



Securities Investors Association (Singapore)

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Issuer: AsiaMedic Limited

Security: AsiaMedic Limited

Meeting details:

Date: 29 April 2019

Time: 9.30 a.m.

Venue: 350 Orchard Road, #10-01 Shaw House, Singapore 238868

Company Description

AsiaMedic Limited is an investment holding company. Its focus is on the management of ambulatory medical and clinical services in the fields of disease prevention and early illness detection. Its core services include Wellness and Preventive Management, Advanced Diagnostic Imaging and Collaborative Health Management. The AsiaMedic Wellness Assessment Centre offers a range of preventive health screening plans for patients to identify their health risk factors so that successful early intervention and behavioral modification can be implemented. The AsiaMedic Advanced Imaging Centre is made up of The Orchard Imaging Centre and The Heart & Vascular Centre. The AsiaMedic Positron Emission Tomography (PET) Centre utilises GE's Discovery ST PET/CT scanner for cardiac and cancer imaging. In August 2014, the Company acquired 40% interest in capital of 60% owned subsidiary, AsiaMedic Eye Centre Pte. Ltd.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=505)

Q1. There were several changes to the board composition in the year. As disclosed in the Corporate Governance Report, Dr Hong Hai retired as independent director on 14 August 2018. Mr Guo Wenfei resigned as non-executive director effective on 3 January 2019. Accordingly, Mr Koh Boon How ceased to be the alternate director to Mr Guo Wenfei effective on 3 January 2019 following the resignation of Mr Guo Wenfei.

Mr Chua Keng Woon joined the board on 15 August 2018 and Mr Charles Wang Chong Guang was appointed as non-executive chairman effective on 22 March 2019, taking over from Mr Tan Soo Kiat, who was redesignated as non-executive director.

In addition, Mr Choo Kin Poo, the chief executive officer, resigned effective 1 March 2019. Dr Wong Kae Thong has taken on the role of the Acting Chief Operating Officer with effect from 8 April 2019.

- (i) Is there sufficient stability on the board providing the continuity to lead and control the group?**
- (ii) With the changes on the board, will there be a further review of the group's strategic direction? How is the board providing its entrepreneurial leadership to the company?**
- (iii) What qualities is the board looking for in the replacement CEO? How is the group conducting the search for the CEO?**

Q2. The financial highlight is shown on page 9 of the annual report and reproduced below:

FINANCIAL HIGHLIGHTS

	2014	2015	2016	2017	2018
	S\$	S\$	S\$	S\$	S\$
Revenue	18,794,823	20,199,418	20,573,255	19,015,381	18,828,662
Profit/(Loss) before taxation	467,384	(1,873,457)	(2,029,304)	(4,228,107)	(4,043,913)
Profit/(Loss) for the year	646,012	(1,734,384)	(1,628,206)	(4,226,687)	(4,774,824)
Net profit/(loss) after tax attributable to owners of the Company	669,911	(1,779,182)	(1,628,440)	(4,226,687)	(4,774,824)
Share capital and reserves	13,954,793	12,183,313	13,381,895	9,138,913	4,376,695

(Source: Company annual report)

The group currently has the following business units:

AsiaMedic Wellness Assessment Centre	Provides extensive preventive health screening and assessment services to help patients diagnose early signs of health warnings with subsequent intervention and behavioural treatment follow-ups
Asiamedic Diagnostic Imaging Centre	Diagnostic imaging involves the use of non-invasive procedures to generate images of the body's internal anatomy and functions that can be recorded on film or digitized for display on a video monitor
Asiamedic PET/CT Centre	Diagnosis, staging, localisation and monitoring progress of cancer
Asiamedic Astique The Aesthetic Clinic	Astique offers a wide range of premium medical aesthetic treatments efficiently within the shortest turnaround time
Complete Healthcare International (CHI)	CHI is an integrated medical centre that is dedicated to providing comprehensive healthcare of the highest standard to international and local clientele in a caring, professional and attentive environment

- (i) **Can management help shareholders understand how the business units are managed on a day-to-day basis? Are they integrated onto a shared services platform, such as payroll, billing, marketing for economies of scale?**
- (ii) **Are there synergies between the business units and how are the business units incentivised to leverage one another's strength?**
- (iii) **To help shareholders better understand the group, please clearly articulate the business model for each unit and identify the value proposition to the customers.**
- (iv) **What are the levers available to increase the patient load and improve the utilisation?**

Q3. In FY2018, the impairment loss of \$1,000,447 was recognised due to the impairment of the goodwill allocated to Complete Healthcare International Pte Ltd.

The group also recognised impairment loss of property, plant and equipment (PPE) due to:

- AsiaMedic PET/CT Centre Pte Ltd and AsiaMedic Heart & Vascular Centre Pte Ltd: \$700,000
- The Orchard Imaging Centre Pte Ltd: \$1,500,000 in FY2017

- (i) **Has the issue of shortage of radiologists for the imaging business sorted out? In general, how well is the group doing in term of searching, hiring, training and retaining the talent it needs for the business?**

- (ii) Would management scale back any investments/acquisitions for the time being? Has the company been over-aggressive in investing into PPE and making acquisitions, given the impairment recognised in the past two years?**

- (iii) What guidance has the board provided to management in terms of valuation, budgeting and projection? Will the newly constituted board be reviewing its investment approach and instilling more prudence into the group's investments?**

A copy of the questions for the Annual Report for the financial year ended 31 December 2017 could be found here:

<https://sias.org.sg/qa-on-annual-reports/?company=AsiaMedic%20Ltd&cid=6669,4470>

The company's response could be found here: -----