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

- (1) **THE PROPOSED ACQUISITION OF THE JL MEDICAL GROUP OF COMPANIES WHICH CONSTITUTES AN INTERESTED PERSON TRANSACTION UNDER THE CATALIST RULES;**
- (2) **THE PROPOSED ALLOTMENT AND ISSUE OF THE CONSIDERATION SHARES TO THE VENDORS AT THE ISSUE PRICE OF S\$0.25 FOR EACH CONSIDERATION SHARE PURSUANT TO THE PROPOSED ACQUISITION;**
- (3) **THE PROPOSED ALLOTMENT AND ISSUE OF 25,892,258 NEW ORDINARY SHARES TO DR LEE YENG FEN (AN ASSOCIATE OF DR LEE HUNG MING, EXECUTIVE VICE CHAIRMAN AND CONTROLLING SHAREHOLDER OF THE COMPANY) AT THE ISSUE PRICE OF S\$0.25 FOR EACH ORDINARY SHARE PURSUANT TO THE PROPOSED ACQUISITION; AND**
- (4) **THE PROPOSED WHITEWASH RESOLUTION BY INDEPENDENT SHAREHOLDERS FOR THE WAIVER OF THEIR RIGHTS TO RECEIVE A MANDATORY GENERAL OFFER FROM DR LEE YENG FEN AND HER CONCERT PARTIES.**

Independent Financial Adviser to the Non-Interested Directors in respect of the Interested Person Transaction in connection with the Proposed Acquisition and the Proposed Whitewash Resolution



Provenance Capital Pte. Ltd.

(Company Registration No. 200309056E)
(Incorporated in the Republic of Singapore)

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form : 5 October 2016 at 10.30 a.m.
Date and time of Extraordinary General Meeting : 7 October 2016 at 10.30 a.m.
Place of Extraordinary General Meeting : Alumni Association
The Alumni Medical Centre
2 College Road
Singapore 169850

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DEFINITIONS

In this Circular, the following definitions shall apply throughout unless the context otherwise requires or unless otherwise stated:

Companies within the Enlarged Group

“Company”	:	ISEC Healthcare Ltd.
“Enlarged Group”	:	The enlarged group comprising the Group and the Target Companies, assuming Completion.
“Group”	:	The Company and its subsidiaries from time to time.
“JL Medical Group of Companies” or “Target Companies”	:	JLMBB, JLMS, JLMW and JLMYT.
“JLMBB”	:	JL Medical (Bukit Batok) Pte. Ltd.
“JLMS”	:	JL Medical (Sembawang) Pte. Ltd.
“JLMW”	:	JL Medical (Woodlands) Pte. Ltd.
“JLMYT”	:	JL Medical (Yew Tee) Pte. Ltd.

Other Companies, Organisations, Agencies and other Persons

“CDP”	:	The Central Depository (Pte) Limited.
“HDB”	:	The Housing and Development Board of Singapore.
“IFA”	:	Provenance Capital Pte. Ltd., the independent financial adviser to the Non-Interested Directors in relation to the Interested Person Transaction in connection with the Proposed Acquisition and the Proposed Whitewash Resolution.
“SGX-ST”	:	Singapore Exchange Securities Trading Limited.
“SIC”	:	The Securities Industry Council of Singapore.
“Sponsor”	:	PrimePartners Corporate Finance Pte. Ltd.
“Vendors”	:	Dr Lee Yeng Fen, Dr Koo Xian Yeang and Dr Ng Chiew Fang.

DEFINITIONS

General

“APAT”	:	Audited profit after tax.
“Audit Committee”	:	The audit committee of the Company as at the date of this Circular, comprising Mr Sitoh Yih Pin, Professor Low Teck Seng and Mr Lim Wee Hann.
“Board”	:	The board of Directors of the Company as at the date of this Circular.
“Catalist”	:	The Catalist board of the SGX-ST, being the sponsor-supervised listing platform of the SGX-ST.
“Catalist Rules”	:	The Listing Manual of the SGX-ST, Section B: Rules of Catalist, as amended, modified or supplemented from time to time.
“Circular”	:	This circular to Shareholders dated 22 September 2016.
“Clinics”	:	Temasek Medical Centre (Bukit Batok), Temasek Medical Centre (Sembawang), Temasek Medical Centre (Woodlands) and Temasek Medical Centre (Yew Tee).
“Code”	:	The Singapore Code on Take-overs and Mergers, as amended or modified from time to time.
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore.
“Completion”	:	The completion of the Proposed Acquisition in accordance with the terms and conditions set out in the Sale and Purchase Agreement.
“Completion Date”	:	The date of Completion.
“Conditions Precedent”	:	Has the meaning ascribed to it in Paragraph 2.3(e) of this Circular.
“Conditions to HDB Approval for Assignment”	:	Has the meaning ascribed to it in Paragraph 2.3(f) of this Circular.
“Consideration”	:	The aggregate consideration for the Proposed Acquisition of S\$13,941,876.00.
“Consideration Shares”	:	27,883,750 new Shares to be issued as partial consideration for the Proposed Acquisition.

DEFINITIONS

“Controlling Shareholder(s)”	:	A person who: (a) holds directly or indirectly 15% or more of all voting Shares (unless otherwise determined by the SGX-ST); or (b) in fact exercises control over the Company.
“Directors”	:	The directors of the Company as at the date of this Circular.
“EGM”	:	The extraordinary general meeting of the Company to be convened and held at Alumni Association, The Alumni Medical Centre, 2 College Road, Singapore 169850 on 7 October 2016 at 10.30 a.m., notice of which is set out in the Notice of EGM.
“Employment Contract”	:	Has the meaning ascribed to it in Paragraph 2.3(j) of this Circular.
“HDB Approval for Assignment”	:	Has the meaning ascribed to it in Paragraph 2.3(f) of this Circular.
“IFA Letter”	:	The letter dated 22 September 2016 issued by the IFA containing the advice of the IFA to the Non-Interested Directors in relation to the Interested Person Transaction in connection with the Proposed Acquisition and the Proposed Whitewash Resolution, as reproduced in the Appendix to this Circular.
“Independent Shareholders”	:	Shareholders other than Dr Lee Hung Ming and his associates (as defined in the Catalist Rules) for the purpose of the Proposed Acquisition and the Proposed Allotment, and Shareholders who are independent of Dr Lee Yeng Fen, parties acting in concert with her and parties not independent of her for the purpose of the Proposed Whitewash Resolution.
“Interested Person Transaction in connection with the Proposed Acquisition”	:	The acquisition of shares in the Target Companies by the Company from Dr Lee Yeng Fen (who is the spouse of Dr Lee Hung Ming, Executive Vice Chairman and Controlling Shareholder of the Company) and the proposed allotment and issue of the 25,892,258 new Shares to Dr Lee Yeng Fen, on the terms and subject to the conditions of the Sale and Purchase Agreement.
“Interim Period”	:	Has the meaning ascribed to it in Paragraph 2.3(f) of this Circular.
“Issue Price”	:	S\$0.25, being the issue price in respect of each Consideration Share.

DEFINITIONS

“Latest Practicable Date”	:	14 September 2016, being the latest practicable date prior to the printing of this Circular.
“Leases”	:	Has the meaning ascribed to it in Paragraph 2.3(e) of this Circular.
“NAV”	:	Net asset value.
“Non-Interested Directors”	:	The Directors of the Company who are independent for the purposes of the Proposed Transactions, being Mr Sitoh Yih Pin, Dr Wong Jun Shyan, Professor Low Teck Seng and Mr Lim Wee Hann.
“Notice of EGM”	:	The notice of the EGM as set out on pages 71 to 74 of this Circular.
“NTA”	:	Net tangible assets.
“Profit Guarantee”	:	Has the meaning ascribed to it in Paragraph 2.3(i) of this Circular.
“Profit Guarantee Period”	:	Has the meaning ascribed to it in Paragraph 2.3(i) of this Circular.
“Proposed Acquisition”	:	The proposed acquisition of the entire issued and fully-paid share capital of the Target Companies pursuant to the Sale and Purchase Agreement.
“Proposed Allotment”	:	The proposed allotment and issue of the Consideration Shares to the Vendors (including the proposed allotment and issue of 25,892,258 new Shares to Dr Lee Yeng Fen) as partial satisfaction for the Proposed Acquisition.
“Proposed Transactions”	:	Collectively, the Proposed Acquisition, the Proposed Allotment and the Proposed Whitewash Resolution.
“Proposed Whitewash Resolution”	:	The proposed resolution to be approved by a majority of the Independent Shareholders by way of poll to waive their rights to receive a mandatory general offer from Dr Lee Yeng Fen and her concert parties for all the Shares in issue not already owned, controlled or agreed to be acquired by Dr Lee Yeng Fen and her concert parties as a result of the proposed allotment and issue of 25,892,258 new Shares to Dr Lee Yeng Fen.
“Re-Transfer of Legal Title”	:	Has the meaning ascribed to it in Paragraph 2.3(f) of this Circular.

DEFINITIONS

“Sale and Purchase Agreement”	:	The conditional sale and purchase agreement dated 27 May 2016 between the Company and the Vendors in relation to the Proposed Acquisition, supplemented and amended by the Supplemental Agreement (as from time to time amended, modified or supplemented).
“Sale Shares”	:	All the issued shares in each of the Target Companies.
“Securities Account”	:	A securities account maintained by a Depositor with CDP but does not include a securities sub-account maintained with a Depository Agent.
“SFA”	:	The Securities and Futures Act, Chapter 289 of Singapore.
“Share Buyback Exemption”	:	Has the meaning ascribed to it in Paragraph 3.5(a) of this Circular.
“Share Buyback Mandate”	:	The Company’s share buyback mandate approved at the extraordinary general meeting held on 28 April 2016.
“Shareholders”	:	Registered holders of Shares in the register of members of the Company except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context so admits, mean the Depositors whose Securities Accounts maintained with CDP are credited with Shares.
“Shares”	:	Ordinary shares in the capital of the Company.
“Shortfall Compensation”	:	Has the meaning ascribed to it in Paragraph 2.3(i) of this Circular.
“Shortfall Threshold”	:	Has the meaning ascribed to it in Paragraph 2.3(i) of this Circular.
“Substantial Shareholder”	:	A person who has an interest in not less than 5.0% of the total votes attached to all the voting shares (excluding treasury shares) in the Company.
“Supplemental Agreement”	:	The supplemental agreement to the Sale and Purchase Agreement dated 6 September 2016 between the Company and the Vendors.
“Transfer of Legal Title”	:	Has the meaning ascribed to it in Paragraph 2.3(f) of this Circular.
“Trust Arrangement”	:	Has the meaning ascribed to it in Paragraph 2.3(f) of this Circular.

DEFINITIONS

“Whitewash Waiver” : Has the meaning ascribed to it in Paragraph 3.2 of this Circular.

“%” or “per cent” : Percentage or per centum.

Currency

“S\$” and “cents” : Singapore dollars and cents, respectively.

The terms **“acting in concert”** and **“concert parties”** shall have the meanings ascribed to them in the Code.

The term **“subsidiary”** shall have the meaning ascribed to it in the Companies Act.

The terms **“Depositor”**, **“Depository Agent”** and **“Depository Register”** shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

The terms **“associate”** and **“associated company”** shall have the meanings ascribed to them respectively in the Catalist Rules.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall, where applicable, include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word or term defined under the Code, Companies Act, the SFA, the Catalist Rules or any modification thereof and used in this Circular shall have the same meaning assigned to it thereunder, as the case may be, unless otherwise provided.

Any reference to a time of day in this Circular is made by reference to Singapore time unless otherwise stated.

Any discrepancies in tables included herein (if any) between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that preceded them.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

Certain statements contained in this Circular, which are not statements of historical fact, constitute “forward-looking statements”. Some of these statements can be identified by forward-looking terms such as “expect”, “believe”, “plan”, “intend”, “estimate”, “anticipate”, “may”, “will”, “would”, “could” or similar words. However these words are not the exclusive means of identifying forward-looking statements. All statements regarding the Group’s or the Enlarged Group’s expected financial position, business strategy, plans and prospects are forward-looking statements and accordingly involve known and unknown risks, uncertainties and other factors that may cause the Group’s or the Enlarged Group’s actual results, performance and achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Given the risks and uncertainties which may cause the Group’s or the Enlarged Group’s actual future results, performance or achievements to be materially different from those expected, expressed or implied by forward-looking statements in this Circular, undue reliance must not be placed on those statements. The Company does not represent or warrant that the Group’s or the Enlarged Group’s actual future results, performance or achievements will be as discussed in those statements. Further, the Company disclaims any responsibility, and undertakes no obligation to update or revise any forward-looking statements contained in this Circular to reflect any change in the Group’s or the Enlarged Group’s expectations with respect to such statements after the Latest Practicable Date or to reflect any change in events, conditions or circumstances on which the Company based any such statements subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any regulatory or supervisory body or agency.

LETTER TO SHAREHOLDERS

ISEC HEALTHCARE LTD.

(Company Registration No. 201400185H)
(Incorporated in the Republic of Singapore)

Directors

Mr Sitoh Yih Pin (Non-Executive Chairman and Independent Director)
Dr Lee Hung Ming (Executive Vice Chairman)
Dr Wong Jun Shyan (Executive Director and Chief Executive Officer)
Professor Low Teck Seng (Independent Director)
Mr Lim Wee Hann (Independent Director)

Registered Office

101 Thomson Road
#09-04 United Square
Singapore 307591

22 September 2016

To: The Shareholders of ISEC Healthcare Ltd.

Dear Sir/Madam

- (1) **THE PROPOSED ACQUISITION OF THE JL MEDICAL GROUP OF COMPANIES WHICH CONSTITUTES AN INTERESTED PERSON TRANSACTION UNDER THE CATALIST RULES;**
- (2) **THE PROPOSED ALLOTMENT AND ISSUE OF THE CONSIDERATION SHARES TO THE VENDORS AT THE ISSUE PRICE OF S\$0.25 FOR EACH CONSIDERATION SHARE PURSUANT TO THE PROPOSED ACQUISITION;**
- (3) **THE PROPOSED ALLOTMENT AND ISSUE OF 25,892,258 NEW ORDINARY SHARES TO DR LEE YENG FEN (AN ASSOCIATE OF DR LEE HUNG MING, EXECUTIVE VICE CHAIRMAN AND CONTROLLING SHAREHOLDER OF THE COMPANY) AT THE ISSUE PRICE OF S\$0.25 FOR EACH ORDINARY SHARE PURSUANT TO THE PROPOSED ACQUISITION; AND**
- (4) **THE PROPOSED WHITEWASH RESOLUTION BY INDEPENDENT SHAREHOLDERS FOR THE WAIVER OF THEIR RIGHTS TO RECEIVE A MANDATORY GENERAL OFFER FROM DR LEE YENG FEN AND HER CONCERT PARTIES.**

1. INTRODUCTION

1.1 Background

(a) The Proposed Acquisition and the Proposed Allotment

On 27 May 2016, the Company announced that it had entered into the Sale and Purchase Agreement with the Vendors in respect of the Proposed Acquisition, pursuant to which the Company had agreed to acquire, and the Vendors had agreed to sell, the entire issued and fully-paid share capital of each of the Target Companies, on the terms and subject to the conditions of the Sale and Purchase Agreement. On 6 September 2016, the Company further announced that the Company and the Vendors had entered into the Supplemental Agreement to supplement and amend the terms of the Sale and Purchase Agreement.

LETTER TO SHAREHOLDERS

In accordance with the Sale and Purchase Agreement, the Consideration of S\$13,941,876.00 shall be satisfied partly in cash and partly by the allotment and issuance of the Consideration Shares to the Vendors at the Issue Price upon Completion.

The Interested Person Transaction in connection with the Proposed Acquisition constitutes an interested person transaction as defined under Chapter 9 of the Catalist Rules as Dr Lee Yeng Fen, one of the Vendors, is an “interested person” for the purposes of Chapter 9 of the Catalist Rules as she is an associate of Dr Lee Hung Ming, who is the Executive Vice Chairman and Controlling Shareholder of the Company. As the value of the Interested Person Transaction in connection with the Proposed Acquisition exceeds 5.0% of the latest audited NTA of the Group, the approval of the Shareholders is required pursuant to Rule 906 of the Catalist Rules.

Accordingly, the Company will be seeking the approval of the Shareholders for the Proposed Acquisition and the Proposed Allotment at the EGM. Following completion of the Proposed Acquisition, the Target Companies will become wholly-owned subsidiaries of the Company.

(b) The Proposed Whitewash Resolution

Upon the allotment and issuance of the Consideration Shares on Completion, Dr Lee Yeng Fen will incur an obligation to make a mandatory general offer for the Shares under Rule 14 of the Code unless such obligation is waived by the SIC. The Whitewash Waiver was granted to Dr Lee Yeng Fen by the SIC on 23 August 2016 and is subject to, *inter alia*, the Proposed Whitewash Resolution being approved by the Independent Shareholders at the EGM. Accordingly, the Company is seeking the approval of the Independent Shareholders for the Proposed Whitewash Resolution.

1.2 Opinion of the IFA

The IFA has been appointed to advise the Non-Interested Directors as to (a) whether the Interested Person Transaction in connection with the Proposed Acquisition is on normal commercial terms and not prejudicial to the interests of the Company and the Independent Shareholders; and (b) whether the Proposed Whitewash Resolution is fair and reasonable, and not prejudicial to the interests of the Independent Shareholders, when considered in the context of the Proposed Acquisition. The IFA Letter is set out in the **Appendix** to this Circular.

1.3 Purpose of this Circular and Conditionality of the Resolutions

The purpose of this Circular is to provide Shareholders with relevant information relating to the Proposed Transactions and to seek the approval of Shareholders for the following proposals at the EGM:

- (a) the Proposed Acquisition (Resolution 1);
- (b) the Proposed Allotment (Resolution 2);
- (c) the proposed allotment and issue of 25,892,258 new Shares to Dr Lee Yeng Fen (an associate of Dr Lee Hung Ming, the Executive Vice Chairman and Controlling Shareholder of the Company) (Resolution 3); and
- (d) the Proposed Whitewash Resolution (Resolution 4).

LETTER TO SHAREHOLDERS

Shareholders should note that all the Resolutions are inter-conditional upon each other. Accordingly, in the event that any of these Resolutions is not approved, the other Resolutions will not be passed.

This Circular has been prepared solely for the purposes outlined above and may not be relied upon by any persons (other than the Shareholders to whom this Circular is despatched to by the Company) or for any other purpose.

1.4 Sponsor and the SGX-ST

The Sponsor and the SGX-ST assume no responsibility for the contents of the Circular including the correctness of any of the statements made or opinions expressed or reports contained in this Circular. If a Shareholder is in doubt as to the action he should take, he should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser(s) immediately.

2. THE PROPOSED ACQUISITION AND THE PROPOSED ALLOTMENT

2.1 Rationale for the Proposed Acquisition

The Target Companies have maintained a stable income stream and profit track record for the last five financial years. With the Proposed Acquisition, the Group will be able to expand into general (western) medical services and aesthetic treatment services. The aesthetic treatment services provided at Temasek Medical Centre (Bukit Batok) may, in the future, also be offered at the other Clinics, and the Group may develop such aesthetic treatment services by offering oculoplastic and cosmetic eye lid services. The Proposed Acquisition and the general practice medical services provided by the Target Companies are complementary to the Group's existing business.

The Group will have the opportunity to tap on the patient base of the Clinics as referral centres for ophthalmology-related cases as well as to expand its ophthalmology services to HDB neighbourhoods. Due to the location of the Clinics in heartland areas, the Group will be able to expand its demographic of patients as well as increase its visibility and promote its brand name in these new locations.

The Consideration is to be satisfied by the Company in cash and the Consideration Shares to be allotted and issued to the Vendors. By satisfying part of the Consideration by way of the Proposed Allotment, the Company is able to conserve its cash to be utilised for other purposes such as its working capital and for other investment opportunities. As new Shareholders, the interests of the Vendors will be aligned to that of the Group's.

LETTER TO SHAREHOLDERS

2.2 Information on the Target Companies and the Vendors

(a) Information on the Target Companies

Each Target Company is incorporated as a limited exempt private company under the laws of Singapore in 2007. As at the date of the Sale and Purchase Agreement, all the Sale Shares are owned by the Vendors as set out in the table below:

Target Company	Number of Sale Shares	Issued and Paid-up Share Capital	Vendors	Number of Sale Shares Held (As a Percentage of all the issued shares in the Target Company)
JLMBB	200	S\$200.00	Dr Lee Yeng Fen	200 (100%)
JLMS	200	S\$200.00	Dr Lee Yeng Fen	177 (88%)
			Dr Koo Xian Yeang	23 (12%)
JLMW	200	S\$200.00	Dr Lee Yeng Fen	171 (86%)
			Dr Ng Chiew Fang	29 (14%)
JLMYT	200	S\$200.00	Dr Lee Yeng Fen	200 (100%)

Each Target Company owns and operates a medical clinic in Singapore, details of which are set out in the table below. Each Clinic provides general (western) medical services. In addition, Temasek Medical Centre (Bukit Batok) also provides aesthetic treatment services.

Target Company	Clinic	Address	Resident Doctor
JLMBB	Temasek Medical Centre (Bukit Batok)	Block 413, Bukit Batok West Avenue 4, #01-214, Singapore 650413	Dr Lee Yeng Fen
JLMS	Temasek Medical Centre (Sembawang)	Block 406, Sembawang Drive, #01-284, Singapore 750406	Dr Koo Xian Yeang
JLMW	Temasek Medical Centre (Woodlands)	Block 883, Woodlands Street 82, #01-464, Singapore 730883	Dr Ng Chiew Fang
JLMYT	Temasek Medical Centre (Yew Tee)	Block 624, Choa Chu Kang Street 62, #01-226, Singapore 680624	Dr Tang Ching Ching

LETTER TO SHAREHOLDERS

The audited NAV and NTA of the Target Companies as at 31 October 2015 and the audited profits before income tax, minority interests and extraordinary items of the Target Companies for the financial year ended 31 October 2015 are set out in the table below.

