

Issuer: TalkMed Group Limited

Security: TalkMed Group Limited

Meeting details:

Date: 24 April 2018

Time: 6:00 p.m.

Venue: Alumni Association, The Alumni Medical Centre, 2 College Road, Singapore 169850

Company Description

TalkMed Group Limited, an investment holding company, provides medical oncology and palliative care health care services in Singapore and Vietnam. The company operates through two segments, Oncology Services and Stem Cells Services. It offers medical oncology services in the areas of breast, colon, lung, liver, biliary and pancreatic, stomach and other gastro-intestinal, head and neck, sarcoma and brain, and genito-urinary and gynaecological cancers, as well as lymphoma and leukemia. The company also provides ancillary health services, such as CANSCREEN, a screening program that provides screening for individuals at a risk of getting cancer. It operates a network of nine clinics. The company was founded in 1997 and is based in Singapore. TalkMed Group Limited is a subsidiary of Ladyhill Holdings Pte. Ltd.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=5G3)

1. Can the board/management provide better clarity to the group's operational/financial matters? Specifically:

- (i) **Parkway Cancer Centre:** Revenue from the provision of oncology and stem cell services to Parkway Cancer Centre dropped from \$68.1 million in 2016 to \$59.4 million in 2017, a drop of 13%. **Can management help shareholders understand how much of it was due to personnel/staffing reasons and how much of it was due to other/external reasons? With the resumption of medical duties by Dr Ang Peng Tiam, does management expect the revenue slid to reverse and for FY2018 revenue to be at/near the FY2016 levels?**
- (ii) **Hong Kong Integrated Oncology Centre Limited (HKIOC):** Even though revenue has increased to \$41.3 million from \$22.1 million, the loss after tax is still substantial at \$(6.1) million. **Has management estimated the level of revenue that will allow HKIOC to breakeven? Is the cost structure of the Hong Kong operations similar to that of the Singapore segment?**
- (iii) **Singapore Cancer Centre (China):** **Can management update shareholders on the timeline for the Singapore Cancer Centre in China?**
- (iv) **Singapore Cancer Centre Thu Cuc (Vietnam):** It was mentioned in the Message to Shareholders that revenue from the Vietnam operations retreated 39.3% to S\$0.24 million but the company stopped short of saying how it would grow the business again. **With the centre running since 2014, what are difficulties faced by the group in growing and scaling up the Vietnam business? Has the board/management assessed the potential of the market and reassessed the strategy of establishing the center in Hanoi?**

2. The remuneration of director is shown in the table on page 21 in the Corporate Governance Report and is reproduced as follows:

Names	Band ⁽¹⁾	Fees	Salary ⁽²⁾	Bonus ⁽²⁾	Share-based payments	Total
Directors						
Mr S. Chandra Das	1	100%	-	-	-	100%
Dr Ang Peng Tiam (CEO)	3	-	100%	-	-	100%
Dr Khoo Kei Siong (COO)	2	-	100%	-	-	100%
Mr Sitoh Yih Pin	1	100%	-	-	-	100%
Mr Dan Yock Hian	1	100%	-	-	-	100%
Mr Lim Jen Howe	1	100%	-	-	-	100%
Mr Lim Teong Jin George	1	100%	-	-	-	100%
Notes:						
(1) Band 1 means remuneration of S\$250,000 and below per annum Band 2 means remuneration of between S\$250,001 and S\$500,000 per annum Band 3 means remuneration of S\$500,001 per annum and above						
(2) Salaries and bonuses include employer's contributions to the Central Provident Fund ("CPF")						

(Source: Company annual report)

The company further disclosed that:

The Board is of the view that it is not in the interests of the Company to disclose in full the remuneration of each individual Director, the CEO and the four key Management personnel (who are not Directors) of the Company due to the sensitive and confidential nature of such information and disadvantages that this might bring.

- (i) **Would the board and the remuneration committee (RC) help shareholders understand the sensitivity attached to disclosing the remuneration of the executive directors and the disadvantages that it might bring?**

In Note 23b (page 77 – Related party transactions: Compensation of key management personnel), the amount paid to directors of the company is shown to be \$3.46 million in 2017.

(b) Compensation of key management personnel

	Group	
	2017 S\$'000	2016 S\$'000
Comprises amount paid to:		
– Directors of the Company	3,456	5,458
– Other key management personnel	1,009	841
	4,465	6,299

(Source: Company annual report)

Given that the non-executive directors received about \$380,000, the balance of \$3.08 million is split between two executive directors. As such, the remuneration of Dr Ang could be estimated to be between \$2.58 million and \$2.83 million in 2017. In 2016, the estimated remuneration was between \$4.58 million and \$4.83 million.

- (ii) **To improve the transparency on remuneration matters, would the RC minimally disclose the remuneration of the directors in meaningful bands, of \$250,000 or less?** This would also provide shareholders with assurance that the remuneration of directors are kept in check and are not excessively remunerated as compared to industry benchmarks and other comparable companies/doctors.

3. The fifth Annual General Meeting (AGM) is scheduled to be held on Tuesday, 24 April 2018 at 6:00 p.m.

While it is understandable that the directors who are also doctors have clinic hours and are extremely busy, holding the yearly AGM at 6.00 p.m. will make it inconvenient for many shareholders to attend.

In addition, the company has stated the following in the Corporate Governance Report (page 26):

The Group recognises the importance of maintaining transparency and accountability to its shareholders [...] The Group strongly encourages shareholders' participation at the AGM. Shareholders are able to proactively engage the Board and Management on the Group's business activities, financial performance and other business-related matters through dialogue sessions. The Group believes in regular, effective and fair communication with shareholders and is committed to hearing shareholders' views and addressing their concerns. The Board believes that general meetings serve as an opportune forum for shareholders to meet the Board and key Management personnel, and to interact with them.

- (i) **Can the company disclose the estimated attendance of the AGM held last year as it was also held on a weekday at 6.00 p.m.?**
- (ii) **Are there any other reasons why the meeting has to be held at 6.00 p.m. on a weekday?**
- (iii) **Has the board considered holding the meeting at regular office hours to make it more convenient for shareholders to attend?**
- (iv) **Has the board also considered holding the meeting on a Saturday late morning/afternoon instead of holding it at 6.00 p.m on a weekday?**
- (v) **Would the board agree to review how the AGM could be better scheduled to improve the attendance?**