Target Company	Audited NAV/NTA (S\$)	Audited profits before income tax, minority interests and extraordinary items (S\$)
JLMBB	2,332,763.00	413,530.00
JLMS	393,638.00	278,632.00
JLMW	540,240.00	301,648.00
JLMYT	201,508.00	192,005.00
Total	3,468,149.00	1,185,815.00

It was agreed that the Target Companies will distribute dividends to the Vendors prior to Completion. The Vendors have given undertakings that the aggregate NTA of the Target Companies will be a minimum of S\$500,000 (including S\$300,000 in cash and cash equivalents) upon Completion. Please refer to Paragraph 2.6 of this Circular for more information.

(b) Information on the Vendors

The information presented herein and in other sections of this Circular relating to the Vendors is based on information provided by the Vendors.

- (i) Dr Lee Yeng Fen is the medical director of the Target Companies. She graduated with a medical degree (M.B.B.S.) in 1989 from the National University of Singapore (“**NUS**”). She set up her first clinic, Temasek Medical Centre, in Bukit Batok, in 1993 and subsequently set up various branches in Choa Chu Kang (Yew Tee), Woodlands and Sembawang. Dr Lee Yeng Fen is the resident doctor at Temasek Medical Centre (Bukit Batok) and is a visiting doctor at Temasek Medical Centre (Yew Tee). Dr Lee Yeng Fen’s clinical interests also include medical aesthetics and she has obtained a Diploma in Aesthetic Medicine (USA) in 2006. She is a certified laser physician and is trained in giving Botox and dermal filler injections. She continues to update herself by attending local and international medical conferences.

Dr Lee Yeng Fen is the spouse of Dr Lee Hung Ming, the Executive Vice Chairman and Controlling Shareholder of the Company.

- (ii) Dr Koo Xian Yeang obtained her medical degree (M.B.B.S.) from NUS in 1987 and began her medical career with the Ministry of Health (Toa Payoh Hospital as well as polyclinics). In 1993, she joined Lim Clinic & Surgery in Chai Chee as a general practitioner. In November 2009, Dr Koo Xian Yeang joined Temasek Medical Centre (Sembawang) and has been the resident doctor at the Clinic since. She has been on the Register of Family Physicians since 2012.

LETTER TO SHAREHOLDERS

- (iii) Dr Ng Chiew Fang graduated from NUS with a medical degree (M.B.B.S.) in 1990 and started her medical career with the Ministry of Health in various hospitals and polyclinics. She obtained her postgraduate Master of Medicine (Family Medicine) from NUS in 1996. In 1997, she joined Temasek Medical Centre (Woodlands) as a general practitioner and has been the resident doctor at the Clinic since. From November 2007 to 2012, Dr Ng Chiew Fang was a tutor for Undergraduate Medical Teaching in NUS (Yong Loo Lin School of Medicine) and has been an examiner for the Graduate Diploma of Family Medicine of NUS since July 2009. She has also been on the Register of Family Physicians since 2011 and, as of July 2014, is a member of the Ministry of Health Peer Review Committee of the Chronic Disease Management Programme Clinical Advisory Committee.
- (iv) As at the Latest Practicable Date, none of the Vendors holds, directly or indirectly, any Shares.

2.3 Details of the Proposed Acquisition

(a) Sale Shares

The Sale Shares will be acquired by the Company free from all encumbrances and with all rights, benefits and entitlements attaching thereto as at the Completion Date and thereafter, including the right to any dividends or other distributions declared and payable thereon on or after the Completion Date. The Company shall not be obliged to complete the purchase of any of the Sale Shares unless the purchase of all the Sale Shares is completed simultaneously.

(b) Consideration

The Consideration of S\$13,941,876.00 was calculated based on an aggregate of 12 times of each of the Target Companies' unaudited adjusted and normalised net profit after tax for the financial year ended 31 October 2015, and is payable in respect of each Target Company as follows:

Target Company	Consideration (S\$)
JLMBB	4,138,596.00
JLMS	3,616,344.00
JLMW	4,012,752.00
JLMYT	2,174,184.00
Total	13,941,876.00

The Consideration shall be payable by the Company on the Completion Date as follows:

- (i) 50% of the Consideration in cash; and
- (ii) 50% of the Consideration shall be satisfied by way of allotment and issue of the Consideration Shares to the Vendors,

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and shall be payable to each of the Vendors in the following proportions:

Vendor	Consideration (S\$)	Portion of Consideration Payable in Cash (S\$)	Number of Consideration Shares
Dr Lee Yeng Fen	12,946,129.44	6,473,064.72	25,892,258
Dr Koo Xian Yeang	433,961.28	216,980.64	867,922
Dr Ng Chiew Fang	561,785.28	280,892.64	1,123,570
Total	13,941,876.00	6,970,938.00	27,883,750

(c) Consideration Shares

The Issue Price for each Consideration Share is S\$0.25, which was calculated based on a 10% discount to the volume weighted average price of the Shares in the last 60 days prior to the date of the Sale and Purchase Agreement, being approximately S\$0.278.

The Consideration Shares, when allotted and issued, shall be credited as fully-paid and free from any encumbrances and shall rank *pari passu* in all respects with, and carry all rights similar to, the existing Shares, except that they will not rank for any dividend, right, allotment or other distribution, the record date for which falls on or before the date of issue of the Consideration Shares.

The Consideration Shares will represent approximately 5.39% of the enlarged share capital of the Company following Completion of 517,095,669 Shares, assuming no new Shares are issued by the Company between the Latest Practicable Date and the Completion Date (both dates inclusive).

(d) Moratorium on the Consideration Shares

Each Vendor has undertaken to the Company that she shall not, during the period commencing on (and including) the Completion Date and ending on (and including) the date falling five years from the Completion Date (the "**Moratorium Period**"), do or agree to do any of the following (the "**Moratorium**"):

- (i) pledge, mortgage, charge or otherwise create any encumbrance over all or any part of the Consideration Shares or any interest in all or any part of the Consideration Shares, or enter into any agreement(s) to effect the foregoing;
- (ii) sell, transfer or otherwise dispose of, or grant any option over, all or any part of the Consideration Shares, or otherwise sell, transfer or otherwise dispose of, or grant any option over, all or any part of her legal or beneficial interest in such shares, or enter into any agreement(s) to effect the foregoing;
- (iii) enter into any agreement in respect of the votes attached to the Consideration Shares; or

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- (iv) circumvent the restrictions set forth in this Paragraph 2.3(d) by disposing of, directly or indirectly, her beneficial interests in the Consideration Shares which she holds, including without limitation, by way of a disposition of shares which she holds in the relevant holding entities that hold the Consideration Shares.

Upon Completion, the Moratorium shall apply to each of the Vendors as follows:

- (A) 100% of the Consideration Shares allotted and issued to her on Completion (the “**Relevant Shares**”) for a period commencing from the Completion Date up to the date falling one year after the Completion Date (both dates inclusive);
- (B) 80% of the Relevant Shares for a period commencing from the date immediately after the expiry of the period in sub-paragraph (A) above up to the date falling two years after the Completion Date (both dates inclusive);
- (C) 60% of the Relevant Shares for a period commencing from the date immediately after the expiry of the period in sub-paragraph (B) above up to the date falling three years after the Completion Date (both dates inclusive);
- (D) 40% of the Relevant Shares for a period commencing from the date immediately after the expiry of the period in sub-paragraph (C) above up to the date falling four years after the Completion Date (both dates inclusive); and
- (E) 20% of the Relevant Shares for a period commencing from the date immediately after the expiry of the period in sub-paragraph (D) above up to the date falling five years after the Completion Date (both dates inclusive).

(e) **Conditions Precedent**

Completion is subject to certain conditions precedent (the “**Conditions Precedent**”) being satisfied or waived in accordance with the Sale and Purchase Agreement, including, *inter alia*, the following:

- (i) the approval of the Shareholders (other than Dr Lee Hung Ming and his associates) being obtained at a general meeting in respect of (A) the Proposed Acquisition (including but not limited to the acquisition of Dr Lee Yeng Fen’s Sale Shares, which constitutes an interested person transaction under Chapter 9 of the Catalist Rules); and (B) the Proposed Allotment;
- (ii) the SIC having (A) confirmed that each of the Vendors are not regarded as parties acting in concert with each other; and (B) granted the Whitewash Waiver;
- (iii) the approval of the Proposed Whitewash Resolution by the Independent Shareholders by way of a poll at an EGM;
- (iv) the approval of the SGX-ST being obtained in respect of the listing and quotation of all the Consideration Shares;
- (v) the approval of the Ministry of Health being obtained in respect of the transfer of the licences relating to the Clinics to the name of the respective Target Company;

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- (vi) the approval of HDB being obtained in connection with the leases relating to the Clinics (the “**Leases**”), including (A) the transfer of the Leases to the respective Target Company and change of ultimate shareholders in connection with the Sale and Purchase Agreement; and (B) the change of mode of business, where applicable; and
- (vii) the results of the due diligence (including but not limited to legal, financial, business or otherwise) conducted on the Target Companies being reasonably satisfactory to the Company.

If any of the above conditions is not satisfied on or before 27 November 2016 (or such other later date as may be agreed between the Company and the Vendors in writing), the Sale and Purchase Agreement shall lapse.

(f) Transfer of Legal Title to the Sale Shares

The Condition Precedent set out in Paragraph 2.3(e)(vi) of this Circular that the Vendors obtain the approval of HDB in connection with the Leases including, *inter alia*, the application for assignment of tenancy pursuant to the change of ultimate shareholders of the Target Companies in connection with the Proposed Acquisition (the “**HDB Approval for Assignment**”) is in turn conditional on HDB receiving the updated business registration records of the Target Companies maintained with the Accounting and Corporate Regulatory Authority of Singapore updated to reflect the Company as the registered shareholder of the Target Companies (the “**Conditions to HDB Approval for Assignment**”).

For the sole purpose of satisfying the Conditions to HDB Approval for Assignment, the Vendors shall transfer the legal title to the Sale Shares to the Company (the “**Transfer of Legal Title**”) to be held in trust by the Company for the respective Vendor(s) (the “**Trust Arrangement**”), as follows:

- (i) during the period from the date of Transfer of Legal Title to the earlier of (A) the date of Completion and (B) the date of Re-Transfer of Legal Title (both dates inclusive), as the case may be, being the effective period of the Trust Arrangement (the “**Interim Period**”), the Vendors shall retain all beneficial rights, benefits and entitlements attaching to the Sale Shares (including the right to any dividends or other distributions declared and payable thereon). For the avoidance of doubt, the Transfer of Legal Title shall not amount to Completion, and the sale and purchase of the Sale Shares remains subject to Completion;
- (ii) the Trust Arrangement shall terminate and all rights and obligations of the Company and the Vendors in respect thereof shall cease with effect from the earlier of the Completion Date and the date of the Re-Transfer of Legal Title;
- (iii) in the event that the HDB Approval for Assignment is obtained on or before 27 November 2016 (or such other date as may be agreed in writing between the Company and the Vendors) on terms acceptable to the Company, and subject to the satisfaction or waiver (as the case may be) of all the Conditions Precedent, Completion shall take place in accordance with the terms and conditions of the Sale and Purchase Agreement. On Completion, all the beneficial rights, benefits and entitlements attaching to the Sale Shares will be transferred from the Vendors to the Company;

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- (iv) in the event that the HDB Approval for Assignment is not obtained on or before 27 November 2016 (or such other date as may be agreed in writing between the Company and the Vendors) on terms acceptable to the Company, the Company shall transfer the legal title to the Sale Shares to the respective Vendor(s) who transferred the relevant number of Sale Shares to the Company (the “**Re-Transfer of Legal Title**”); and
- (v) the Vendors jointly and severally covenanted with the Company to indemnify and hold harmless the Company or at its option, the relevant Target Company from and against any and all losses which the Company or such Target Company (as the case may be) may at any time and from time to time sustain, incur or suffer by reason of or in connection with the Trust Arrangement, the Transfer of Legal Title, the Re-Transfer of Legal Title and/or the Company being the registered holder of the Sale Shares during the Interim Period.

(g) Completion

Completion is scheduled to take place no later than 10 business days after the Conditions Precedent are fulfilled (or if not fulfilled, waived by the Company). In the event any of the Conditions Precedent is not fulfilled or waived on or before 27 November 2016 or such other date as agreed in writing between the Company and the Vendors, the Sale and Purchase Agreement (other than certain specified provisions) shall lapse and cease to have effect, and all obligations and liabilities of the Company and the Vendors shall cease and determine and no party shall have any claim against any other party, save in respect of breaches of undertakings in respect of the fulfilment of the Conditions Precedent and any antecedent breaches.

(h) Pre-Completion Undertaking

Each of the Vendors has undertaken in respect of the Target Companies in which she holds shares (as at the date of the Sale and Purchase Agreement), to procure and ensure that, between the date of the Sale and Purchase Agreement and the Completion Date, the Target Companies shall retain and maintain a minimum NTA and a minimum amount of the NTA in cash and cash equivalents as set out in the table below:

Target Company	Minimum NTA (S\$)	Minimum amount of the NTA which shall be in cash and cash equivalents (S\$)
JLMBB	150,000.00	90,000.00
JLMS	130,000.00	78,000.00
JLMW	145,000.00	87,000.00
JLMYT	75,000.00	45,000.00
Total	500,000.00	300,000.00

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(i) Profit Guarantee

Pursuant to the Sale and Purchase Agreement, each Vendor has guaranteed and undertaken for the benefit of the Company, in the shareholding proportions in the Target Company in which she holds shares (as at the date of the Sale and Purchase Agreement), that the APAT of that Target Company, for each of the five financial years commencing from 1 January 2017 (each a “**Profit Guarantee Period**”) shall be as set out in the table below (the “**Profit Guarantee**”):

Target Company	Profit Guarantee Amount for Each Profit Guarantee Period (S\$)	Shortfall Threshold for Each Profit Guarantee Period (S\$)
JLMBB	344,883.00	310,394.70
JLMS	301,362.00	271,225.80
JLMW	334,396.00	300,956.40
JLMYT	181,182.00	163,063.80
Total	1,161,823.00	1,045,640.70

In the event that the APAT of a Target Company is lower than 90% of the respective Profit Guarantee (the “**Shortfall Threshold**”) in respect of a Profit Guarantee Period, the respective Vendor(s) who hold(s) shares in such Target Company (as at the date of the Sale and Purchase Agreement) shall pay to the Company an amount equivalent to the difference between the Shortfall Threshold and the actual APAT of such Target Company, based on the proportion of their shareholdings in the said Target Company (as at the date of the Sale and Purchase Agreement) (the “**Shortfall Compensation**”), which shall be payable in cash to the Company upon demand.

Please refer to Paragraph 2.4 of this Circular for further details on the Profit Guarantee.

(j) Employment Contracts

Pursuant to the Sale and Purchase Agreement, each of Dr Lee Yeng Fen, Dr Koo Xian Yeang and Dr Ng Chiew Fang shall enter into an employment contract, in form and substance approved by the Company, with the Target Companies that own and operate Temasek Medical Centre (Bukit Batok), Temasek Medical Centre (Sembawang) and Temasek Medical Centre (Woodlands), respectively (each an “**Employment Contract**”). Dr Lee Yeng Fen will also be appointed as Group Medical Director of the Clinics, and will be a visiting doctor at Temasek Medical Centre (Yew Tee).

In addition, pursuant to the Sale and Purchase Agreement, the Vendors shall procure each of the doctors providing medical services at the Clinics (other than the Vendors) (including but not limited to Dr Tang Ching Ching) to enter into employment contracts

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with the respective Target Company at which she provides medical services, in form and substance approved by the Company. The employment contracts shall take effect from the Completion Date.

(k) Non-Competition

Under the Sale and Purchase Agreement, each of the Vendors has undertaken to the Company that she (save in accordance with her Employment Contract) will not, and shall procure that no affiliate and no director of any affiliate which is a corporation (a “**Prohibited Person**”) shall, in any relevant capacity during the two years period from the Completion Date:

- (i) carry on in, or be engaged, concerned or interested in any business or activity which is same or similar to the business carried out by the Target Companies (the “**Prohibited Business**”) or competes with the Prohibited Business in Singapore;
- (ii) canvass, solicit or entice away, in competition with the Prohibited Business, the custom of any person who has within three years prior to the Completion Date been a customer, supplier or partner of any of the Target Companies; and
- (iii) induce or seek to induce any person which is an employee of any of the Target Companies to become employed, whether as employee, consultant or otherwise, by such Prohibited Person.

The restrictions in Paragraph 2.3(k)(i) above do not apply to (1) any Prohibited Person with respect to any holding of or trading in (A) less than 5 per cent. of the outstanding share capital of a company of the shares of which are listed on any stock exchange or (B) any participation interests in any collective investment fund managed by an independent professional fund manager; or (2) the ownership and operation of medical general practice clinics in Singapore by the brothers of Dr Lee Yeng Fen provided that neither Dr Lee Hung Ming nor Dr Lee Yeng Fen has any interest, direct or indirect, in such clinics.

For purposes of this Paragraph 2.3(k), “**affiliate**” in relation to any person, means any other person that directly or indirectly through one or more intermediaries controls or is controlled by, or is under common control with, that first-mentioned person and where such person is an individual, the expression “**affiliate**” shall include the spouse, children, siblings and parents of such individual.

2.4 Profit Guarantee

In relation to the Profit Guarantee (as described in Paragraph 2.3(i) of this Circular), the Company provides the following information in accordance with the Catalist Rules.

(a) Factors in Accepting the Profit Guarantee

The Board is of the view that the Profit Guarantee helps to safeguard the interests of the Group and its Shareholders and the Company will have the legal recourse against the respective Vendors in the event that such Vendor(s) fail to pay the Shortfall Compensation (if required). In accepting the Profit Guarantee, the Board took into account the following factors:

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- (i) the track record and past financial performance of the Target Companies;
- (ii) the Target Companies' financial statements for the financial year ended 31 October 2015, as adjusted and normalised following discussions between the Company, its auditors and the Vendors; and
- (iii) the intrinsic potential of the business to grow.

(b) Assumptions in respect of the Quantum of the Profit Guarantee

The principal assumptions upon which the quantum of the Profit Guarantee was based are as follows:

- (i) there are no material changes in the existing political, economic, legal and social conditions, and regulatory and fiscal measures in Singapore, being the country in which the Target Companies operate;
- (ii) there will be no significant changes in the structure of the Target Companies and their principal sources of revenue;
- (iii) there will be no material loss of major suppliers or strategic partners which are essential for the operations of the Target Companies;
- (iv) there will be no material changes in the resident doctors or key employees of the Target Companies;
- (v) there will be no material adverse effect from any industrial or commercial disputes, which will affect the profitability and financial position of Target Companies;
- (vi) there will be no material changes in the inflation rates during the Profit Guarantee Periods;
- (vii) there will be no material changes in the borrowings of the Target Companies and its prevailing interest rates;
- (viii) there are no changes to the accounting policies normally adopted in the preparation of the financial statements of the Target Companies; and
- (ix) there will be no material capital expenditure during the Profit Guarantee Periods.

(c) Compensation in the event the Profit Guarantee is not met

In the event that the Profit Guarantee is not met and the APAT of a Target Company is below the Shortfall Threshold, the respective Vendor(s) who hold(s) shares in such Target Company (as at the date of the Sale and Purchase Agreement) is required to pay the respective Shortfall Compensation to the Company in cash upon demand.

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The Shortfall Compensation payable by the Vendor(s) (if required) will be an amount equivalent to the difference between the Shortfall Threshold (which provides for a 10% discount to the respective Profit Guarantee) and the actual APAT of such Target Company. Each Profit Guarantee Period is one year, which will ensure that the Company will receive the Shortfall Compensations (if any) from the Vendors on a regular basis during the five financial years commencing from 1 January 2017.

In determining the basis for the compensation, the Company notes that the Consideration was determined based on historical and not forward earnings of the Target Companies and the Profit Guarantee is intended to ensure continual accretive operational performance. Therefore, any compensation in the event that the Profit Guarantee is not met would be on a dollar for dollar basis.

(d) Safeguards to Ensure the Company's Right of Recourse

In the event the Profit Guarantee is not met and the respective Vendor(s) fail to pay the Shortfall Compensation (if required), the Company shall have the legal recourse under the Sale and Purchase Agreement against the Vendors.

(e) Further Announcements

The Company will inform Shareholders by way of an announcement when the Profit Guarantee has been met. In the event that the Profit Guarantee has not been met, the Company will further announce:

- (i) the variance between the Profit Guarantee and the actual profit, and the reason for the variance;
- (ii) any variation of the rights of the Company; and
- (iii) the possible course(s) of action by the Company to protect the interests of the Shareholders, if any. In such an event, the Company will update Shareholders on the specific course of action including its progress and outcome of the action in a timely manner.

In the event of any material variance or amendment in the terms of the Sale and Purchase Agreement, the Company will also make an announcement of such a variance. Where such a variation prejudices the Company, the Board will disclose the basis for the acceptance of such a variation.

2.5 Risk Factors Relating to the Proposed Acquisition

To the best of the Directors' knowledge and belief, as at the Latest Practicable Date, all the risk factors that are material to Shareholders and prospective investors in making an informed judgement on the Proposed Acquisition (save for such risks, including those relating to the medical healthcare industry, which have already been disclosed to the general public) are set out below. Shareholders should carefully consider and evaluate each of the following risks and all other information contained in this Circular before deciding whether to vote in favour of the Proposed Acquisition. The risks described below are not an exhaustive list of the risks currently facing the Target Companies or that may develop in the future and may not be set out in any particular order. There may be additional risks not described below or not presently known to the Company, or that the Company

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currently considers as immaterial that could turn out to be material, which may affect the operations of the Target Companies. If any of such risks develops into actual events, the business, operations, financial performance, financial condition and prospects of the Target Companies, and hence the Enlarged Group, could be materially and adversely affected.

There is no certainty that HDB will grant the HDB Approval for Assignment

The Proposed Acquisition is conditional upon all Conditions Precedent, including the HDB Approval for Assignment, being satisfied or waived in accordance with the Sale and Purchase Agreement. The Company and the Vendors have agreed to, *inter alia*, the Transfer of Legal Title and the Trust Arrangement for the sole purpose of satisfying the Conditions to the HDB Approval for Assignment. Please refer to Paragraph 2.3(f) of this Circular for further details.

There is no assurance that HDB will grant the HDB Approval for Assignment. In the event that the HDB Approval for Assignment is not obtained on or before 27 November 2016 (or such other date as may be agreed in writing between the Company and the Vendors) on terms acceptable to the Company, the Company will carry out the Re-Transfer of Legal Title. The Company will be the registered holder of shares in the Target Companies during the Interim Period and will not be involved in the management or operation of the Target Companies. Notwithstanding the indemnity provided by the Vendors to the Company in connection with the Trust Arrangement, the Transfer of Legal Title, the Re-Transfer of Legal Title and the Company being the registered holder of the Sale Shares during the Interim Period, the Company may incur unexpected or additional costs and other expenses in the event the HDB Approval for Assignment is not granted and the Group's reputation, and accordingly its business and prospects may be materially and adversely affected.

The Leases are an important aspect of the Target Companies' business due to the nature of general practice healthcare and the long term doctor-patient relationships maintained with patients living or working in the vicinity of the Clinics. Please refer to the risk factor entitled "Increase in operating costs, namely lease rental rates, and risk of relocation may cause disruption to business operations of the Target Companies" below for more information on Target Companies' risk of relocation. Therefore, if the HDB Approval for Assignment is not obtained by the agreed deadline, at its discretion, the Company may not waive the relevant Condition Precedent, and the Sale and Purchase Agreement shall lapse and the Proposed Acquisition will not complete. The termination of the Proposed Acquisition may have a material adverse effect on the reputation of the Group.

The Target Companies are dependent on Dr Lee Yeng Fen as the Medical Director of each of the Target Companies and doctor at the Bukit Batok Clinic and the Yew Tee Clinic

Dr Lee Yeng Fen is the Medical Director of each of the Target Companies, overseeing the operations of, and setting the direction for, the Target Companies. She is also the resident doctor at the Bukit Batok Clinic and a visiting doctor at the Yew Tee Clinic and accordingly, JLMBB and JLMYT respectively depend on her contribution to their business. The Target Companies also rely on Dr Lee Yeng Fen, her relationships with and her knowledge of private medical insurers, the Ministry of Health and other regulatory authorities in the general practice healthcare industry. She will, upon completion of the Proposed Acquisition,

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enter into an employment contract with the Group.¹ However, there can be no assurance that the Target Companies will be able to retain Dr Lee Yeng Fen or to find suitable replacements should she leave the employment of the Target Companies. The loss of the services of Dr Lee Yeng Fen may have a material adverse effect on the business, financial condition, results of operations and prospects of the Target Companies.

The Target Companies are dependent on the resident doctors and other healthcare professionals at the Clinics and their ability to attract new healthcare professionals

The Target Companies depend on the resident doctors, nurses and other healthcare professionals at the respective Clinics to provide medical services to patients who look for quality healthcare services and stable doctor-patient relationships. Furthermore, the performance and growth strategy of the Target Companies depend substantially on their ability to attract new healthcare professionals.

The recruitment of suitable candidates is highly competitive as the Target Companies compete with both the public and private healthcare service sectors, and the supply of registered doctors and nurses are limited. The factors which doctors and other healthcare professionals may consider before deciding whether to join a healthcare service provider include the level and structure of compensation, the reputation of the clinic and its owner, the quality of other medical staff, the quality and location of the clinic, and community relations. In the event that they cannot identify, attract or retain qualified persons to join their professional team, the business, financial condition, results of operations and prospects of the Target Companies may be materially and adversely affected.

The business of the Target Companies may be affected by competition from increasing number of general practitioners in the public and private sectors, as well as other healthcare service providers

The private healthcare services industry in which the Target Companies operate is highly competitive. The Target Companies strive to be a cluster of leading general practice private clinics, but face intense competition from other healthcare services providers and corporate healthcare solutions providers in both the public and private sectors in Singapore. The Target Companies compete with other private general practice clinics, private hospitals, government-owned hospitals, and hospitals owned or operated by non-profit and charitable organisations. The Target Companies will also have to compete with any future healthcare facilities located in the areas in which the Clinics are located.

Some of the Target Companies' competitors may have longer operating histories, more advanced technology, better brand recognition, greater financial resources, greater geographical coverage, more specialised medical staff, a stronger reputation in the market, or price their services at a lower quantum thereby exerting pricing pressures on the Target Companies. Such competitive advantages may enable the Target Companies' competitors to increase their market share, which will result in a lower profit margin and loss of market share for the Target Companies. The Target Companies may face more competition in the future from existing competitors and new entrants into the market both in terms of recruitment of medical practitioners and market share. If the Target Companies cannot compete effectively or maintain or grow its market share, their business, results of operations, financial condition and prospects may be materially and adversely affected.

¹ Please refer to Paragraph 2.3(j) of this Circular for more information on the employment contracts between the Target Companies and the doctors providing medical services at the Clinics.

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In addition, the revenue of the Target Companies may decline in the event that patients requiring general practice medical services or aesthetic services and who opt for private healthcare services, decide to opt for other healthcare service providers, and the business, results of operations, financial condition and prospects of the Target Companies may be materially and adversely affected.

The business of the Target Companies may be affected if the Clinics are no longer registered with corporate healthcare management companies (“CHMC”) and/or the Ministry of Health

CHMCs are service providers which cater to corporate entities and link them up with appropriate medical clinics. Under their arrangement with the CHMCs with which the Clinics are registered, the Clinics adhere to an agreed fee schedule and approved services. By registering and collaborating with the CHMCs, the Target Companies receive referrals and provide general medical services to eligible employees and staff of companies and clients of CHMCs. The Target Companies are also registered with the Ministry of Health for the provision of medical services to eligible patients who may benefit from the Community Health Assist Scheme and/or the Pioneer Generation Package. As some of the patients of the Clinics benefit from the Community Health Assist Scheme and/or the Pioneer Generation Package, any change in the relevant government policies may directly or indirectly affect the number of patients seeking medical services at the Clinics and the business of the Target Companies may be materially and adversely affected.

Cumulatively, the revenue generated from referrals from CHMCs and the Ministry of Health amounted to approximately 35% of the aggregate revenue of the Target Companies for the financial year ended 31 October 2015. The business, results of operations, financial condition and prospects of the Target Companies may be materially and adversely affected in the event that the Clinics cease to be registered with CHMCs and/or the Ministry of Health.

The business of the Target Companies is dependent on obtaining and renewing of requisite approvals, licences and/or permits

The business operations at the Clinics are subject to approvals, permits and licensing requirements, such as the medical clinic licences issued by the Ministry of Health, to conduct its day to day operations. Any failure to renew the requisite licences in a timely manner or at all, or any withdrawal of licences may result in the imposition of penalties on the Target Companies or suspension of their operations, which could materially and adversely affect their business, results of operations, financial condition and prospects.

The pre-requisites to obtaining the relevant approvals, licences and permits in the healthcare services industry may evolve and change over time and new or more stringent policies may be introduced. There is no assurance that the Target Companies will be able to adapt expeditiously to new laws, regulations or policies that may come into effect from time to time. If the Target Companies fail to comply with new policies and regulations, or if such policy changes disrupt the Target Companies’ business operations or cause them to incur additional costs, the Target Companies’ business, results of operations, financial condition and prospects may be materially and adversely affected.

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The Target Companies are reliant, to some extent, on the “Temasek Medical Centre” brand name and reputation

The success of the Target Companies depends to some extent on the recognition of the “Temasek Medical Centre” brand name and reputation in the general practice healthcare industry as a reliable service provider. Any litigation claims or complaints from patients in relation to the quality of services provided at the Clinics may adversely affect the reputation and image of the Target Companies, and may in turn, materially and adversely affect the demand for the services provided by other members of the Group. During the course of providing medical services, members of the Target Companies’ professional teams may prescribe medication and/or recommend treatments to patients based on their own professional judgment. The Target Companies are not able to guarantee the quality of pharmaceutical drugs or vaccinations prescribed and administered as they are not manufactured by the Target Companies.

In the event undesirable complications or harm are caused by such medical services or where the relevant treatment or medication does not fully meet the expectation of a patient, the patient may express negative comments through media such as the internet, newspaper or pursue a claim against the Target Companies, the Clinics and/or the professional team and staff. These complaints may result in reviews, investigations or disciplinary actions by regulatory and professional bodies and may affect the reputation of the relevant member of the professional team and staff, the Clinics and/or the Target Companies. Should the provision of medical services at the Clinics produce an undesirable outcome for a patient or if the Target Companies receive a complaint from a patient, the relevant staff may need to divert a significant amount of resources and incur extra expenses to handle such outcome or complaint, which could affect the Target Companies’ corporate image and reputation in the healthcare industry.

Where a member of a professional team is involved in or is subject to complaints, professional investigations or convicted of professional misconduct, it is possible that he/she may have to allocate resources to respond to these complaints and may even be restricted from practicing at the Clinics. This may have a material adverse effect on the Target Companies’ operations and/or profitability if a replacement is not found promptly. In the event that any complaint results in disciplinary actions or legal proceedings against the Target Companies, the Clinics and/or member of the professional teams, the Target Companies may need to allocate resources in order to claim an indemnity against relevant members of the Target Companies’ professional teams and there may be a material adverse effect on their reputation and hence, financial performance.

We are aware of other general practice medical clinics practicing under names similar to “Temasek” which are not part of the JL Medical Group of Companies. In the event of any complaints, professional investigations or professional misconduct at such other clinics not within the JL Medical Group of Companies, the business and reputation of the Target Companies may be materially and adversely affected.

The Target Companies are dependent on the continued effectiveness of the business model and may not be successfully integrated with the Group’s existing business operations

The business operations of the Target Companies are overseen by Dr Lee Yeng Fen and each of the Clinics are managed by the respective resident doctors. As part of the Target Companies’ business model, the success of the Clinics require the cooperation of all the

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doctors at the Clinics in providing quality medical services and keeping up with the standards that the “Temasek Medical Centre” brand name is recognised for. Although the Target Companies have successfully executed their business strategies in the past, there is no guarantee that they can implement the same and integrate with the Group’s existing business operations and corporate and administrative functions, including the integration of internal controls. Failure to effectively or successfully implement the Target Companies’ business strategies in a timely manner or at all or to manage and integrate their business operations may have a material adverse effect on their business, results of operations and financial condition.

The insurance coverage and indemnities of the Target Companies may not cover all their damages and losses

The Target Companies require their general practitioners to take out professional indemnity insurance policies at their own costs and indemnify the respective Target Company against all claims and damages sustained by the respective Target Company caused by or in relation to any wilful misconduct or negligence of the general practitioners in relation to the performance of their duties under their employment contracts or otherwise. Although the Target Companies have purchased insurance including, amongst others, insurance for business interruption, work injury compensation, public liability, and commercial all risks relating to renovation and improvements of the Clinics, they do not currently maintain insurance coverage for medical malpractice indemnity. As such, in the event of any claim or litigation arising from medical negligence of their doctors, the Target Companies cover their risk with back-to-back arrangements with their doctors and rely on the insurance coverage of the doctors’ medical professional liability insurance.

However, there is no assurance that their present insurance coverage or indemnity arrangements will be sufficient to cover all potential liabilities and risks that the Target Companies may face. There is also no certainty whether any or all of the relevant insurers or doctors will remain solvent and meet their contracted obligations to provide the coverage contracted for. If the arrangements for insurance or indemnity are insufficient, including coverage for any claims which exceed aggregate policy limits or resources of the indemnifying party, the Target Companies may be required to make substantial payments, which may have a material adverse effect on their business, financial position, results of business operations and prospects.

Increase in operating costs, namely lease rental rates, and risk of relocation may cause disruption to business operations of the Target Companies

The Target Companies lease the Clinics’ premises. The existing lease terms for the Clinics are three years. Upon the expiry of the leased tenure, the landlords, including but not limited to HDB, have the right to review and revise the terms and conditions of the lease agreements, which may include an increase in rental rates. The landlords may not renew the leases at all or on terms and conditions favourable to the Target Companies. Any increase in rental rates would increase the operating costs of the Target Companies, thereby affecting their profits. If the leases for the Clinics are not renewed, the Target Companies may incur additional costs and their business and operations may suffer from disruptions due to relocation and loss of prime locations. Furthermore, the Clinics may lose the business of local patients with whom doctors have built stable and long term doctor-patient relationships.

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There is no assurance that the future plans of the Target Companies will be successful

The business of the Target Companies has been in general practice medical services. The Target Companies intend to expand their business operations, and such expansion plans may include the expansion of existing Clinics, acquisition of assets, setting up new subsidiaries, establishment of joint ventures businesses and acquisition of companies complementary to their existing business operations.

The Target Companies may not be able to effectively manage such a larger enterprise or achieve the desired profitability from their expansion. Significant funding may also be required for such expansion plans. In the event that the Target Companies do not have sufficient internal funds and are unable to secure third party financing on acceptable terms, or at all, to fund such expansion plans, they may not be able to proceed with their expansion plans.

Future ventures which the Target Companies undertake may be subject to new risks, including but not limited to (i) difficulties arising from operating a larger and more complex organisation and expanding into new districts; (ii) difficulties in the integration of the assets and business operations of new clinics, strategic alliances and joint ventures; (iii) the failure to realise expected profitability or growth; and (iv) the failure to realise expected synergies and cost savings. In the event that the Target Companies are unable to effectively or successfully manage such expansion plans, their business, financial condition, results of business operations and prospects may be materially and adversely affected.

The Target Companies may not be able to identify expansion opportunities or experience difficulties in implementing such projects

The growth of the Target Companies depends, to a certain extent, on their ability to fund, establish or acquire and manage additional clinics, strategic alliances and joint ventures. Such expansions may be capital expenditure intensive. The Target Companies may not be able to identify suitable locations for new clinics or facilities, or expand, improve and augment their existing businesses. The number of suitable acquisition or expansion opportunities may be limited and they may not be able to negotiate attractive terms for such acquisitions or expansions. They may also be unable to secure the necessary financing for such opportunities. If the Target Companies are unable to successfully identify opportunities for the aforementioned expansions or face difficulties in the process of such expansions, their business, financial condition, results of business operations and prospects may be materially and adversely affected.

2.6 Financial Effects of the Proposed Acquisition and the Proposed Allotment

The pro forma financial effects of the Proposed Acquisition and the Proposed Allotment on the Company presented below are strictly for illustrative purposes only and do not reflect the actual financial results or the future financial performance and condition of the Company and/or the Enlarged Group after Completion. The pro forma financial effects below were prepared on the basis of the audited consolidated financial statements of the Group for the financial year ended 31 December 2015.

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(a) Assumptions

The pro forma financial effects of the Proposed Acquisition and the Proposed Allotment set out below are subject to the following assumptions:

- (i) that the Proposed Acquisition and the Proposed Allotment had been completed on 1 January 2015 for the purposes of illustrating the financial effects on the earnings per Share;
- (ii) that the Proposed Acquisition and the Proposed Allotment had been completed on 31 December 2015, including the payment of the cash portion of the Consideration to the Vendors and that the Target Companies have, in aggregate, a minimum NTA of S\$500,000 (including S\$300,000 in cash and cash equivalents), for the purposes of illustrating the financial effects on the share capital and NTA;
- (iii) that fair value of the Consideration of S\$15,614,901 is computed based on cash Consideration of S\$6,970,938 and fair value of 27,883,750 Consideration Shares to be issued on Completion assumed to be S\$0.31 per Share (based on the closing Share price as at the Latest Practicable Date) or S\$8,643,963;
- (iv) that carrying amounts of assets and liabilities of the Target Companies are assumed to be their fair values and that goodwill and intangibles is the residual value of the fair value of the Consideration at S\$15,614,901 less identifiable net assets acquired of S\$500,000, subject to finalisation of the purchase price allocation; and
- (v) the expenses in connection with the Proposed Acquisition and the Proposed Allotment have been disregarded hereto.

(b) Share Capital

	Before the Proposed Acquisition and the Proposed Allotment	After the Proposed Acquisition and the Proposed Allotment
Number of Shares	489,211,919	517,095,669
Issued and paid up share capital	S\$51,461,751	S\$60,105,714 ⁽¹⁾

(c) NTA

	Before the Proposed Acquisition and the Proposed Allotment	After the Proposed Acquisition and the Proposed Allotment
NTA (S\$)	26,836,790	20,365,852 ⁽²⁾
Number of Shares	489,211,919	517,095,669
NTA per Share (cents)	5.49	3.94

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It was agreed that the Target Companies will distribute dividends to the Vendors prior to the Completion. The Vendors have given undertakings that the aggregate NTA of the Target Companies will be a minimum of S\$500,000 (including S\$300,000 in cash and cash equivalents) upon Completion. The Proposed Acquisition will result in the recognition of a significant amount of goodwill and intangibles as the fair value of the Consideration of approximately S\$15,614,901 is significantly above the minimum aggregate NTA of the Target Companies.

Accordingly, the Proposed Acquisition will result in a decrease in the NTA of the Group and the NTA per Share in view of the recognition of the significant amount of goodwill and intangibles arising from the Proposed Acquisition.

(d) Earnings per Share

	Before the Proposed Acquisition and the Proposed Allotment	After the Proposed Acquisition and the Proposed Allotment
Profit attributable to Shareholders (S\$)	2,759,868	3,921,691 ⁽³⁾
Weighted average number of Shares	460,519,414	488,403,164 ⁽⁴⁾
Earnings per Share (cents)	0.60	0.80

(e) Funding

The cash portion of the Consideration is intended to be funded by internal resources of the Group, including the net proceeds from the Company's initial public offering. The balance of the Consideration will be satisfied by way of allotment and issuance of new Shares in the Company.

Notes:

- (1) "Share Capital" after the Proposed Acquisition has been computed based on the fair value of 27,883,750 Consideration Shares to be issued on Completion assumed to be S\$0.31 per Share (based on the closing Share price as at the Latest Practicable Date) or S\$8,643,963.
- (2) "NTA" after the Proposed Acquisition has been computed based on the audited NTA of the Group as at 31 December 2015 and the unaudited combined NTA attributable to the Target Companies as of 31 October 2015, having taken into account the payment of the cash portion of the Consideration to the Vendors and the Target Companies having a minimum aggregate NTA of S\$500,000 (including S\$300,000 in cash and cash equivalents).
- (3) "Profit attributable to Shareholders" after the Proposed Acquisition has been computed based on the audited net profit attributable to the Shareholders for the financial year ended 31 December 2015 and the unaudited combined adjusted and normalised profit after tax attributable to the Target Companies of S\$1,161,823 for the financial year ended 31 October 2015.
- (4) Assuming that the 27,883,750 Consideration Shares are in issue from 1 January 2015.

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2.7 Relative Figures under Chapter 10 of the Catalyst Rules

The relative figures for the Proposed Acquisition computed on the bases set out in Rule 1006 of the Catalyst Rules, based on the unaudited financial statements of the Group for the three months ended 30 June 2016 are as follows:

Rule 1006	Bases	Relative figure (%)
(a)	The net asset value of the assets to be disposed of, compared with the group's net asset value. This basis is not applicable to an acquisition of assets	Not applicable
(b)	The net profits attributable to the assets acquired or disposed of, compared with the group's net profit ⁽¹⁾	14.06 ⁽²⁾
(c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares	10.98 ⁽³⁾
(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	5.70 ⁽⁴⁾
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is 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.	Not applicable

Notes:

- (1) "Net profits" means profit or loss before income tax, minority interests and extraordinary items.
- (2) Computed based on the pro-rated unaudited combined adjusted and normalised net profits attributable to the Target Companies for the three months ended 31 October 2015 of S\$312,309 and the net profits attributable to the Group during the three months ended 30 June 2016 of S\$2,222,000.
- (3) Computed based on the cash portion of the Consideration of S\$6,970,938 and the Company's volume weighted average price of S\$0.270 per Share on 25 May 2016 (being the last trading day for the Shares prior to the signing of the Sale and Purchase Agreement), being higher than the Group's NAV per Share of S\$0.11 as at 30 June 2016, on the 27,883,750 Consideration Shares, and the Company's market capitalisation of S\$132,087,218 on its 489,211,919 Shares on 25 May 2016.
- (4) Computed based on the aggregate of 27,883,750 Consideration Shares and the total of 489,211,919 Shares in issue as at 27 May 2016 (being the date of the announcement in respect of the Proposed Acquisition).

Having regard to the above, as the relative figures computed based on Catalyst Rules 1006 (b), (c) and (d) exceed 5.0% but not 75.0%, the Proposed Acquisition constitutes a "discloseable transaction" under Rule 1010 of the Catalyst Rules.

2.8 No Service Contract

No person is proposed to be appointed as a director of the Company in connection with the Proposed Acquisition.

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2.9 Listing and Quotation Notice

The Sponsor will, on behalf of the Company, be applying to the SGX-ST for the listing of and quotation for the Consideration Shares on the SGX-ST and such listing of and quotation for the Consideration Shares on the SGX-ST will be subject to the conditions as stated in the listing and quotation notice. The Company will be making the necessary announcements on the listing and quotation notice with regard to the Consideration Shares in due course.

2.10 Shareholders' Approval

(a) Proposed Acquisition as an Interested Person Transaction

(i) Requirements of Chapter 9 of the Catalist Rules

Under Chapter 9 of the Catalist Rules, where a listed company or any of its subsidiaries or associated companies which is an "entity at risk" (as defined below) proposes to enter into a transaction, an "interested person transaction" (as defined below) with the listed company's "interested persons" (as defined below), shareholders' approval and/or an immediate announcement is required in respect of that transaction if its value is equal to or exceeds certain financial thresholds set out in Chapter 9 of the Catalist Rules.

Pursuant to Rule 906 of the Catalist Rules, shareholders' approval (in addition to an immediate announcement) is required where:

- (1) the value of such transaction is equal to or exceeds 5.0% of the group's latest audited NTA; or
- (2) the value of such transaction, when aggregated with the value of other transactions entered into with the same interested person during the same financial year, equals to or exceeds 5.0% of the group's latest audited NTA (such aggregation need not include any transaction that has been approved by shareholders previously or is the subject of aggregation with another transaction that has been previously approved by shareholders).

Interested person transactions below S\$100,000 each are to be excluded.

(ii) Definitions under Chapter 9 of the Catalist Rules

For the purposes of Chapter 9 of the Catalist Rules:

- (1) an "**approved exchange**" means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9 of the Catalist Rules;
- (2) "**Control**" means the capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company;

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- (3) an “**entity at risk**” means:
- (A) the listed company;
 - (B) a subsidiary company of the listed company that is not listed on the SGX-ST or an approved exchange; or
 - (C) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed group, or the listed group and its interested person(s), has Control over the associated company;
- (4) an “**interested person**” means:
- (A) a director, chief executive officer or Controlling Shareholder of the listed company; or
 - (B) an associate of such director, chief executive officer or Controlling Shareholder;
- (5) an “**interested person transaction**” means a transaction between an entity at risk and an interested person; and
- (6) a “**transaction**” includes the provision or receipt of financial assistance, the acquisition, disposal or leasing of assets, the provision or receipt of services, the issuance or subscription of securities, the granting of or being granted options, and the establishment of joint ventures or joint investments, whether or not in the ordinary course of business, and whether or not entered into directly or indirectly.

(iii) Details of the Interested Persons

Dr Lee Yeng Fen, one of the Vendors, is an interested person for purposes of Chapter 9 of the Catalist Rules, as she is the spouse of Dr Lee Hung Ming. As at the Latest Practicable Date, Dr Lee Hung Ming is the Executive Vice Chairman and Controlling Shareholder of the Company, with an interest in 162,000,000 Shares, representing approximately 33.11% of the Company’s total issued Shares.

Accordingly, the Proposed Acquisition constitutes an interested person transaction under Chapter 9 of the Catalist Rules.

Save as disclosed above, the Company has not entered into any interested person transactions or any transactions with any of Dr Lee Hung Ming or his associates, from the beginning of the current financial year (being 1 January 2016) up to and including the Latest Practicable Date.

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(iv) Materiality thresholds under Chapter 9 of the Catalist Rules

Under Chapter 9 of the Catalist Rules, Shareholders' approval is required for an interested person transaction of a value equal to, or exceeding, 5.0% of the Group's latest audited NTA or when aggregated with other interested person transactions entered into with the same interested person during the same financial year, the value is equal to or more than 5.0% of the Group's latest audited NTA.

The Consideration for the Proposed Acquisition is S\$13,941,876.00 and the portion of the Consideration payable to Dr Lee Yeng Fen is S\$12,946,129.44. The Group's latest audited NTA as at 31 December 2015 is S\$26,836,790.00. As the Consideration (in cash and by way of allotment and issue of 25,892,258 new Shares) payable to Dr Lee Yeng Fen against the Group's latest audited NTA is approximately 48.24%, which exceeds 5.0% of the Group's latest audited NTA, the Proposed Acquisition is subject to the approval of Independent Shareholders at the EGM.

Please refer to Paragraph 4 of this Circular and the **Appendix** to this Circular for the advice provided by the IFA.

(b) Rule 805 of the Catalist Rules

Rule 805(1) of the Catalist Rules provides, *inter alia*, that except as provided in Rule 806 (General Mandate) of the Catalist Rules, an issuer must obtain the prior approval of its shareholders in general meeting for the issue of shares of the issuer. Accordingly, the Proposed Allotment is subject to the approval of the Shareholders. As the specific approval of the Independent Shareholders at the EGM is being sought, the general share issue mandate of the Company will not be utilised for the Proposed Allotment.

(c) Rule 804 of the Catalist Rules

Rule 804 of the Catalist Rules provides, *inter alia*, that except in the case of an issue made on a pro rata basis to shareholders or a share option scheme or a share scheme, no director of an issuer, or associate of the director, may participate directly or indirectly in an issue of equity securities unless shareholders in general meeting have approved the specific allotment. As Dr Lee Yeng Fen, an associate of Dr Lee Hung Ming, who is the Executive Vice Chairman and Controlling Shareholder of the Company, is one of the Vendors in the Proposed Acquisition, Shareholders' approval is specifically required for the proposed allotment and issue of 25,892,258 new Shares to Dr Lee Yeng Fen pursuant to the Proposed Acquisition.

(d) Section 161 of the Companies Act

Section 161 of the Companies Act provides, *inter alia*, that the directors shall not, without the prior approval of the company in general meeting, exercise any power of the company to issue shares. Accordingly, Shareholders' approval is being obtained for the Proposed Allotment for the purposes of Section 161 of the Companies Act.

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3. THE PROPOSED WHITEWASH RESOLUTION

3.1 Mandatory General Offer

As at the Latest Practicable Date, Dr Lee Hung Ming (who is the Executive Vice Chairman and Controlling Shareholder of the Company), the spouse of a Vendor, Dr Lee Yeng Fen, holds an interest in 162,000,000 Shares, representing approximately 33.11% of the issued Shares as well as the voting rights in the Company. Subject to the Sale and Purchase Agreement, on Completion, Dr Lee Yeng Fen will be issued 25,892,258 new Shares and thereafter, Dr Lee Yeng Fen and parties acting in concert with her (namely, Dr Lee Hung Ming) will hold or control an aggregate of 187,892,258 Shares, representing approximately 36.34% of the enlarged number of issued Shares as well as the voting rights in the Company.

Under Rule 14 of the Code, any person who, together with persons acting in concert with him, holds not less than 30.0% but not more than 50.0% of the voting rights and such person, or any person acting in concert with him, acquires in any period of six months additional shares carrying more than 1.0% of the voting rights, such person is required, except with the consent of the SIC, to make a mandatory general offer, for all remaining issued shares in the company concerned which he and/or his concert parties do not already own, control or have agreed to acquire.

Therefore, pursuant to Rule 14 of the Code, Dr Lee Yeng Fen will incur an obligation to make a mandatory general offer for the remaining Shares not owned, controlled or agreed to be acquired by her or her concert parties at the highest price paid or agreed to be paid by any of them for the Shares, in the six months preceding the allotment and issue of the Consideration Shares, unless such obligation is waived by the SIC and the Proposed Whitewash Resolution is approved by the Independent Shareholders at the EGM.

3.2 SIC Confirmation and Whitewash Waiver

On 23 August 2016, the SIC (i) ruled that the Vendors are not persons acting in concert with each other² and (ii) waived the obligation for Dr Lee Yeng Fen to make a mandatory general offer under Rule 14 of the Code for the Company in the event she incurs an obligation to do so as a result of the issue of the Consideration Shares to Dr Lee Yeng Fen pursuant to the Proposed Acquisition (the “**Whitewash Waiver**”). The Whitewash Waiver is subject to, among other things, the following conditions:

- (a) a majority of holders of voting rights of the Company approve at a general meeting, before the issue of the Consideration Shares to Dr Lee Yeng Fen, the Proposed Whitewash Resolution by way of a poll;
- (b) the Proposed Whitewash Resolution is separate from other resolutions;
- (c) Dr Lee Yeng Fen, parties acting in concert with her and parties not independent of her abstain from voting on the Proposed Whitewash Resolution;

² This ruling will be invalidated should subsequent evidence indicate that Dr Koo Xian Yeang and/or Dr Ng Chiew Fang are or have been acting in concert with Dr Lee Yeng Fen with respect to the Company.

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- (d) Dr Lee Yeng Fen and her concert parties did not acquire or are not to acquire any Shares or instruments convertible into and options in respect of Shares (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new Shares which have been disclosed in this Circular):
 - (i) during the period between the date of the Announcement and the date on which Shareholders' approval is obtained for the Proposed Whitewash Resolution; and
 - (ii) in the six months prior to the date of the Announcement but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors in relation to the Proposed Acquisition;
- (e) the Company appoints an independent financial adviser to advise its Independent Shareholders on the Proposed Whitewash Resolution;
- (f) the Company sets out clearly in this Circular:
 - (i) details of the Proposed Acquisition, including the issue of the Consideration Shares;
 - (ii) the dilution effect of the issue of the Consideration Shares to existing holders of voting rights;
 - (iii) the number and percentage of voting rights in the Company as well as the number of instruments convertible into, rights to subscribe for and options in respect of Shares held by Dr Lee Yeng Fen and her concert parties as at the Latest Practicable Date;
 - (iv) the number and percentage of voting rights to be issued to Dr Lee Yeng Fen and her concert parties upon Completion;
 - (v) specific and prominent reference to the fact that Shareholders, by voting for the Proposed Whitewash Resolution, are waiving their rights to a general offer from Dr Lee Yeng Fen at the highest price paid by her and parties acting in concert with her for the Shares in the past six months preceding the commencement of the offer; and
 - (vi) Dr Lee Yeng Fen is a party that is acting in concert with Dr Lee Hung Ming with respect to the Company. However, if the Proposed Whitewash Resolution is approved, the acquisition of the Consideration Shares under the Proposed Acquisition would not invalidate the Share Buyback Exemption, being the exemption of Dr Lee Hung Ming and his concert parties from the requirement to make an offer under Rule 14 of the Code in connection with the Share Buyback Mandate.³
- (g) this Circular states that the waiver granted by the SIC to Dr Lee Yeng Fen from the requirement to make a general offer under Rule 14 is subject to the conditions stated in sub-paragraphs (a) to (f) above;

³ Please refer to Paragraph 3.5 of this Circular for further details on the Share Buyback Mandate and Share Buyback Exemption.

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- (h) the Company obtains the SIC's approval in advance for those parts of this Circular that refer to the Proposed Whitewash Resolution; and
- (i) to rely on the Proposed Whitewash Resolution, the issue of the Consideration Shares to Dr Lee Yeng Fen pursuant to the Proposed Acquisition must be completed within three months of approval of the Proposed Whitewash Resolution.

As at the Latest Practicable Date, save for conditions set out under Paragraphs 3.2(a), 3.2(d)(i) and 3.2(i) above, which are expected to be satisfied only at or after the EGM, all the other conditions imposed by the SIC set out above have been satisfied.

Dr Lee Yeng Fen and her concert parties did not acquire and nor will they acquire, any Shares, instruments convertible into Shares or options in respect of Shares:

- (a) during the period between the date of the Announcement and the date on which Independent Shareholders' approval is obtained for the Proposed Whitewash Resolution at the EGM; and
- (b) in the six months prior to the date of the Announcement.

3.3 The Proposed Whitewash Resolution

The Independent Shareholders are requested to vote by way of poll on the Proposed Whitewash Resolution as set out as an ordinary resolution in the Notice of EGM, waiving their rights to receive a general offer from Dr Lee Yeng Fen and her concert parties for the remaining Shares that Dr Lee Yeng Fen and her concert parties do not already own, control or have agreed to acquire.

Shareholders should note that the Proposed Acquisition is conditional, among other things, upon the passing of the Proposed Whitewash Resolution by the Independent Shareholders. In view of this, in the event that the Proposed Whitewash Resolution is not approved by the Independent Shareholders, the Proposed Acquisition will not proceed.

Independent Shareholders should also note that by voting for the Proposed Whitewash Resolution, they will be waiving their rights to receive a general offer for their Shares from Dr Lee Yeng Fen and her concert parties at the highest price paid by Dr Lee Yeng Fen and her concert parties for the Shares in the six months preceding the commencement of the offer which they would have otherwise been obliged to make for the Shares in accordance with Rule 14 of the Code.

3.4 Dilution

As at the Latest Practicable Date, the Company's issued share capital is S\$51,461,751 comprising 489,211,919 Shares. Assuming that the Completion takes place and all the Consideration Shares are issued, the 27,883,750 Consideration Shares will represent approximately 5.39% of the Shares in the enlarged share capital of the Company which will comprise 517,095,669 Shares.

As a result of the Proposed Acquisition and the Proposed Allotment, the collective shareholding interests of the Independent Shareholders in the Company will be diluted. Such dilution effects are illustrated under Paragraph 3.6 of this Circular, which sets out, *inter alia*, the changes in the shareholding interests of Shareholders in the Company after the Proposed Acquisition and the Proposed Allotment.

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3.5 The Share Buyback Exemption

(a) Details and Conditions of the Share Buyback Exemption

At the Company's extraordinary general meeting held on 28 April 2016, Shareholders approved the Share Buyback Mandate. Dr Lee Hung Ming submitted a notice to the SIC pursuant to Section 3(a) of Appendix 2 to the Code in connection with the exemption of Dr Lee Hung Ming and his concert parties from the requirement to make a general offer under Rule 14 of the Code if the shareholding of Dr Lee Hung Ming or parties acting in concert with him in the Company increases by more than 1.0% in any six months as a result of any share buyback carried out pursuant to the Share Buyback Mandate (the "**Share Buyback Exemption**").

Pursuant to paragraph 3(a)(v) of Appendix 2 to the Code, the Share Buyback Exemption is conditional upon Dr Lee Hung Ming and/or parties acting in concert with him not having acquired and not acquiring any Shares between the date on which they know that the announcement of the Share Buyback Mandate is imminent and the earlier of:

- (i) the date on which the authority of the Share Buyback Mandate expires; and
- (ii) the date on which the Company announces that it has bought back such number of Shares as authorised by the Share Buyback Mandate or it has decided to cease buying back its Shares, as the case may be,

if any such acquisitions, taken together with the share buyback, would cause their aggregate voting rights to increase by more than 1.0% of the preceding six months.

(b) SIC Ruling in relation to the Share Buyback Exemption

As Dr Lee Yeng Fen is a party that is acting in concert with Dr Lee Hung Ming with respect to the Company, the allotment and issue of 25,892,258 new Shares to Dr Lee Yeng Fen pursuant to the Proposed Acquisition would constitute an acquisition of Shares by Dr Lee Hung Ming and/or parties acting in concert with him as referred to in Paragraph 3.5(a) of this Circular.

As such, an application was made to the SIC to confirm that, *inter alia*, the acquisition of 25,892,258 new Shares by Dr Lee Yeng Fen pursuant to the Proposed Acquisition will not be taken into account in determining whether there are acquisitions by Dr Lee Hung Ming and/or persons acting in concert with him which, taken together with share buybacks pursuant to the Share Buyback Mandate, would cause their aggregate voting rights to increase by more than 1.0% in the preceding six months for the purposes of paragraph 3(a)(v) of Appendix 2 to the Code.

The SIC had on 23 August 2016 ruled that, in the event the Proposed Whitewash Resolution is approved, the acquisition of the 25,892,258 new Shares by Dr Lee Yeng Fen under the Proposed Acquisition would not invalidate the Share Buyback Exemption in relation to the Share Buyback Mandate granted to Dr Lee Hung Ming and his concert persons from the requirement to make an offer under Rule 14 of the Code.

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3.6 Changes to Shareholding

As at the Latest Practicable Date, the interest of the Directors and Substantial Shareholders of the Company as recorded in the Register of Directors' Shareholdings and Register of Substantial Shareholders (as the case may be) and of the Vendors, and (assuming there is no change to the issued share capital of the Company other than the issuance of the Consideration Shares) immediately after the Completion of the Proposed Acquisition and the Proposed Allotment, and the dilution effect of the issue of the Consideration Shares to the existing Shareholders of the Company, is set out below:

	Immediately before the Proposed Acquisition and the Proposed Allotment				Immediately after the Proposed Acquisition and the Proposed Allotment			
	Direct Interest Number of Shares	Deemed Interest Number of Shares	Total Interest		Direct Interest Number of Shares	Deemed Interest Number of Shares	Total Interest	
			Number of Shares	% ⁽¹⁾			Number of Shares	% ⁽²⁾
Directors								
Mr Sitoh Yih Pin	400,000	–	400,000	0.08	400,000	–	400,000	0.08
Dr Lee Hung Ming ⁽³⁾	83,609,200	78,390,800	162,000,000	33.11	83,609,200	104,283,058	187,892,258	36.34
Dr Wong Jun Shyan ⁽⁴⁾	27,685,705	15,000,000	42,685,705	8.73	27,685,705	15,000,000	42,685,705	8.25
Professor Low Teck Seng	400,000	–	400,000	0.08	400,000	–	400,000	0.08
Mr Lim Wee Hann	–	–	–	–	–	–	–	–
Vendors								
Dr Lee Yeng Fen	–	–	–	–	25,892,258	–	25,892,258	5.01
Dr Koo Xian Yeang	–	–	–	–	867,922	–	867,922	0.17
Dr Ng Chiew Fang	–	–	–	–	1,123,570	–	1,123,570	0.22
Substantial Shareholders (other than the Directors and the Vendors)								
Mr Oh Chin Beng ⁽⁵⁾	–	26,615,680	26,615,680	5.44	–	26,615,680	26,615,680	5.15
Public Shareholders⁽⁶⁾			200,529,381	40.99			200,529,381	38.78

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Notes:

- (1) Based on 489,211,919 Shares in issue as at the Latest Practicable Date.
- (2) Based on the enlarged issued share capital of the Company comprising 517,095,669 Shares immediately after Completion, assuming that the 27,883,750 Consideration Shares are allotted and issued and assuming no other new Shares are issued by the Company between the Latest Practicable Date and the Completion Date (both dates inclusive).
- (3) Dr Lee Hung Ming is deemed to have an interest in the 18,390,800 Shares and 60,000,000 Shares held through his nominees, Raffles Nominee (Pte) Limited and HSBC (Singapore) Nominees Pte Ltd, respectively. Following the issue of the Consideration Shares, Dr Lee Hung Ming will, in addition to the aforementioned, be deemed to have an interest in the 25,892,258 Shares held by Dr Lee Yeng Fen, his spouse.
- (4) Dr Wong Jun Shyan is deemed to have an interest in the 15,000,000 Shares held through his nominee, CIMSEC Nominees (Tempatan) Sdn Bhd.
- (5) Mr Oh Chin Beng is deemed to have an interest in the 26,615,680 Shares held through his nominee, Citibank Nominees Singapore Pte Ltd.
- (6) "Public Shareholders" are Shareholders other than (a) Directors, chief executive officer, Substantial Shareholders or Controlling Shareholders of the Company or its subsidiaries; and (b) associates of the persons in sub-paragraph (a) above.

3.7 Interest of the Vendors in the Shares

Save as disclosed in the table in Paragraph 3.6 of this Circular, as at the Latest Practicable Date, Dr Lee Yeng Fen and her concert parties do not have an interest in any voting rights in the Company or instruments convertible into, rights to subscribe for and options in respect of the Shares.

4. OPINION OF THE INDEPENDENT FINANCIAL ADVISER

Provenance Capital Pte. Ltd. has been appointed as the IFA to advise the Non-Interested Directors in relation to the Interested Person Transaction in connection with the Proposed Acquisition and the Proposed Whitewash Resolution.

The IFA Letter is reproduced in full in the **Appendix** to this Circular. **Shareholders are advised to read the IFA Letter in its entirety carefully and consider it in the context of this Circular before deciding on whether to approve the Proposed Transactions.**

The IFA's opinion can be found in Section 8 of the IFA Letter and a summary of the IFA's opinion has been extracted from the IFA Letter and are set out in italics below. Unless otherwise defined or the context otherwise requires, all terms defined in the IFA Letter shall have the meanings therein.

"Overall, based on our analysis and after having considered carefully the information available to us, our views are as follows:

- (i) the Proposed Acquisition as an Interested Person Transaction is on normal commercial terms and not prejudicial to the interests of the Company and the Independent Shareholders; and*

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(ii) *the Proposed Whitewash Resolution, when considered in the context of the Proposed Acquisition, is fair and reasonable, and not prejudicial to the interests of the Independent Shareholders. We therefore advise the Non-Interested Directors to recommend the Independent Shareholders to vote in favour of the Proposed Whitewash Resolution.*"

5. OPINION OF THE AUDIT COMMITTEE

The Audit Committee comprises Mr Sitoh Yih Pin, Professor Low Teck Seng and Mr Lim Wee Hann. The members of the Audit Committee do not have any interests in the Proposed Transactions and are accordingly considered to be independent for the purposes of the Proposed Transactions.

The Audit Committee, having reviewed, among other things, the terms and rationale for the Proposed Acquisition and the Proposed Allotment, and after considering the advice of the IFA as set out in the **Appendix** to this Circular, concurs with the IFA and is of the opinion that the Interested Person Transaction in connection with the Proposed Acquisition is on normal commercial terms and are not prejudicial to the interests of the Company and the Independent Shareholders.

6. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Dr Lee Hung Ming is interested in the Proposed Transactions by virtue of his being the Executive Vice Chairman and Controlling Shareholder of the Company and also the spouse of Dr Lee Yeng Feng, one of the Vendors.

Save as disclosed in this Circular and other than through their respective shareholdings in the Company, none of the Directors or Substantial Shareholders, has any interest, direct or indirect, in the Proposed Transactions.

7. DIRECTORS' RECOMMENDATION

Independent Shareholders should read and consider carefully the recommendation of the Non-Interested Directors and the advice of the IFA in its entirety before giving their approvals pertaining to the Proposed Transactions. Independent Shareholders are also urged to read carefully the terms and conditions of the Proposed Transactions, the rationale for the Proposed Acquisition and the Proposed Allotment, the details of the Proposed Whitewash Resolution and the financial effects of the Proposed Acquisition, as respectively set out in this Circular.

Dr Lee Hung Ming, being an interested person under Chapter 9 of the Catalist Rules for the purposes of the Proposed Acquisition and the Proposed Allotment, and a concert party of Dr Lee Yeng Fen for the purposes of the Proposed Whitewash Resolution, will abstain from making any recommendation to the Independent Shareholders on the Proposed Transactions in his capacity as Director.

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The Non-Interested Directors, having considered and reviewed, among other things, the terms of the Proposed Acquisition and the Proposed Allotment, the details of the Proposed Whitewash Resolution, the opinion of the IFA contained in the IFA Letter, the rationale for the Proposed Transactions, the financial effects of the Proposed Acquisition, and all the other relevant information set out in this Circular, concur with the advice of the IFA given in the IFA Letter. Accordingly, they recommend that Shareholders vote in favour of the resolutions relating to the Proposed Transactions at the EGM.

Please refer to Paragraph 4 of this Circular and the IFA Letter reproduced in the **Appendix** to this Circular for the advice from the IFA.

8. ABSTENTION FROM VOTING

Pursuant to Rule 919 of the Catalist Rules, an interested person and any associate of the interested person must abstain from voting on the resolutions approving the interested person transactions involving themselves and their associates. Such interested persons and their associates shall not act as proxies nor accept appointments as proxies in relation to such resolutions unless specific voting instructions had been given by the Shareholders.

Accordingly, Dr Lee Hung Ming will abstain, and will ensure that his associates will abstain, from voting on the Proposed Acquisition and the Proposed Allotment, nor accept any nominations to act as proxy for any Shareholder in approving the Proposed Acquisition and the Proposed Allotment at the EGM unless specific instructions as to voting are given by such Shareholder in the proxy instrument.

In addition, pursuant to the Whitewash Waiver granted by the SIC, Dr Lee Yeng Fen, parties acting in concert with her (including Dr Lee Hung Ming) and parties not independent of her will abstain, and Dr Lee Yeng Fen has undertaken to ensure that the parties acting in concert with her (including Dr Lee Hung Ming) and parties not independent of them will abstain from voting on Resolution 4 in respect to the Proposed Whitewash Resolution as set out in the Notice of EGM, nor accept any nominations to act as proxy for any Shareholder in approving the Proposed Whitewash Resolution at the EGM unless specific instructions as to voting are given by such Shareholder in the proxy instrument.

9. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages 71 to 74 of this Circular, will be held at Alumni Association, The Alumni Medical Centre, 2 College Road, Singapore 169850 on 7 October 2016 at 10.30 a.m. for the purpose of considering and, if thought fit, passing with or without modifications the resolutions in respect of the Proposed Transactions at the EGM, as set out in the Notice of EGM.

10. INTER-CONDITIONALITY OF RESOLUTIONS TO BE PASSED

In voting for the resolutions set out in the Notice of EGM, Shareholders should note that all the resolutions are inter-conditional, and none of the resolutions will be proceeded with in the event any resolution is not passed.

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11. ACTION TO BE TAKEN BY SHAREHOLDERS

If a Shareholder is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the attached proxy form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not later than 48 hours before the time fixed for the EGM. The completion and return of the proxy form by a Shareholder will not prevent him from attending and voting at the EGM in person if he so wishes.

A Depositor shall not be regarded as a Shareholder of the Company entitled to attend the EGM and to speak and vote thereat unless he is shown to have Shares entered against his name in the Depository Register, as certified by the CDP as at 72 hours before the time fixed for the EGM.

12. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Transactions and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

In respect of the IFA Letter, the sole responsibility of the Directors has been to ensure that the facts stated with respect to the Proposed Transactions and the Group are fair and reasonable in all material respects.

13. CONSENT FROM THE IFA

Provenance Capital Pte. Ltd. has given and has not withdrawn its written consent to the issue of this Circular, with the inclusion of its name and the IFA Letter as set out in the **Appendix** to this Circular and all references thereto, in the form and context in which they appear in this Circular and to act in such capacity in relation to this Circular.

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 101 Thomson Road, #09-04 United Square, Singapore 307591, during normal business hours from the date of this Circular up to and including the date of the EGM:

- (a) the constitution of the Company;
- (b) the Annual Report of the Company for the financial year ended 31 December 2015;

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- (c) the Company's SGXNET announcements made on 27 May 2016 and 6 September 2016 relating to the Proposed Transactions;
- (d) the Sale and Purchase Agreement;
- (e) the Supplemental Agreement;
- (f) the IFA Letter; and
- (g) the consent letter from the IFA.

Yours faithfully

For and on behalf of the Board of Directors of
ISEC HEALTHCARE LTD.

Dr Wong Jun Shyan
Executive Director and Chief Executive Officer
22 September 2016

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PROVENANCE CAPITAL PTE. LTD.

(Company Registration Number: 200309056E)
(Incorporated in the Republic of Singapore)
96 Robinson Road #13-01 SIF Building
Singapore 068899

22 September 2016

To: The Non-Interested Directors of ISEC Healthcare Ltd.
(deemed to be independent in respect of the Proposed Acquisition and the Proposed Whitewash Resolution)

Mr Sitoh Yih Pin	(Non-Executive Chairman and Independent Director)
Dr Wong Jun Shyan	(Executive Director and Chief Executive Officer)
Professor Low Teck Seng	(Independent Director)
Mr Lim Wee Hann	(Independent Director)

Dear Sirs,

- THE PROPOSED ACQUISITION OF ALL THE ISSUED AND PAID-UP SHARE CAPITAL OF JL MEDICAL (BUKIT BATOK) PTE. LTD., JL MEDICAL (SEMBAWANG) PTE. LTD., JL MEDICAL (WOODLANDS) PTE. LTD. AND JL MEDICAL (YEW TEE) PTE. LTD. AS AN INTERESTED PERSON TRANSACTION; AND**
- THE PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER OF THE RIGHTS OF THE INDEPENDENT SHAREHOLDERS OF THE COMPANY TO RECEIVE A MANDATORY GENERAL OFFER FROM DR LEE YENG FEN AND PARTIES ACTING IN CONCERT WITH HER.**

Unless otherwise defined or the context otherwise requires, all terms used herein have the same meanings as defined in the circular to the shareholders of the Company (“Shareholders”) dated 22 September 2016 (“Circular”).

1. INTRODUCTION

- 1.1 On 27 May 2016 (“**Announcement Date**”), the Board of Directors of ISEC Healthcare Ltd. (“**ISEC**” or “**Company**”, together with its subsidiaries, “**Group**”) announced that it had entered into a conditional sale and purchase agreement (“**SPA**”) with Dr Lee Yeng Fen, Dr Koo Xian Yeang and Dr Ng Chiew Fang (collectively, “**Vendors**”) to acquire all the issued and fully-paid ordinary shares (“**Sale Shares**”) in the capital of each of JL Medical (Bukit Batok) Pte. Ltd., JL Medical (Sembawang) Pte. Ltd., JL Medical (Woodlands) Pte. Ltd. and JL Medical (Yew Tee) Pte. Ltd. (collectively, “**Target Companies**”), upon the terms and subject to the conditions of the SPA (“**Proposed Acquisition**”).

Each of the Target Companies owns and operates a medical clinic in Singapore and the shareholdings of the Vendors in the respective Target Companies are set out below:

Target Company	Clinic	Vendors	Number of Sale Shares	Percentage shareholding
JL Medical (Bukit Batok) Pte. Ltd. (“ JLMBB ”)	Temasek Medical Centre (Bukit Batok)	Dr Lee Yeng Fen	200	100%
JL Medical (Sembawang) Pte. Ltd. (“ JLMS ”)	Temasek Medical Centre (Sembawang)	Dr Lee Yeng Fen Dr Koo Xian Yeang	177 23	88% 12%
JL Medical (Woodlands) Pte. Ltd. (“ JLMW ”)	Temasek Medical Centre (Woodlands)	Dr Lee Yeng Fen Dr Ng Chiew Fang	171 29	86% 14%

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Target Company	Clinic	Vendors	Number of Sale Shares	Percentage shareholding
JL Medical (Yew Tee) Pte. Ltd. (“JLMYT”)	Temasek Medical Centre (Yew Tee)	Dr Lee Yeng Fen	200	100%

Each of the above clinics offers general (western) medical services. Temasek Medical Centre (Bukit Batok) also provides aesthetic treatment services.

- 1.2 The aggregate consideration for the Proposed Acquisition is S\$13,941,876 (“**Consideration**”), of which 50% will be payable in cash and the balance 50% will be satisfied by the issuance and allotment of 27,883,750 new ordinary shares (“**Consideration Shares**”) in the capital of the Company (“**Shares**”).

Following the completion of the Proposed Acquisition, each of the Target Companies will become a wholly-owned subsidiary of the Company.

- 1.3 One of the Vendors, Dr Lee Yeng Fen, is the wife of Dr Lee Hung Ming, who is the Executive Vice Chairman and a controlling Shareholder of the Company. As at the Announcement Date, Dr Lee Hung Ming holds, in aggregate, direct and deemed interest in 162,000,000 Shares, representing approximately 33.11% of the existing number of issued Shares.

Pursuant to Chapter 9 of Section B of the Listing Manual of the SGX-ST (“**Catalist Rules**”), Dr Lee Yeng Fen, being an associate of Dr Lee Hung Ming, would be deemed as an interested person in the Proposed Acquisition (“**Interested Person**”). The Proposed Acquisition therefore constitutes an interested person transaction (“**Interested Person Transaction**”). Shareholders’ approval must be obtained for any interested person transaction of a value equal to or greater than 5% of the Group’s latest audited net tangible assets (“**NTA**”) or, when aggregated with other interested person transactions entered into with the same interested person during the same financial year, the value of the transaction is equal to or more than 5% of the Group’s latest audited NTA. In addition, the Company is to seek the opinion of an independent financial adviser (“**IFA**”) on whether the interested person transaction is on normal commercial terms and not prejudicial to the interests of the Company and the independent Shareholders.

Based on the latest audited financial statements of the Group for the financial year ended 31 December 2015, the Group’s audited NTA amounted to approximately S\$26.84 million. The proportion of the Consideration payable to Dr Lee Yeng Fen is approximately S\$12.95 million, which represents approximately 48.2% of the Group’s latest audited NTA. Accordingly, the Proposed Acquisition as an Interested Person Transaction is subject to the approval of the Company’s Independent Shareholders at an extraordinary general meeting (“**EGM**”) to be convened and the opinion of the IFA.

Pursuant to Rule 919 of the Catalist Rules, Dr Lee Hung Ming, being an Interested Person, and his associates are required to abstain from voting on the Interested Person Transaction. Dr Lee Hung Ming will also need to abstain from deliberating or making any recommendation on the Proposed Acquisition as a director of the Company.

- 1.4 In addition, pursuant to Rule 14 of the Singapore Code on Take-overs and Mergers (“**Code**”), where (a) any person who acquires whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30% or more of the voting rights in the company; or (b) any person who together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights in the company and such person, or any person acting in concert with him, acquires in any period of six months, additional shares carrying more than 1% voting rights (“**Mandatory Offer Threshold**”), he is required to make a mandatory general offer for all the shares in the company which he does not already own or control (“**Mandatory Offer**”), unless such obligation is waived by the Securities Industry Council (“**SIC**”).

As at the Latest Practicable Date, Dr Lee Yeng Fen does not own any Shares. Following the completion of the Proposed Acquisition, 25,892,258 Consideration Shares will be issued to Dr

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Lee Yeng Fen. Dr Lee Yeng Fen and parties acting in concert with her (namely Dr Lee Hung Ming) will hold or control an aggregate of 187,892,258 Shares, representing approximately 36.34% of the enlarged number of issued Shares. Pursuant to Rule 14 of the Code, Dr Lee Yeng Fen and parties acting in concert with her will incur an obligation to make a Mandatory Offer, unless such obligation is waived by the SIC.

The SIC had, on 23 August 2016, granted the whitewash waiver to Dr Lee Yeng Fen (“**Whitewash Waiver**”), subject to the satisfaction of certain conditions, including, *inter alia*, the approval by a majority of the Independent Shareholders present and voting at the EGM, by way of a poll, on the proposed whitewash resolution (“**Proposed Whitewash Resolution**”) to waive their rights to receive a Mandatory Offer from Dr Lee Yeng Fen and parties acting in concert with her and the appointment of an IFA to advise the Independent Shareholders on the Proposed Whitewash Resolution.

Apart from Dr Lee Hung Ming, the remaining directors, namely, Mr Sitoh Yih Pin, Dr Wong Jun Shyan, Professor Low Teck Seng and Mr Lim Wee Hann are deemed to be independent in respect of the Proposed Acquisition as an Interested Person Transaction and the Proposed Whitewash Resolution (“**Non-Interested Directors**”).

- 1.5 Provenance Capital Pte. Ltd. (“**Provenance Capital**”) has been appointed as the IFA to advise the Non-Interested Directors on the Proposed Acquisition as an Interested Person Transaction and the Proposed Whitewash Resolution. This letter (“**Letter**”) is therefore addressed to the Non-Interested Directors and sets out, *inter alia*, our evaluation and opinion on the Interested Person Transaction and the Proposed Whitewash Resolution as well as our recommendations thereon. This Letter forms part of the Circular to Shareholders which provides, *inter alia*, details of the Proposed Acquisition as an Interested Person Transaction, the Proposed Whitewash Resolution and the recommendations of the Non-Interested Directors.

2. TERMS OF REFERENCE

Provenance Capital has been appointed as the IFA to advise the Non-Interested Directors in respect of the Proposed Acquisition as an Interested Person Transaction and the Proposed Whitewash Resolution. We are not and were not involved or responsible, in any aspect, in the negotiations in relation to the Proposed Acquisition, nor were we involved in the deliberations leading up to the decision on the part of the Directors to propose the Proposed Acquisition or to obtain the approval of the Independent Shareholders for the Interested Person Transaction and the Proposed Whitewash Resolution, and we do not, by this Letter, warrant the merits of the Proposed Acquisition other than to express an opinion on (a) whether the Proposed Acquisition as an Interested Person Transaction is on normal commercial terms and not prejudicial to the interests of the Company and the Independent Shareholders; and (b) whether the Proposed Whitewash Resolution is fair and reasonable, and not prejudicial to the interests of the Independent Shareholders, when considered in the context of the Proposed Acquisition.

It is not within our terms of reference to evaluate or comment on the legal, strategic, commercial and financial merits and/or risks of the Proposed Acquisition or to compare their relative merits *vis-à-vis* alternative transactions previously considered by the Company (if any) or that may otherwise be available to the Company currently or in the future, and we have not made such evaluation or comment. Such evaluation or comment, if any, remains the sole responsibility of the Directors and/or the management of the Company (“**Management**”) although we may draw upon the views of the Directors and/or the Management or make such comments in respect thereof (to the extent deemed necessary and appropriate by us) in arriving at our opinion as set out in this Letter.

In the course of our evaluation, we have held discussions with the Directors and Management and their professional advisers (where applicable) and have examined and relied on publicly available information collated by us as well as information provided and representations made to us, both written and verbal, by the Directors, the Management and the professional advisers (where applicable) of the Company, including information contained in the Circular. We have not independently verified such information or representations, whether written or verbal, and

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accordingly cannot and do not make any representation or warranty, express or implied, in respect of, and do not accept any responsibility for the accuracy, completeness or adequacy of such information or representations.

The Directors (including those who may have delegated detailed supervision of the Circular) have confirmed that, having made all reasonable enquiries and to the best of their respective knowledge and belief, information and representations as provided by the Directors and Management are accurate. They have also confirmed to us that, upon making all reasonable enquiries and to their best knowledge and abilities, all material information available to them in connection with the Proposed Acquisition as an Interested Person Transaction, the Proposed Whitewash Resolution, the Company and/or the Group have been disclosed to us, that such information is true, complete and accurate in all material respects and that there is no other information or fact, the omission of which would cause any information disclosed to us in relation to the Proposed Acquisition as an Interested Person Transaction and the Proposed Whitewash Resolution, the Company and/or the Group stated in the Circular to be inaccurate, incomplete or misleading in any material respect. The Directors have jointly and severally accepted full responsibility for such information described herein.

We have not independently verified and have assumed that all statements of fact, belief, opinion and intention made by the Directors in the Circular have been reasonably made after due and careful enquiry. Whilst care has been exercised in reviewing the information on which we have relied on, we have not independently verified the information but nevertheless have made such reasonable enquiries and judgement as were deemed necessary and have found no reason to doubt the accuracy or reliability of the information and representations.

Save as disclosed, we would like to highlight that all information relating to the Proposed Acquisition, the Proposed Whitewash Resolution, the Company, the Group and/or the Target Companies that we have relied upon in arriving at our recommendation or advice has been obtained from publicly available information and/or from the Directors and the Management. We have not independently assessed and do not warrant or accept any responsibility as to whether the aforesaid information adequately represents a true and fair position of the financial, operational and business affairs of the Company and/or the Group at any time or as at 14 September 2016, being the Latest Practicable Date referred to in the Circular.

The scope of our appointment does not require us to conduct a comprehensive independent review of the business, operations or financial condition of the Company and/or the Group, or to express, and we do not express, any view on the future growth prospects, value and earnings potential of the Company and/or the Group after the Proposed Acquisition. Such review or comments remain the responsibility of the Directors and the Management, although we may draw upon their views or make such comments in respect thereof (to the extent required by the Catalist Rules and/or deemed necessary or appropriate by us) in arriving at our opinion as set out in this Letter. We have not obtained from the Company and/or the Group any projection of the future performance including financial performance of the Company, the Group and/or the Target Companies, and further, we did not conduct discussions with the Directors and the Management, and did not have access to, any business plan and financial projections of the Company, the Group and/or the Target Companies. In addition, we are not expressing any view as to the prices at which the Shares may trade or the future value, financial performance or condition of the Company and/or the Group, upon or after completion of the Proposed Acquisition.

We have not made an independent evaluation or appraisal of the assets and liabilities of the Target Companies, the Company and/or the Group (including without limitation, property, plant and equipment). As such, we will be relying on the disclosures and representations made by the Company on the value of the assets and liabilities, and profitability of the Target Companies, the Company and/or the Group. We have not been furnished with any such evaluation or appraisal.

Our view as set out in this Letter is based on market, economic, industry, monetary and other conditions (if applicable) prevailing as at the Latest Practicable Date and the information and representations provided to us as of the Latest Practicable Date. In arriving at our opinion, with

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the consent of the Directors and/or the Company, we have taken into account certain factors and have made certain assumptions as set out in this Letter. We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein. Shareholders should take note of any announcement which may be released by the Company after the Latest Practicable Date which is relevant to the Proposed Acquisition as an Interested Person Transaction and the Proposed Whitewash Resolution.

In rendering our advice and giving our recommendations, we did not have regard to the specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any Independent Shareholder or any specific group of Independent Shareholders. As each Independent Shareholder may have different investment objectives and profiles, we recommend that any individual Independent Shareholder or group of Independent Shareholders who may require specific advice in relation to his or their investment portfolio(s) or objective(s) consult his or their stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

The Company has been separately advised by its own professional advisers in the preparation of the Circular (other than this Letter). We have had no role or involvement and have not and will not provide any advice (financial or otherwise) in the preparation, review and verification of the Circular (other than this Letter). Accordingly, we take no responsibility for and express no views, whether expressed or implied, on the contents of the Circular (other than this Letter).

Whilst a copy of this Letter may be reproduced in the Circular, neither the Company, the Directors nor any other persons may reproduce, disseminate or quote this Letter (or any part thereof) for any other purposes, other than at the forthcoming EGM and for the purpose of the Proposed Acquisition as an Interested Person Transaction and the Proposed Whitewash Resolution, at any time and in any manner, without the prior written consent of Provenance Capital in each specific case.

We have prepared this Letter for the use of the Non-Interested Directors in their consideration of the Proposed Acquisition as an Interested Person Transaction and the Proposed Whitewash Resolution and their respective recommendation to the Independent Shareholders arising thereof. The recommendations made to the Independent Shareholders in relation to the Proposed Acquisition as an Interested Person Transaction and the Proposed Whitewash Resolution remain the sole responsibility of the Non-Interested Directors.

Our opinion in relation to the Proposed Acquisition as an Interested Person Transaction and the Proposed Whitewash Resolution should be considered in the context of the entirety of this Letter and the Circular.

3. INFORMATION ON THE GROUP

ISEC Healthcare Ltd. is an investment holding company incorporated in Singapore. Through its subsidiaries, the Group is engaged in the provision of comprehensive medical eye care services in Malaysia and Singapore.

The Company was listed on the Catalist Board of the SGX-ST on 28 October 2014.

As at the Latest Practicable Date, the Company has an issued and paid-up share capital comprising 489,211,919 Shares. Based on the last transacted Share price of S\$0.31 and the outstanding number of Shares as at the Latest Practicable Date, the market capitalisation of the Company was approximately S\$151.7 million.

As disclosed in the Company's annual report for the financial year ended 31 December 2015 ("FY2015"), as part of the Group's growth strategy, the Group had leveraged on its "ISEC" brand during FY2015 to expand its presence in Malaysia through (a) a 55% effective interest in ISEC (Sibu) Sdn. Bhd. to operate and administer an ophthalmology center in Sibu city in Sarawak, East Malaysia, which is expected to commence operations in late 2016; and (b)

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acquisition of 100% interest in Southern Specialist Eye Centre Sdn. Bhd. in Malacca, West Malaysia. Beyond Singapore and Malaysia, the Group had also taken steps to tap on the potential eye care market in the Asia Pacific region. The Group had in January 2016, entered into a non-binding memorandum of understanding with Hai Yen Anh Tran Company Limited and Dr Tran Hai Yen with the intention to operate and administer eye hospitals, ophthalmology centres and eye clinics in Vietnam.

The Proposed Acquisition of the Target Companies is part of the Group's strategy to, *inter alia*, expand into general (western) medical services and aesthetic treatment services, and expand its demographic of patients in the neighbourhood housing estates in Singapore.

4. SALIENT TERMS OF THE PROPOSED ACQUISITION

Details of the Proposed Acquisition are set out in Paragraph 2.3 of the Circular. A summary of the key terms of the Proposed Acquisition is set out below for your reference.

4.1 Sale Shares

The Company will acquire all the Sale Shares of the Target Companies free from all encumbrances and with all rights, benefits and entitlements attaching thereto as at the date of completion of the Proposed Acquisition ("**Completion**" or "**Completion Date**").

The purchase of all the Sale Shares is to be completed simultaneously.

Prior to Completion, the Target Companies have distributed and intend to further distribute dividends to the Vendors from their respective profits, leaving behind a minimum aggregate NTA of S\$500,000 (including cash and cash equivalents of S\$300,000) upon Completion, pursuant to their pre-Completion undertaking as set out in Section 4.6 of this Letter.

4.2 Consideration

The Consideration for the Proposed Acquisition of S\$13,941,876 was calculated based on an aggregate of 12 times of each of the Target Companies' unaudited adjusted and normalised net profit after tax ("**NPAT**") for the financial year ended 31 October 2015 ("**FY31/10/2015**").

For the purpose of the Proposed Acquisition, the Company had engaged an accounting and advisory firm to conduct a financial due diligence on the Target Companies to determine the adjustments and normalisation required on the net profit of each of the Target Companies. The adjustments and normalisation pertain mainly to certain government grants, doctors' salaries and bonuses as well as goods and services tax.

Accordingly, the Consideration is as follows:

Target Companies	NPAT (S\$)	Consideration (S\$)
JLMBB	344,883	4,138,596
JLMS	301,362	3,616,344
JLMW	334,396	4,012,752
JLMYT	181,182	2,174,184
Total	1,161,823	13,941,876

4.3 Settlement of the Consideration

The Consideration will be satisfied on the Completion Date in the following manner:

- (a) 50% of the Consideration will be payable in cash; and

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- (b) the remaining 50% will be satisfied by the issuance and allotment of 27,883,750 Consideration Shares at the issue price of S\$0.25 per Consideration Share ("**Issue Price**"). The Issue Price was determined based on a 10% discount to the volume weighted average closing price for the Shares in the last 60 days prior to the date of the SPA, being approximately S\$0.278.

The amount of cash payable to the Vendors and the number of Consideration Shares to be issued and allotted to the Vendors are based on the Vendors' respective shareholding interests in the Target Companies as set out below:

Target Company	Vendors	Shareholding interests in the Target Company	Consideration		
			Total (S\$)	Amount payable in cash (S\$)	Number of Consideration Shares
JLMBB	Dr Lee Yeng Fen	100%	4,138,596.00	2,069,298.00	8,277,192
JLMS	Dr Lee Yeng Fen	88%	3,182,382.72	1,591,191.36	6,364,765
	Dr Koo Xian Yeang	12%	433,961.28	216,980.64	867,922
JLMW	Dr Lee Yeng Fen	86%	3,450,966.72	1,725,483.36	6,901,933
	Dr Ng Chiew Fang	14%	561,785.28	280,892.64	1,123,570
JLMYT	Dr Lee Yeng Fen	100%	2,174,184.00	1,087,092.00	4,348,368
Total			13,941,876.00	6,970,938.00	27,883,750

The Consideration Shares, when allotted and issued, shall be credited as fully-paid and free from any encumbrances and shall rank *pari passu* in all respects with, and carry all rights similar to the existing Shares except that they will not rank for any dividend, right, allotment, or other distribution, the record date for which falls on or before the date of issue of the Consideration Shares.

The portion of the Consideration payable in cash will be funded by the internal resources of the Group, which will include the net proceeds from its initial public offering in October 2014.

As at the Latest Practicable Date, the Company has in issue a total of 489,211,919 Shares. The Consideration Shares represent approximately 5.70% of the existing number of issued Shares and 5.39% of the enlarged number of Shares of 517,095,669 Shares immediately after Completion.

4.4 Moratorium on the Consideration Shares

Each of the Vendors has undertaken to the Company that she shall not, for a period of five years commencing on the Completion Date ("**Moratorium Period**") do or agree to do any of the following (the "**Moratorium**"):

- (a) pledge, mortgage, charge or otherwise create any encumbrance over all or any part of the Consideration Shares or any interest in all or any part of the Consideration Shares, or enter into any agreement(s) to effect the foregoing;
- (b) sell, transfer or otherwise dispose of, or grant any option over, all or any part of the Consideration Shares, or otherwise sell, transfer or otherwise dispose of, or grant any option over, all or any part of her legal or beneficial interest in such shares, or enter into any agreement(s) to effect the foregoing;
- (c) enter into any agreement in respect of the votes attached to the Consideration Shares; or

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- (d) circumvent the restrictions set forth in (a) to (c) above by disposing of, directly or indirectly, her beneficial interests in the Consideration Shares which she holds, including without limitation, by way of a disposition of shares which she holds in the relevant holding entities that hold the Consideration Shares.

In brief, during the first year of the Moratorium Period, all the Consideration Shares will be moratorised as stated above. After the end of the first year of the Moratorium Period, the Moratorium will be lifted on 20% of the Consideration Shares and a further 20% of the Consideration Shares for every year thereafter until the end of the Moratorium Period when the Moratorium on all Consideration Shares will be lifted.

4.5 Conditions Precedent

Completion of the Proposed Acquisition is conditional upon the satisfaction of certain conditions precedent, including, *inter alia*:

- (i) Independent Shareholders' approval at the EGM for the Proposed Acquisition as an Interested Person Transaction;
- (ii) SIC approval on the Whitewash Waiver;
- (iii) Independent Shareholders' approval at the EGM for the Proposed Whitewash Resolution;
- (iv) SGX-ST's approval for the listing and quotation of the Consideration Shares on the Catalist Board of the SGX-ST; and
- (v) approval of the Housing and Development Board of Singapore ("**HDB**") in connection with the leases relating to the clinics, including, *inter alia*, the change of ultimate shareholders of the Target Companies in connection with the Proposed Acquisition ("**HDB Approval for Assignment**").

Details on the Conditions Precedent can be found in Paragraphs 2.3(e) and 2.3(f) of the Circular.

The Company had obtained the Whitewash Waiver from the SIC on 23 August 2016, subject to certain conditions as set out in Section 6 of this Letter and Paragraph 3.2 of the Circular.

The Company had, on 6 September 2016, announced that it had entered into a supplemental agreement with the Vendors ("**Supplemental Agreement**") to set out their understanding in relation to the documents required in connection with the conditions to HDB Approval for Assignment. In summary, pursuant to the Supplemental Agreement, the Vendors will transfer the legal title to the Sale Shares to the Company to be held in trust by the Company during the interim period prior to Completion for the purpose of seeking HDB Approval for Assignment. If HDB Approval for Assignment is not obtained by 27 November 2016 (or such other date as the parties to the Supplemental Agreement may agree), then the Company will re-transfer the legal title to the Sale Shares to the respective Vendors. In which event, the Proposed Acquisition will not proceed further.

The passing of the ordinary resolutions for the Proposed Acquisition as an Interested Person Transaction and the Proposed Whitewash Resolution are inter-conditional upon each other. If any of the above resolutions tabled is not passed, the Proposed Acquisition will not be completed.

4.6 Pre-Completion Undertaking

Each of the Vendors has undertaken that in respect the Target Companies in which she holds shares, to procure and ensure that, between the date of the SPA and the Completion Date, the Target Companies shall retain and maintain a minimum NTA and a minimum amount of the NTA in cash and cash equivalents as set out below:

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Target Company	Minimum NTA (S\$)	Minimum amount of the NTA which shall be in cash and cash equivalents (S\$)
JLMBB	150,000	90,000
JLMS	130,000	78,000
JLMW	145,000	87,000
JLMYT	75,000	45,000
Total	500,000	300,000

4.7 Profit Guarantee

Each of the Vendors has guaranteed and undertaken for the benefit of the Company, in the shareholding proportions in the Target Company in which she holds shares, that the audited profit after tax ("**APAT**") of that Target Company, for each of the five financial years commencing from 1 January 2017 (each a "**Profit Guarantee Period**") shall not be less than its respective NPAT of the Target Companies for FY31/10/2015 ("**Profit Guarantee**").

In the event that the actual APAT of the Target Company is lower than 90% of the respective Profit Guarantee ("**Shortfall Threshold**") in respect of the Profit Guarantee Period, the respective Vendor who hold shares in such Target Company shall pay to the Company an amount in cash which is equivalent to the difference between the Shortfall Threshold and the actual APAT of such Target Company, based on the proportion of their shareholdings in the said Target Company (as at the date of the SPA).

The Profit Guarantee and the Shortfall Threshold for each of the Target Companies are set out below:

Target Company	Profit Guarantee Amount for Each Profit Guarantee Period (S\$)	Shortfall Threshold for Each Profit Guarantee Period (S\$)
JLMBB	344,883.00	310,394.70
JLMS	301,362.00	271,225.80
JLMW	334,396.00	300,956.40
JLMYT	181,182.00	163,063.80
Total	1,161,823.00	1,045,640.70

We understand from Management that post-Completion, the Target Companies will change their financial year end from 31 October to 31 December to coincide with the Group's financial year end.

4.8 Employment Contracts

Pursuant to the SPA, each of the Vendors shall enter into a five year employment contract with the respective Target Company for which she is a resident doctor. In addition, each of the Vendor shall procure other doctors providing medical services at the clinics (including Dr Tang Ching Ching as the resident doctor of JLMYT) to enter into employment contracts with the respective Target Company at which she provides medical services, in the form and substance approved by the Company.

5. INFORMATION ON THE TARGET COMPANIES

5.1 Overview

The Target Companies are:

- (a) JLMBB;
- (b) JLMS;
- (c) JLMW; and

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(d) JLMYT.

The Target Companies are incorporated as limited exempt private companies under the laws of Singapore.

Each of the Target Companies owns and operates a medical clinic in Singapore, namely:

- (a) Temasek Medical Centre (Bukit Batok);
- (b) Temasek Medical Centre (Sembawang);
- (c) Temasek Medical Centre (Woodlands); and
- (d) Temasek Medical Centre (Yew Tee).

Each clinic provides general (western) medical services. Temasek Medical Centre (Bukit Batok) also provides aesthetic treatment services. Each clinic has a resident doctor.

Dr Lee Yeng Fen is the major shareholder of each of these Target Companies and is the resident doctor at Temasek Medical Centre (Bukit Batok). The other two Vendors, Dr Koo Xian Yeang and Dr Ng Chiew Fang, who own minority shareholding interests in JLMS and JLMW, are resident doctors at Temasek Medical Centre (Sembawang) and Temasek Medical Centre (Woodlands) respectively. Dr Tang Ching Ching is the resident doctor at Temasek Medical Centre (Yew Tee).

The details of the Target Companies including the clinics they operate, their shareholders and the shareholders' respective shareholding interests in the Target Companies are set out in Section 1.1 of this Letter.

None of the Vendors or the resident doctors are related to each other and none of them own Shares in the Company. Dr Lee Yeng Fen is the wife of Dr Lee Hung Ming, who is the Executive Vice Chairman and controlling shareholder of the Company. Dr Lee Hung Ming has direct and deemed interest of 33.11% of the existing number of issued Shares.

5.2 Selected financial information of the Target Companies

Financial performance

The Target Companies, each being exempt private company, do not prepare audited financial statements. However, for the purpose of the Proposed Acquisition, the Target Companies had prepared and provided the audited financial statements for their last financial year ended 31 October 2015. In addition, the Company had engaged an independent accounting and advisory firm to conduct a financial due diligence on the Target Companies to determine, among other things, the adjustments and normalisation amounts on certain items required to arrive at the adjusted and normalised net profit after tax of each of the Target Companies for FY31/10/2015. The adjustments and normalisation pertain to certain government grants, doctors' salaries and bonuses, and goods and services tax.

The overall difference between the audited profit after tax and the adjusted and normalised net profit after tax, defined as NPAT, is not significant as the combined NPAT is approximately 5.1% higher than the combined audited profit after tax, as shown below:

Target Company	Audited profit after tax (S\$)	NPAT (S\$)	NPAT as a percentage above/(below) the audited profit after tax
JLBB	380,599	344,883	(9.4%)
JLMS	261,725	301,362	15.1%
JLMW	282,318	334,396	18.4%
JLMYT	181,059	181,182	0.1%
Total	1,105,701	1,161,823	5.1%

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For JLBB, the NPAT is lower than the audited profit after tax after adjusting for the higher monthly salary for Dr Lee Yeng Fen.

For JLMS and JLMW, each of their NPAT is higher than the audited profit after tax after adjusting for the lower bonuses for Dr Koo Xian Yang and Dr Ng Chiew Fang respectively.

It is the intention of the Company to acquire the Target Companies as a group as the Target Companies are majority owned by Dr Lee Yeng Fen and the purchase of the Sale Shares is to be completed simultaneously. From the Group's perspective, the Consideration for the Proposed Acquisition is based on 12 times of the NPAT for FY31/10/2015 of the Target Companies with a 5-year Profit Guarantee of not less than 10% of the NPAT for FY31/10/2015. However, for accountability and transparency purposes as there are other vendors besides Dr Lee Yeng Fen, the basis of computing the Consideration and the compensation for profit shortfall is according to each Target Company's NPAT and Shortfall Threshold respectively.

Following from the above, for the purpose of evaluating the Proposed Acquisition, it is therefore more meaningful to evaluate the financial performance of the Target Companies as a group.

As the Target Companies are separately owned and there are no inter-company sale transactions among the Target Companies, Management has provided us with the key information of the combined financial results of the Target Companies based on the unaudited financial information of the Target Companies for FY31/10/2013 and FY31/10/2014, and the audited financial information of the Target Companies for FY31/10/2015 as follows:

Combined results of the Target Companies	Unaudited FY31/10/2013 (S\$)	Unaudited FY31/10/2014 (S\$)	Audited FY31/10/2015 (S\$)
Revenue	3,936,035	4,082,028	4,128,043
Gross profit	2,893,444	2,949,218	3,036,137
Profit before income tax	1,206,240	1,234,561	1,185,815
Net profit after tax	1,149,205	1,143,079	1,105,701
Gross profit margin	73.5%	72.3%	73.6%
Net profit margin	29.2%	28.0%	26.8%

Source: Management

The Target Companies have maintained relatively stable revenue and profit track record over the last three financial years. Net profit margin, however, showed some slight decline over the last three financial years. We understand that this was due mainly to the fine-tuning of the provision for income tax and bonuses in the last two financial years.

Historical price-earnings ratio ("PER") implied by the Consideration

The Consideration of S\$13,941,876 represents:

- (a) PER of 12.0 times the NPAT of the Target Companies for FY31/10/2015;
- (b) PER of 12.6 times the audited profit after tax of the Target Companies for FY31/10/2015; and
- (c) PER of 12.3 times the average profit after tax of the Target Companies for the last three financial years.

PER illustrates the valuation benchmark of the Target Companies based on earnings approach. The PER could be affected by, *inter alia*, the capital structure of a company, its tax position as well as its accounting policies relating to depreciation and intangible assets. The historical PER is commonly used for the purpose of illustrating the profitability and hence the valuation of a company as a going concern.

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For the Proposed Acquisition, the Company and the Vendors had agreed on the PER of 12.0 times the NPAT to determine the Consideration.

No independent valuation of the Target Companies was carried out for the purpose of the Proposed Acquisition.

Financial Position

Based on the audited balance sheet of the Target Companies as at 31 October 2015, the Target Companies have an aggregate NTA of S\$3,468,149 comprising mainly cash of approximately S\$3.49 million. The Target Companies do not have any bank borrowings.

However, pursuant to the Pre-Completion Undertaking as set out in Section 4.6 of this Letter, the Vendors have undertaken to maintain only the minimum NTA of S\$500,000 (including minimum cash and cash equivalents of S\$300,000) for the Target Companies. In this respect, the Vendors have either distributed or will distribute further dividends from the respective Target Companies prior to Completion. The above minimum NTA and minimum cash and cash equivalents amount is to ensure that the clinics have sufficient working capital for their operational requirements after Completion. The detailed breakdown of the minimum NTA and minimum cash and cash equivalents amount by each Target Company is set out in Section 4.6 of this Letter.

Hence, the relevant NTA to consider in the evaluation of the Target Companies is S\$500,000, including cash and cash equivalents of at least S\$300,000.

As the Target Companies do not own any significant assets other than cash, valuation of the assets was not deemed necessary.

Price-to-book ratio implied by the Consideration

The Consideration represents a significant premium above the minimum NTA of the Target Companies of S\$500,000.

The price-to-book ratio is a valuation benchmark based on the assets backing. The NTA based valuation provides an estimate of the value of a company assuming the hypothetical sale of all its assets over a reasonable period of time and would be more relevant for asset-based companies or where the subject company intends to realize or convert the uses of all or most of its assets. Such a valuation approach would be particularly appropriate when applied in circumstances where the business is to cease operations or where the profitability of the business being valued is not sufficient to sustain an earnings based valuation.

Given the intention of the Vendor to distribute the excess cash in the Target Companies and the pre-Completion undertaking to keep a minimum NTA of S\$500,000 at Completion, which comprises mainly cash and cash equivalents, the asset based approach cannot be meaningfully applied on the Target Companies.

As profitable going concern entities and given the nature of the businesses of the Target Companies in general (western) medical services, the PER approach is more relevant in evaluating the Consideration for the Proposed Acquisition.

6. THE PROPOSED WHITEWASH RESOLUTION

The SIC had, on 23 August 2016, *inter alia*, granted the Whitewash Waiver to Dr Lee Yeng Fen, subject to the satisfaction of certain conditions (“**SIC Conditions**”), including, among other things, the following:

- (i) a majority of holders of voting rights of the Company approve at a general meeting, before the issue of the Consideration Shares to Dr Lee Yeng Fen, the Proposed

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- Whitewash Resolution by way of a poll to waive their rights to receive a general offer from Dr Lee Yeng Fen and parties acting in concert with her;
- (ii) the Proposed Whitewash Resolution is separate from other resolutions;
 - (iii) Dr Lee Yeng Fen, parties acting in concert with her and parties not independent of her abstain from voting on the Proposed Whitewash Resolution;
 - (iv) Dr Lee Yeng Fen and her concert parties did not acquire or are not to acquire any Shares or instruments convertible into and options in respect of Shares (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new Shares which have been disclosed in the Circular):
 - (a) during the period between the Announcement Date and the date Shareholders' approval is obtained for the Proposed Whitewash Resolution; and
 - (b) in the six months prior to the Announcement Date but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors in relation to such issue;
 - (v) the Company appoints an IFA to advise its Independent Shareholders on the Proposed Whitewash Resolution;
 - (vi) the Company sets out clearly in its Circular:
 - (a) details of the Proposed Acquisition, including the issue of the Consideration Shares;
 - (b) the dilution effect of the issue of the Consideration Shares to existing holders of voting rights;
 - (c) the number and percentage of voting rights in the Company as well as the number of instruments convertible into, rights to subscribe for and options in respect of Shares held by Dr Lee Yeng Fen and her concert parties as at the Latest Practicable Date;
 - (d) the number and percentage of voting rights to be issued to Dr Lee Yeng Fen and her concert parties upon the completion of the Proposed Acquisition;
 - (e) specific and prominent reference to the fact that Shareholders, by voting for the Proposed Whitewash Resolution, are waiving their rights to a general offer from Dr Lee Yeng Fen at the highest price paid by her and parties acting in concert with her for the Shares in the past six months preceding the commencement of the offer;
 - (f) Dr Lee Yeng Fen is a party that is acting in concert with Dr Lee Hung Ming with respect to the Company. However, if the Proposed Whitewash Resolution is approved, the acquisition of the Consideration Shares under the Proposed Acquisition would not invalidate the share buyback exemption in relation to the share buyback mandate approved at the extraordinary general meeting held on 28 April 2016. *(Please refer to Paragraph 3.5 of the Circular for more information relating to the share buyback exemption and the share buyback mandate);*
 - (vii) the Circular states that the waiver granted by SIC to Dr Lee Yeng Fen from the requirement to make a general offer under Rule 14 is subject to the conditions stated in 6(i) to 6(vi) above;
 - (viii) the Company obtains SIC's approval in advance for those parts of the Circular that refer to the Proposed Whitewash Resolution; and

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- (ix) to rely on the Proposed Whitewash Resolution, the issue of the Consideration Shares to Dr Lee Yeng Fen pursuant to the Proposed Acquisition must be completed within three months of the approval of the Proposed Whitewash Resolution.

As at the Latest Practicable Date, all the above conditions imposed by SIC, except for the conditions in 6(i), 6(iv)(a) and 6(ix), have been satisfied.

The Independent Shareholders are therefore asked to vote, on a poll, on the Proposed Whitewash Resolution set out as Ordinary Resolution 4 in the notice of EGM set out in the Circular.

The Non-Interested Directors should advise the Independent Shareholders that:

- (a) **by voting in favour of the Proposed Whitewash Resolution, they will be waiving their rights to receive a general offer for their Shares from Dr Lee Yeng Fen and parties acting in concert with her at the highest price paid or agreed to be paid by Dr Lee Yeng Fen and parties acting in concert with her in the six months preceding the commencement of the offer which they would have otherwise been obliged to make for the Shares in accordance with Rule 14 of the Code; and**
- (b) **in the context of the Whitewash Waiver, the Proposed Acquisition is conditional upon them voting in favour of the Proposed Whitewash Resolution. In the event that the Proposed Whitewash Resolution is not approved by the Independent Shareholders, the Proposed Acquisition will not proceed further.**

7. EVALUATION OF THE PROPOSED ACQUISITION AS AN INTERESTED PERSON TRANSACTION AND THE PROPOSED WHITEWASH RESOLUTION

In our evaluation of the Proposed Acquisition as an Interested Person Transaction and the Proposed Whitewash Resolution, we have given due consideration to, *inter alia*, the following key factors:

- (a) rationale for the Proposed Acquisition;
- (b) assessment of the Consideration for the Proposed Acquisition;
- (c) assessment of the Issue Price of the Consideration Shares to be issued for the Proposed Acquisition;
- (d) dilution impact arising from the Proposed Acquisition on the Independent Shareholders; and
- (e) other relevant considerations which may have a significant bearing on our assessment of the Proposed Acquisition and the Proposed Whitewash Resolution.

7.1 Rationale for the Proposed Acquisition

It is not within our terms of reference to comment or express an opinion on the merits of the Proposed Acquisition or the future prospects of the Group after the Proposed Acquisition. Nevertheless, we have reviewed the Company's rationale for the Proposed Acquisition as set out in Paragraph 2.1 of the Circular and reproduced them in italics below.

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The Target Companies have maintained a stable income stream and profit track record for the last five financial years. With the Proposed Acquisition, the Group will be able to expand into general (western) medical services and aesthetic treatment services. The aesthetic treatment services provided at Temasek Medical Centre (Bukit Batok) may, in the future, also be offered at the other Clinics, and the Group may develop such aesthetic treatment services by offering oculoplastic and cosmetic eye lid services. The Proposed Acquisition and the general practice medical services provided by the Target Companies are complementary to the Group's existing business.

The Group will have the opportunity to tap on the patient base of the Clinics as referral centres for ophthalmology-related cases as well as to expand its ophthalmology services to HDB neighbourhoods. Due to the location of the Clinics in heartland areas, the Group will be able to expand its demographic of patients as well as increase its visibility and promote its brand name in these new locations.

The Consideration is to be satisfied by the Company in cash and the Consideration Shares to be allotted and issued to the Vendors. By satisfying part of the Consideration by way of the Proposed Allotment, the Company is able to conserve its cash to be utilised for other purposes such as its working capital and for other investment opportunities. As new Shareholders, the interests of the Vendors will be aligned to that of the Group's.

7.2 Assessment of the Consideration for the Proposed Acquisition;

In assessing the Consideration for the Proposed Acquisition, we have considered the following:

- (i) financial information of the Target Companies;
- (ii) comparison of valuation ratios of selected listed companies whose businesses are broadly comparable to the Target Companies; and
- (iii) comparison with Comparable Sales Transactions.

7.2.1 Financial information of Target Companies

We have analysed the financial performance and financial position of the Target Companies in Section 5.2 of this Letter.

The Consideration of S\$13,941,876 represents:

- (a) PER of 12.0 times the NPAT of the Target Companies for FY31/10/2015;
- (b) PER of 12.6 times the audited profit after tax of the Target Companies for FY31/10/2015; and
- (c) PER of 12.3 times the average profit after tax of the Target Companies for the last three financial years.

For the Proposed Acquisition, the Company and the Vendors had agreed on the PER of 12.0 times the NPAT to determine the Consideration.

Given the intention of the Vendors to distribute the excess cash in the Target Companies and their Pre-Completion Undertaking to keep a minimum NTA of S\$500,000 at Completion, which comprises mainly cash and cash equivalents, the asset based approach cannot be meaningfully applied on the Target Companies.

As profitable going concern entities and given the nature of the businesses of the Target Companies in general (western) medical services, the PER approach is more relevant in evaluating the Consideration for the Proposed Acquisition.

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7.2.2 Comparison of valuation ratios of selected listed companies whose businesses are broadly comparable to the Target Companies

For the purpose of assessing the Proposed Acquisition, we have considered the comparison of valuation ratios of selected companies listed on the SGX-ST, whose businesses are broadly comparable to the Target Companies, that is, a provider of healthcare services (“**Comparable Companies**”).

We have had discussions with the Company about the suitability and appropriateness of the Comparable Companies as a basis for comparison with the Target Companies. For a more meaningful comparison, we have considered comparable listed companies with a market capitalisation of S\$1,000 million and below as broad proxies to the Group. Relevant information has been extracted from Bloomberg L.P., publicly available annual reports and/or public announcements of the Comparable Companies. We make no representations or warranties, expressed or implied, as to the accuracy or completeness of such information. The accounting policies of the Comparable Companies with respect to the values for which the assets, revenue or cost are recorded may differ from that of the Group.

We wish to highlight that the Comparable Companies are not exhaustive and they differ from the Target Companies in terms of, *inter alia*, market capitalization, size of operations, clientele base, composition of business activities, asset base, geographical spread, track record, operating and financial leverage, risk profile, liquidity, accounting policies, future prospects and other relevant criteria. As such, any comparison made is necessarily limited and merely serves as an illustrative guide.

The following is a brief description of the Comparable Companies:

Comparable Companies	Principal Business
TalkMed Group Limited (“ TalkMed ”)	TalkMed provides medical oncology services, palliative care and ancillary health services. It operates a network of eight clinics in Singapore.
Q & M Dental Group (Singapore) Limited (“ Q&M Dental ”)	Q&M Dental operates dental clinics. It offers aesthetic, children's and general dentistry, fits crowns, dentures and braces, and offers bleeding gum treatment, gum surgery and oral surgery, and treats snoring and teeth grinding.
Health Management International Ltd (“ HMI ”)	HMI provides integrated medical and healthcare facilities and services for primary, secondary and tertiary healthcare. It also provides healthcare education and training, ancillary health services, hospital management, project management, technical services, agency and business advisory services.
Singapore O&G Ltd. (“ SOG ”)	SOG operates specialist health care facilities catered towards women in Singapore. It provides services in obstetric, gynecology, gynecologic oncology, breast and surgical care.
Healthway Medical Corporation Limited (“ Healthway Medical ”)	Healthway Medical provides outpatient medical services in Singapore. It offers care in the areas of family medicine, specialists care, dental and oral care and medical aesthetics.
Singapore Medical Group Limited (“ Singapore Medical ”)	Singapore Medical operates medical clinics throughout Singapore. Its principal activities lie in the provision of multi-disciplinary specialist healthcare services across the fields of ophthalmology, sports medicine, aesthetic medicine and oncology.
AsiaMedic Limited (“ AsiaMedic ”)	AsiaMedic is a healthcare provider that focuses on the management of clinical services in the fields of disease prevention, early illness detection, and advanced diagnostics. It provides clinical and management services in Singapore and internationally.

Source: Bloomberg L.P. and publicly available annual reports

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For the purpose of our evaluation and for illustration, we have made comparison between the Target Companies and the Comparable Companies using the historical PER approach, which is commonly used for the purpose of illustrating the profitability and hence the valuation of a company as a going concern.

We have included ISEC separately in the table below in order not to skew the statistics of the Comparable Companies as ISEC is the acquirer of the Target Companies.

Comparable Companies	Last financial year end	Market capitalisation as at the Announcement Date (S\$ million)	Historical PER ⁽¹⁾ (times)
TalkMed	31-Dec-15	627.57	17.6
Q&M Dental	31-Dec-15	597.42	48.9
HMI	30-Jun-15	187.25	19.4 ⁽²⁾
SOG	31-Dec-15	184.76	34.6
Healthway Medical	31-Dec-15	73.86	n.m. ⁽³⁾
Singapore Medical	31-Dec-15	41.13	n.m. ⁽³⁾
AsiaMedic	31-Dec-15	25.38	n.m. ⁽³⁾
High			48.9
Low			17.6
Mean			30.1
Median			27.0
ISEC	31-Dec-15	132.10	36.9
Target Companies (implied by the Consideration)	31-Oct-15	13.94	12.0

Source: Bloomberg L.P., annual reports and relevant financial information of the respective Comparable Companies

Notes:

- (1) The historical PERs of the Comparable Companies were computed based on their respective latest published full year earnings or their trailing 12-month earnings, where applicable, as at the Announcement Date. The PER of the Target Companies, implied by the Consideration, is as agreed between the parties of the SPA;
- (2) The PER for HMI is computed based on the foreign exchange rate of S\$1.00:RM2.9662 as at the Announcement Date as the reporting currency of HMI is in Malaysian Ringgit; and
- (3) n.m. denotes not meaningful as these companies were loss-making according to their respective latest published full-year results or their trailing 12-month earnings, where applicable, as at the Announcement Date.

Based on the above, we note that, the PER for the Target Companies of 12.0 times implied by the Consideration is below the lower end of the range of the historical PERs of the Comparable Companies and substantially lower than the mean and median of the PERs of the Comparable Companies. The PER of ISEC is also much higher than the PER for the Target Companies implied by the Consideration.

As at the Latest Practicable Date, we have reassessed the PERs of the Comparable Companies and we note that the PER for the Target Companies of 12.0 times implied by the Consideration is still below the lower end of the range of the historical PERs of the Comparable Companies and substantially lower than both the mean and median of the PERs of the Comparable Companies. As at the Latest Practicable Date, the PER of ISEC is also higher than the PER for the Target Companies implied by the Consideration.

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7.2.3 Comparison with Comparable Sales Transactions

For the purpose of our evaluation, we have also compared the key terms of the Proposed Acquisition against selected comparable sales transactions involving acquisitions of healthcare related companies in Singapore and/or Malaysia by companies listed on the SGX-ST (“**Comparable Sales Transactions**”) as disclosed by these companies as at the Announcement Date.

We wish to highlight that the list of Comparable Sales Transactions is not exhaustive, and that the terms of the acquisitions may be dependent on various other factors, including, *inter alia*, the rationale for the acquisition, the then prevailing market conditions and sentiments, the size of the acquisition, the nature of the business and/or assets acquired. Accordingly, any comparison made with respect to the Comparable Sales Transactions is intended to serve as an illustrative guide only.

The Comparable Sales Transactions are set out in the table below:

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Acquirer	Target	1) Date of 1st announcement 2) Date of completion	Purchase consideration	Percentage of purchase consideration paid in cash	Percentage of purchase consideration settled in shares & the issue price	PER implied by the purchase consideration (times)	Moratorium period ⁽¹⁾	Length of term of the service agreement(s) ⁽²⁾	Profit guaranteee
Q&M Dental	Lee & Lee (Dental Surgeons) Pte Ltd	1) 28 Jan 2016 2) 29 Feb 2016	S\$10,000,000	51%	49% based on premium market price on announcement date 10% above market price on announcement date	11.86 ⁽³⁾	5 years	10-12 years	12 years
SOG	JL Laser & Surgery Centre Pte. Ltd.; JL Esthetic Research Centre Pte. Ltd.; and JL Dermatology Pte. Ltd.	1) 5 Nov 2015 2) 31 Dec 2015	S\$26,500,000	53%, paid out in 3 tranches	47% based on discount to the VWAP on last full market day the shares were traded prior to announcement	10.60 ⁽⁴⁾	6 months for all shares and no more than 50% for the subsequent 6 months	Nil	1 year for FY2016; if profit guaranteee is not met for FY2016, the 3 rd tranche of cash consideration will be reduced by 10 times the difference between actual profits for FY2016 and profit guaranteee amount
ISEC	Southern Specialist Eye Centre Sdn. Bhd. ("SSEC")	1) 19 Oct 2015 2) 8 Dec 2015	RM37,100,000	43%	57% based on VWAP over 7 markets days prior to signing of the sales and purchase agreement	12.43 ⁽⁵⁾	5 years, with 20% to be released after first year and 20% per year thereafter	5 years	Nil
Q&M Dental	Tiong Bahru Dental Surgery Pte Ltd; and Bright Smile Dental Surgery Pte Ltd	1) 12 May 2015 2) 1 Sep 2015	S\$3,800,000	68%	32% based on discount to the VWAP on the last full market day the shares were traded prior to the announcement	10.11 ⁽⁶⁾	5 years	6 years	6 years; if profit guaranteee is not met, a key doctor is to sign a 1-year extension to his service agreement
Q&M Dental	TP Dental Surgeons Pte Ltd	1) 28 Apr 2015 2) 21 Sep 2015	S\$28,600,000	63%	37% based on discount to the VWAP on the last full market day the shares were traded prior to the announcement	15.05 ⁽⁷⁾	5 years	5-10 years	8 years; if profit guaranteee is not met, shortfall will be made good from the sum that the acquirer has retained from the cash consideration
					High	15.05			
					Low	10.11			
					Mean	12.01			
					Median	11.86			
ISEC	Target Companies	1) 27 May 2016	S\$13,941,876	50%	50% Based on discount to the VWAP over the last 60 days prior to the announcement	12.00 based on the NPAT of the Target Companies for FY31/10/2015	5 years, with 20% to be released after first year and 20% per year thereafter	5 years	5 years; if profit guaranteee is not met, shortfall will be made good via cash compensation

Source: Announcements by the respective acquirers

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Notes:

- (1) Moratorium period refers to the period that the vendors will not be allowed to sell, transfer, mortgage, charge, pledge, grant an option over, or otherwise dispose of or create any encumbrances over any of the consideration shares;
- (2) Service agreement(s) refers to the service agreement(s) signed between the acquirer and the doctors of the target company(ies);
- (3) Based on the average profit guarantee per year as the profit guarantee is based on specified net profits for every 2 years for a 12-year profit guarantee period;
- (4) Based on the 1-year profit guarantee;
- (5) Based on the unaudited adjusted and normalised profit after tax of SSEC's ophthalmology business segment for the financial year ended 31 December 2014;
- (6) Based on the aggregate of Tiong Bahru Dental Surgery Pte Ltd's and Bright Smile Dental Surgery Pte Ltd's net profit after tax for the financial year ended 30 June 2014 and 31 December 2014 respectively; and
- (7) Based on TP Dental Surgeons Pte Ltd's net profit after tax for the financial year ended 31 December 2013.

Based on our observation of the above Comparable Sales Transactions, we note the following:

- (a) The PER implied by the Consideration of 12 times is within the range of PERs of the Comparable Sales Transactions and around the mean and median PERs of the Comparable Sales Transactions;
- (b) The proportion of the Consideration to be paid partly in cash and partly by issuance of new shares are broadly similar to the Comparable Sales Transactions;
- (c) The basis of determining the issue price for the Consideration Shares which is benchmarked against the market share prices over a period of time is similar to the Comparable Sales Transactions. In the Comparable Sales Transactions, the issue price ranges between a discount of 10% and a premium of 10%. The issue price for the Consideration Shares is at a discount of 10%;
- (d) The Moratorium Period of five years for the Proposed Acquisition is in line with majority of the Comparable Sales Transactions, with some variations in the staggered release of the moratorium. In one of the Comparable Sales Transactions where ISEC is the acquirer, the staggered release of the moratorium is similar to the Proposed Acquisition;
- (e) In the majority of the Comparable Sales Transactions, profit guarantee is provided by the vendors which ranges from 1 year to 12 years. In addition, because of the nature of the target companies, long term service agreements are signed with the vendors who are also key doctors. These ranges from 5 to 12 years. The Proposed Acquisition with 5 years of profit guarantee and 5-year term service agreements are within the variations found in the Comparable Sales Transactions; and
- (f) Generally with the Comparable Sales Transactions, if there is a shortfall in meeting the Profit Guarantee, the vendors will have to make good the shortfall with cash compensation. The Proposed Acquisition follows this convention. There are, however, variations shown in the table above depending on the negotiations between the acquirer and the vendor(s).

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Subsequent to the Announcement Date and up to the Latest Practicable Date, we note that Q&M Dental had made three relatively smaller acquisitions of dental clinics ranging from S\$260,000 to S\$1,700,000. They have similar key terms as the Comparable Sale Transactions except that the consideration is mainly paid in cash and at lower PER multiples presumably as these are acquisitions of smaller individual dental clinics.

Although these may not be directly comparable to the Proposed Acquisition, nonetheless, the key terms of these acquisitions are shown below for illustration purposes.

Acquirer	Target	1) Date of 1st announcement 2) Date of completion	Purchase consideration	Percentage of purchase consideration paid in cash	Percentage of purchase consideration settled with shares & the issue price	PER implied by the purchase consideration (times)	Moratorium period	Length of term of the service agreement(s)	Profit guarantee
Q&M Dental	Jurong Point Dental Surgery	1) 5 Sep 2016 2) 5 Sep 2016	S\$1,280,000	100%	Nil	8.00 ⁽¹⁾	N.A.	10 years	8 years
Q&M Dental	Ho Dental Surgery (Marine Parade) Pte. Ltd.	1) 3 Sep 2016 2) 1 Sep 2016	S\$1,700,000	80%	20% based on an issue price of S\$0.72 (representing a 1% discount to the VWAP on the date of completion)	8.10 ⁽²⁾	5 years	8 years	5.5 years
Q&M Dental	Toofy Pte Ltd.	1) 3 Sep 2016 2) 25 Mar 2016	S\$260,000	100%	Nil	6.50 ⁽³⁾	N.A.	6 years	5 years

Source: Announcements by the respective acquirers

Notes:

- (1) Based on the average profit guarantee per year as the profit guarantee is based on specified net profits for various periods within the 8-year profit guarantee period;
- (2) Based on the pro-rated profit guarantee per year as the profit guarantee is based on the total net profits to be achieved during the 5.5-year profit guarantee period; and
- (3) Based on the average profit guarantee per year as the profit guarantee is based on the total net profits to be achieved during the 5-year profit guarantee period.

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7.3 Assessment of the Issue Price of the Consideration Shares to be issued for the Proposed Acquisition

In connection with the Proposed Acquisition, 50% of the Consideration of S\$13.94 million, that is, S\$6.64 million, is to be satisfied by the issuance and allotment of 27,883,750 Consideration Shares at the Issue Price of \$0.25 per Share.

In assessing the Issue Price, we have considered the following:

- (a) the Issue Price as compared to the market quotation and trading activity of the Shares;
- (b) the PER of the Consideration Shares implied by the Issue Price;
- (c) the Issue Price as compared to the NAV per Share and NTA per Share.

Market quotation and trading activity of the Shares

The Issue Price was determined based on a 10% discount to the VWAP of the Shares of S\$0.278 in the last 60 days prior to the date of the SPA. The Issue Price also represents a discount of 7.4% to the VWAP of the Shares of S\$0.27 on 25 May 2016, being the day the Shares were last traded prior to the Announcement Date.

Generally, the Shares have been traded on a regular basis over the last three months prior to the Announcement Date. Hence, benchmarking against the market share prices over the last 60 days provides a fairly reasonable duration to establish an unfettered market price for the Shares.

Further, as described in Section 7.2.3(c) above, the 10% discount to the market share price is within the range of the Comparable Sales Transactions.

Following the Announcement Date and up to the Latest Practicable Date, the Share price had trended upwards, trading between a low of S\$0.270 and a high of S\$0.355. This could be due to the Company's announcement of better financial results for the half year ended 30 June 2016 ("HY2016"). The Group reported profit attributable to owners of the parent of S\$3.3 million for HY2016, an increase of 71% compared to HY2015. As at the Latest Practicable Date, the Shares were last transacted at S\$0.31. The Issue Price represents a larger discount of 19.4% to the last transacted price as at the Latest Practicable Date.

PER of the Consideration Shares implied by the Issue Price

The Group reported the following net profit after tax attributable to owners of the parent:

- S\$2.76 million for FY2015;
- S\$1.58 million for the first three months ended 31 March 2016 ("1Q2016"); and
- S\$3.30 million for HY2016.

The market capitalisation of the Company was S\$132.1 million on the Announcement Date.

Based on the net profit of the Group for FY2015 and the market capitalisation of the Company, the Shares are being valued by the market at a PER of 47.9 times.

As at the Announcement Date, only 1Q2016 results of the Group were publicly available. Based on this, the net profit of the Group for the trailing 12-month results ended 31 March 2016 was S\$3.58 million. Accordingly, the Shares are being valued by the market at a PER of 36.9 times based on the market capitalisation of the Company on the Announcement Date.

As at the Latest Practicable Date, the latest available financial results of the Group is its HY2016 results. Based on this, the net profit of the Group for the trailing 12-month results ended 30 June 2016 was S\$4.1 million. Accordingly, the Shares are being valued by the market at a PER of 36.8 times based on the market capitalisation of the Company as at the Latest Practicable Date.

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In comparison, the Target Companies are being acquired on a PER of 12 times.

To issue the Consideration Shares at a PER which is higher than the PER offered for the Target Companies is advantageous to the Group. In addition, the Consideration Shares are at PER which is higher than the mean PER of 30.1 times and median PER of 27.0 times of the Comparable Companies as at out in Section 7.2.2 of this Letter.

NAV per Share and NTA per Share

As at 31 March 2016, the NAV of the Group (excluding non-controlling interest) was S\$54.5 million. The NTA of the Group (after excluding intangible assets of S\$25.6 million) was S\$28.9 million. The above represents NAV per Share of S\$0.11 and NTA per Share of S\$0.059.

As at 30 June 2016, the NAV of the Group remained similar at S\$54.6 million or NAV per Share of S\$0.11. After excluding intangible assets of S\$25.1 million, the NTA of the Group was S\$29.4 million or NTA per Share of S\$0.060.

The Issue Price of S\$0.25 per Consideration Share is at a substantial premium above the NAV per Share and NTA per Share.

7.4 Dilution impact arising from the Proposed Acquisition on the Independent Shareholders

The Consideration Shares to be issued for the Proposed Acquisition represent only approximately 5.70% of the existing number of issued Shares and 5.39% of the enlarged number of Shares after the Proposed Acquisition. Accordingly, the dilution impact on the Shares held by the Independent Shareholders will not be significant.

Dr Lee Yeng Fen is the wife of Dr Lee Hung Ming, the controlling shareholder of the Company. As a result of the Proposed Acquisition, the Lee's will increase their aggregate shareholding interest in the Company from 33.11% before the Proposed Acquisition to 36.34% after the Proposed Acquisition, as shown in the table below.

	Before the Proposed Acquisition		After the Proposed Acquisition	
	Number of Shares	Percentage Shareholding (%)	Number of Shares	Percentage Shareholding (%)
Dr Lee Hung Ming	162,000,000	33.11	162,000,000	31.33
Dr Lee Yeng Fen	Nil	Nil	25,892,258	5.01
Sub-total	162,000,000	33.11	187,892,258	36.34
Other Vendors	Nil	Nil	1,991,492	0.39
Independent Shareholders	327,211,919	66.89	327,211,919	63.28
Total	489,211,919	100.00	517,095,669	100.00*

* Does not add up due to rounding

As a result of the issuance of the Consideration Shares to Dr Lee Yeng Fen and the other Vendors, Independent Shareholders will have their aggregate shareholding interest diluted from 66.89% to 63.28% of the enlarged number of issued Shares after the Proposed Acquisition.

Independent Shareholders should note that the Proposed Whitewash Resolution, if approved at the forthcoming EGM, will waive the requirement of Dr Lee Yeng Fen and parties acting in concert with her from making the Mandatory Offer for all the remaining Shares at the highest price paid or agreed to be paid by Dr Lee Yeng Fen and parties acting in concert with her in the last six months preceding the commencement of the offer. As Dr Lee Yeng Fen and parties acting in concert with her had not acquired any Shares in the last six months, the relevant offer price to be made by Dr Lee Yeng Fen and parties acting in concert with her, if a hypothetical Mandatory Offer is to be made, will be at S\$0.25 for each Share, which is below the current market share price of S\$0.31 as at the Latest Practicable Date.

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7.5 Other relevant considerations which may have a significant bearing on our assessment of the Proposed Acquisition and the Proposed Whitewash Resolution

7.5.1 The terms of the Proposed Acquisition apply equally to the unrelated third parties

Although the Proposed Acquisition is deemed an Interested Person Transaction in view of Dr Lee Hung Ming's relationship with Dr Lee Yeng Fen, the terms of the Proposed Acquisition apply equally to the other two Vendors, Dr Koo Xian Yeang and Dr Ng Chiew Fang, who are unrelated to the Lee's.

7.5.2 Inter-conditionality of the Proposed Acquisition and the Proposed Whitewash Resolution

The passing of the ordinary resolutions for the Proposed Acquisition as an Interested Person Transaction and the Proposed Whitewash Resolution are inter-conditional upon each other. If any of the above resolutions tabled is not passed, the Proposed Acquisition will not be completed.

In addition, the purchase of all the Sale Shares is to be completed simultaneously.

7.5.3 Financial effects of the Proposed Acquisition

Details on the financial effects of the Proposed Acquisition are set out in Paragraph 2.6 of the Circular and are based on the audited financial statements of the Group for FY2015. The financial effects are for illustrative purposes only and do not purport to reflect the actual financial effects or the future financial performance of the Company and the Group after the completion of the Proposed Acquisition.

In summary, based on the Company's audited financial statements for FY2015, we note the following:

(i) Issued Share Capital

The share capital of the Company will increase due to the issuance of the 27,883,750 Consideration Shares for the Proposed Acquisition.

(ii) NTA per Share

Given that the Target Companies would have minimum NTA of only S\$500,000 (including minimum cash and cash equivalents of S\$300,000) at Completion, the Proposed Acquisition will result in the recognition of a significant amount of goodwill and intangibles as the fair value of the Consideration of approximately S\$15.6 million is significantly above the minimum NTA of the Target Companies.

Accordingly, the Proposed Acquisition will result in a decrease in the NTA of the Group and NTA per Share in view of the recognition of the significant amount of goodwill and intangibles arising from the Proposed Acquisition.

(iii) Earnings

The Proposed Acquisition is expected to be earnings accretive as the Target Companies are profitable and the Vendors have provided Profit Guarantees for the next five years.

In accordance with the accounting policies of the Group, the goodwill arising from the Proposed Acquisition will be tested for impairment annually, or more frequently when there is an indication that the goodwill may be impaired.

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7.5.4 Completion of the Proposed Acquisition

As described in Section 4.5 of this Letter, the legal title to the Sale Shares will be transferred to the Company to be held on trust by the Company during the interim period prior to Completion for the purpose of seeking HDB Approval for Assignment. If HDB Approval for Assignment is not obtained by 27 November 2016 (or such other date as the parties to the Supplemental Agreement may agree), then the Company will re-transfer the legal title to the Sale Shares to the respective Vendors. In which event, the Proposed Acquisition will not proceed further.

7.5.5 Risk factors relating to the Proposed Acquisition

The Company has identified a list of material risk factors relating to the Proposed Acquisition. The full text of the risk factors can be found in Paragraph 2.5 of the Circular.

In summary, the material risk factors are as follows:

- (i) there is no certainty that HDB will grant the HDB Approval for Assignment;
- (ii) the Target Companies are dependent on Dr Lee Yeng Fen as the medical director of each of the Target Companies and doctor at the Bukit Batok Clinic (Temasek Medical Centre (Bukit Batok)) and the Yew Tee Clinic (Temasek Medical Centre (Yew Tee));
- (iii) the Target Companies are dependent on the resident doctors and other healthcare professionals at the clinics and their ability to attract new healthcare professionals;
- (iv) the business of the Target Companies may be affected by competition from increasing number of general practitioners in the public and private sectors, as well as other healthcare service providers;
- (v) the business of the Target Companies may be affected if the clinics are no longer registered with corporate healthcare management companies and/or the Ministry of Health;
- (vi) the business of the Target Companies is dependent on obtaining and renewing of requisite approvals, licences and/or permits;
- (vii) the Target Companies are reliant, to some extent, on the "Temasek Medical Centre" brand name and reputation;
- (viii) the Target Companies are dependent on the continued effectiveness of the business model and may not be successfully integrated with the Group's existing business operations;
- (ix) the insurance coverage and indemnities of the Target Companies may not cover all their damages and losses;
- (x) increase in operating costs, namely lease rental rates, and risk of relocation may cause disruption to business operations of the Target Companies;
- (xi) there is no assurance that the future plans of the Target Companies will be successful; and
- (xii) the Target Companies may not be able to identify expansion opportunities or experience difficulties in implementing such projects.

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8. OUR OPINION

In arriving at our opinion in respect of the Proposed Acquisition as an Interested Person Transaction and the Proposed Whitewash Resolution, we have reviewed and deliberated on the following key considerations which we consider to be pertinent in our assessment:

- (a) rationale for the Proposed Acquisition;
- (b) assessment of the Consideration for the Proposed Acquisition;
- (c) assessment of the Issue Price of the Consideration Shares to be issued for the Proposed Acquisition;
- (d) dilution impact arising from the Proposed Acquisition on the Independent Shareholders; and
- (e) other relevant considerations which may have a significant bearing on our assessment of the Proposed Acquisition and the Proposed Whitewash Resolution.

Overall, based on our analysis and after having considered carefully the information available to us, our views are as follows:

- (i) **the Proposed Acquisition as an Interested Person Transaction is on normal commercial terms and not prejudicial to the interests of the Company and the Independent Shareholders; and**
- (ii) **the Proposed Whitewash Resolution, when considered in the context of the Proposed Acquisition, is fair and reasonable, and not prejudicial to the interests of the Independent Shareholders. We therefore advise the Non-Interested Directors to recommend the Independent Shareholders to vote in favour of the Proposed Whitewash Resolution.**

Our opinions, as disclosed in this letter, is based on publicly available information and information provided by the Directors and Management and does not reflect any projections of future financial performance of the Company and/or the Group after the completion of the Proposed Acquisition. In addition, our opinion is based on the economic and market conditions prevailing as at the Latest Practicable Date and is solely confined to our views on the Proposed Acquisition as an Interested Person Transaction and the Proposed Whitewash Resolution.

This Letter is addressed to the Non-Interested Directors for their benefit and for the purpose of their consideration of the Proposed Acquisition as an Interested Person Transaction and the Proposed Whitewash Resolution. The recommendation to be made by them to the Independent Shareholders shall remain their sole responsibility. Whilst a copy of this Letter may be reproduced in the Circular, neither the Company, the Directors nor any other persons may reproduce, disseminate or quote this Letter (or any part thereof) for any other purpose, other than for the purpose of the EGM, and for the purpose of the Proposed Acquisition as an Interested Person Transaction and the Proposed Whitewash Resolution, at any time and in any manner without the prior written consent of Provenance Capital in each specific case.

Our opinions are governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully
For and on behalf of
PROVENANCE CAPITAL PTE. LTD.

Wong Bee Eng
Chief Executive Officer

NOTICE OF EXTRAORDINARY GENERAL MEETING

ISEC HEALTHCARE LTD.

(Company Registration No. 201400185H)
(Incorporated in the Republic of Singapore)
(the “**Company**”)

All capitalised terms used in this Notice which are not defined herein shall, unless the context otherwise requires, have the same meaning ascribed to them in the circular to Shareholders dated 22 September 2016.

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Company will be held at Alumni Association, The Alumni Medical Centre, 2 College Road, Singapore 169850 on 7 October 2016 at 10.30 a.m., for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions:

Shareholders should note that all the Resolutions are inter-conditional upon each other. Accordingly, in the event that any of these Resolutions is not approved, the other Resolutions will not be duly passed.

ORDINARY RESOLUTIONS

RESOLUTION 1 – THE PROPOSED ACQUISITION OF THE JL MEDICAL GROUP OF COMPANIES WHICH CONSTITUTES AN INTERESTED PERSON TRANSACTION UNDER THE CATALIST RULES

That, subject to and contingent upon the passing of Resolutions 2, 3 and 4, for the purposes of Chapter 9 of the Catalist Rules Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the “**Catalist Rules**”):

- (a) approval be and is hereby given for the acquisition by the Company of all the shares in the capital of each of JL Medical (Bukit Batok) Pte. Ltd., JL Medical (Sembawang) Pte. Ltd., JL Medical (Woodlands) Pte. Ltd. and JL Medical (Yew Tee) Pte. Ltd. (collectively, the “**Target Companies**”) from Dr Lee Yeng Fen, Dr Koo Xian Yeang and Dr Ng Chiew Fang (collectively, the “**Vendors**”), upon the terms and conditions of the sale and purchase agreement dated 27 May 2016 entered into by the Company and the Vendors, supplemented and amended by the supplemental agreement dated 6 September 2016 entered into by the Company and the Vendors (as from time to time amended, modified or supplemented) (the “**Sale and Purchase Agreement**”) (the “**Proposed Acquisition**”); and
- (b) the directors of the Company (the “**Directors**”) and each of them be and are hereby authorised to complete and to do all acts and things (including, without limitation, executing all such documents as may be required) as they or he may consider necessary, desirable or expedient for the purposes of or in connection with and to give effect to this resolution (including any amendment to the Sale and Purchase Agreement, execution of any other agreements or documents and procurement of third party consents).

Note to Resolution 1:

- (1) Pursuant to Rule 919 of the Catalist Rules, Dr Lee Hung Ming and his associates will abstain from exercising any voting rights in relation to Resolution 1.

NOTICE OF EXTRAORDINARY GENERAL MEETING

RESOLUTION 2 – THE PROPOSED ALLOTMENT AND ISSUE OF THE CONSIDERATION SHARES TO THE VENDORS AT THE ISSUE PRICE OF S\$0.25 FOR EACH CONSIDERATION SHARE PURSUANT TO THE PROPOSED ACQUISITION

That, subject to and contingent upon the passing of Resolutions 1, 3 and 4 and pursuant to Section 161 of the Companies Act (Chapter 50 of Singapore):

- (a) approval be and is hereby given for the proposed allotment and issue of 27,883,750 new ordinary shares in the capital of the Company (the “**Shares**”) at the issue price of S\$0.25 for each Share, upon the terms and conditions of the Sale and Purchase Agreement (the “**Consideration Shares**”); and
- (b) the Directors of the Company and each of them be and are hereby authorised to complete and to do all acts and things (including, without limitation, executing all such documents as may be required) as they or he may consider necessary or expedient for the purposes of or in connection with and to give effect to this resolution (including any execution of any agreements or documents and procurement of third party consents for the Shares).

Note to Resolution 2:

- (1) Pursuant to Rule 919 of the Catalist Rules, Dr Lee Hung Ming and his associates will abstain from exercising any voting rights in relation to Resolution 2.

RESOLUTION 3 – THE PROPOSED ALLOTMENT AND ISSUE OF 25,892,258 NEW ORDINARY SHARES TO DR LEE YENG FEN (AN ASSOCIATE OF DR LEE HUNG MING, EXECUTIVE VICE CHAIRMAN AND CONTROLLING SHAREHOLDER OF THE COMPANY) AT THE ISSUE PRICE OF S\$0.25 FOR EACH ORDINARY SHARE PURSUANT TO THE PROPOSED ACQUISITION

That, subject to and contingent upon the passing of Resolutions 1, 2 and 4 and pursuant to Section 161 of the Companies Act (Chapter 50 of Singapore) and Rule 804 of the Catalist Rules:

- (a) approval be and is hereby given for the proposed allotment and issue of 25,892,258 new Shares at the issue price of S\$0.25 for each Share to Dr Lee Yeng Fen (an associate of Dr Lee Hung Ming, the Executive Vice Chairman and Controlling Shareholder of the Company) upon the terms and conditions of the Sale and Purchase Agreement; and
- (b) the Directors of the Company and each of them be and are hereby authorised to complete and to do all acts and things (including, without limitation, executing all such documents as may be required) as they or he may consider necessary or expedient for the purposes of or in connection with and to give effect to this resolution (including any execution of any agreements or documents and procurement of third party consents for the Shares).

Notes to Resolution 3:

- (1) The Consideration of S\$13,941,876.00 payable to the Vendors on Completion will be satisfied by way of cash and the allotment and issue of Consideration Shares as follows:
 - (a) 50% of the Consideration in cash (S\$6,970,938.00 in aggregate); and
 - (b) 50% of the Consideration shall be satisfied by way of allotment and issue of the Consideration Shares to the Vendors (27,883,750 Consideration Shares in aggregate at the Issue Price of S\$0.25 for each Consideration Share).
- (2) Subject to Completion, 25,892,258 new Shares will be issued to Dr Lee Yeng Fen (an associate of Dr Lee Hung Ming, the Executive Vice Chairman and Controlling Shareholder of the Company) at the Issue Price of S\$0.25 for each Share.
- (3) Pursuant to Rule 804(3) of the Catalist Rules, Dr Lee Hung Ming and his associates will abstain from exercising any voting rights in relation to Resolution 3.

NOTICE OF EXTRAORDINARY GENERAL MEETING

RESOLUTION 4 – THE PROPOSED WHITEWASH RESOLUTION BY INDEPENDENT SHAREHOLDERS FOR THE WAIVER OF THEIR RIGHTS TO RECEIVE A MANDATORY GENERAL OFFER FROM DR LEE YENG FEN AND HER CONCERT PARTIES

That, subject to and contingent upon the passing of Resolutions 1, 2 and 3 and the conditions in the letter from the Securities Industry Council dated 23 August 2016 being fulfilled, the Shareholders (other than Dr Lee Yeng Fen and parties acting in concert with her (including Dr Lee Hung Ming) and the parties not independent of her), do hereby, unconditionally and irrevocably waive their rights to receive a general offer from Dr Lee Yeng Fen and her concert parties (including Dr Lee Hung Ming) in accordance with Rule 14 of the Singapore Code on Take-overs and Mergers, for all the Shares not already owned by Dr Lee Yeng Fen and her concert parties (including Dr Lee Hung Ming), as a result of the allotment and issuance of the 25,892,258 new Shares to Dr Lee Yeng Fen pursuant to the Proposed Acquisition.

Note to Resolution 4:

- (1) Pursuant to the Whitewash Waiver, Dr Lee Yeng Fen, parties acting in concert with her and parties not independent of her (including Dr Lee Hung Ming) will abstain from exercising any voting rights in relation to Resolution 4.

BY ORDER OF THE BOARD

Dr Wong Jun Shyan
Executive Director and Chief Executive Officer
22 September 2016

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. (a) A member of the Company who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the extraordinary general meeting (the "**Meeting**"). Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

(b) A member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act (Chapter 50 of Singapore).
2. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf.
3. A proxy need not be a member of the Company.
4. The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 at least 48 hours before the time for holding the Meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company:

- (i) 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 proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (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 (collectively, the "**Purposes**");
- (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and
- (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

PROXY FORM

ISEC HEALTHCARE LTD.

(Company Registration No. 201400185H)
(Incorporated in the Republic of Singapore)

IMPORTANT:

1. A relevant intermediary may appoint more than two proxies to attend the Extraordinary General Meeting and vote (please see note 2 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy the Company's shares, this Circular is forwarded to them at the request of their CPF Approved Nominees.
3. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM

(Please read notes overleaf before completing this Form)

*I/We _____ (Name)

of _____ (Address)

being a *member/members of **ISEC Healthcare Ltd.** (the "**Company**") hereby appoint:

Name	Address	*NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	(%)

*and/or

Name	Address	*NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	(%)

or failing *him/her/them, the Chairman of the Extraordinary General Meeting (the "**Meeting**") of the Company as *my/our *proxy/proxies to vote for *me/us on *my/our behalf, and if necessary, to demand a poll at the Meeting of the Company to be held at Alumni Association, The Alumni Medical Centre, 2 College Road, Singapore 169850 on 7 October 2016 at 10.30 a.m. and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the Ordinary Resolution(s) to be proposed at the Meeting as indicated hereunder with an "X" in the spaces provided hereunder. If no specific directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion.

Please indicate your vote "For" or "Against" with an "X" within the box provided if you wish to exercise all your votes. Alternatively, please indicate the number of votes as appropriate.

No.	As Ordinary Resolutions	For	Against
1	The proposed acquisition of the JL Medical Group of Companies which constitutes an interested person transaction under the Catalist Rules.		
2	The proposed allotment and issue of the Consideration Shares to the Vendors at the issue price of S\$0.25 for each Consideration Share pursuant to the Proposed Acquisition.		
3	The proposed allotment and issue of 25,892,258 new Shares to Dr Lee Yeng Fen (an associate of Dr Lee Hung Ming, the Executive Vice Chairman and Controlling Shareholder of the Company) at the issue price of S\$0.25 for each Share pursuant to the Proposed Acquisition.		
4	The proposed whitewash resolution by Independent Shareholders for the waiver of their rights to receive a mandatory general offer from Dr Lee Yeng Fen and her concert parties.		

Dated this _____ day of _____ 2016.

Total No. of Shares	No. of Shares
CDP Register	
Register of Members	

Signature of Shareholder(s) or,
Common Seal of Corporate Shareholder

** Please delete as appropriate.*

All capitalised terms used in this Proxy Form which are not defined herein shall, unless the context otherwise requires, have the same meanings ascribed to them in the Company's circular to Shareholders dated 22 September 2016.

PROXY FORM

Notes:

1. Please insert the total number of ordinary shares ("**Ordinary Shares**") held by you. If you have Ordinary Shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number of Ordinary Shares. If you have Ordinary Shares registered in your name in the Register of Members (maintained by or on behalf of the Company), you should insert that number of Ordinary Shares. If you have Ordinary Shares entered against your name in the Depository Register and Ordinary Shares registered in your name in the Register of Members, you should insert the aggregate number of Ordinary Shares.
2. (a) A member of the Company ("**Member**") who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at a Meeting of the Company. Where such Member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

(b) A Member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at a Meeting of the Company, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Shareholder. Where such Member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act (Chapter 50 of Singapore).

3. The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 at least 48 hours before the time for holding the Meeting.
4. The instrument appointing the proxy or proxies must be under the hand of the appointer or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
5. A corporation which is a Member may, in accordance with Section 179 of the Companies Act (Chapter 50 of Singapore), authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting.
6. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in the Instrument appointing a proxy or proxies. In addition, in the case of Members whose Ordinary Shares are entered against their names in the Depository Register, the Company may reject any Instrument appointing a proxy or proxies lodged if such Members are not shown to have Ordinary Shares entered against their names in the Depository Register 72 hours before the time appointed for holding the Meeting as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 22 September 2016.

