



Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Email: admin@sias.org.sg
www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

Issuer: AsiaMedic Limited

Stock code: 505

Meeting details:

Date: 29 April 2023

Time: 9.30 a.m.

Venue: <<live webcast>>

Q1. The financial highlight is shown on page 10 and reproduced below:

Financial Highlights

	2018	2019	2020	2021	2022
	S\$	S\$	S\$	S\$	S\$
Revenue	18,828,662	18,989,960	15,279,133	18,255,133	18,882,431
Profit/(Loss) before taxation	(4,043,913)	(588,233)	(4,295,166)	715,031	2,186,023
Net profit/(loss) after tax attributable to owners of the Company	(4,774,824)	(588,233)	(4,295,166)	715,031	2,186,023
Share capital and reserves	4,376,695	3,813,674*	8,040,118	8,750,132	10,941,172

(Source: company annual report)

Other than FY2020, the group's revenue has been steady over the past 5 years. The group's executive health screening service offering has been further enhanced with a new outlet and in the school-based health screening segment, the group remains a service provider although it is no longer the exclusive service provider.

In FY2022, revenue from the aesthetic business declined to just \$1.33 million. A non-cash impairment loss for plant and equipment and goodwill relating to the aesthetics business of \$0.4 million and \$0.5 million respectively was recognised after taking into consideration that the business has been loss-making as the level of activity of the aesthetic business has not recovered to pre-pandemic levels. The reason for the decrease in revenue of medical aesthetic services was attributed to the "attrition of doctors".

- (i) **What is the board's strategy to ensure that doctors and medical staff stay and grow with the group? Specifically, in the case of the aesthetic business, what were the challenges in hiring and retaining doctors?**
- (ii) **Does the aesthetic business differ from other medical services as it could be more personality driven?** Management is currently undertaking a strategic review of its options for the aesthetics business and is taking active measures to address the shortage of doctors, which continues to pose a significant challenge. **Can management elaborate further on the options being considered in the strategic review?**
- (iii) **Regarding the diagnostic imaging segment, what was the utilisation rate of the group's MRI equipment? How broad is the group's referral network, and what are the efforts by management to expand it?**

- (iv) **For the onsite healthcare business, can management provide more information on the new projects secured?**

Q2. The company has stated that no dividend was declared or recommended “*due to the performance of the group for FY2022*” (page 30; Provision 11.6 Dividend). It added that the group’s cash balance will be reserved for business operational purposes. The company does not have a policy on payment of dividend. The board will consider the group’s level of cash and retained earnings and projected working capital requirements, capital expenditure and investments in proposing a dividend.

For FY2021 and FY2022, the net profit after tax attributable to owners of the company was \$715,031 and \$2,186,023 respectively.

- (i) **Can the board help shareholders better understand what it means when the company did not declare a dividend “due to the performance of the group for FY2022”? Has the board set a minimum profit level before declaring dividend?**
- (ii) **In addition, has the board benchmarked itself against other healthcare/medical companies listed on the SGX-ST?**
- (iii) **Can the board provide an update on how it plans to strike a balance between investing in the group's growth and generating returns for shareholders in the form of steady dividends?**

Q3. The group's balance sheet is shown on page 44 of the annual report and reproduced below:

Balance Sheets

As at 31 December 2022

	Note	Group		Company	
		2022	2021	2022	2021
		\$	\$	\$	\$
Non-current assets					
Plant and equipment	10	1,468,115	557,098	123,063	19,996
Investment in subsidiaries	11	-	-	7,703,247	2,203,247
Investment in associate	12	2,190,185	1,991,995	181,500	181,500
Right-of-use assets	28	6,529,595	3,659,274	6,529,595	3,659,274
Goodwill	13	-	523,864	-	-
		10,187,895	6,732,231	14,537,405	6,064,017
Current assets					
Inventories	14	259,634	253,281	-	-
Trade receivables	15	3,013,657	2,100,354	37,613	-
Other receivables and deposits	16	448,613	617,473	690,320	708,882
Prepayments		288,266	194,741	59,433	38,423
Other financial assets	17	1,980,560	-	1,480,560	-
Cash pledged as security	18	911,520	818,100	-	-
Cash and cash equivalents	19	6,642,404	9,473,762	3,107,097	5,832,792
		13,544,654	13,457,711	5,375,023	6,580,097

(Source: company annual report)

As at 31 December 2022, the group invested \$1.98 million in short-term investment into credit linked notes issued by DBS Bank Ltd (referencing SGD Monetary Authority of Singapore bills) that matured in March 2023. This was entered into by the group for financial management purposes.

- (i) **What were the reasons for the group's decision to invest in credit-linked notes (CLN), and did the board approve the investment into financial derivative products? What other options were considered other than credit-linked notes and how did the board/management eventually decide on credit-linked notes and this particular issue?**
- (ii) **What were the interest rates and is the board/management fully aware of the risks associated with investing in credit-linked notes?**
- (iii) **Has the board put in place a robust risk management framework for the group's investments?** It would appear that the group committed the full \$1.98 million amount into one instrument.



Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Email: admin@sias.org.sg
www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on [SIAS website](http://www.sias.org.sg)

Join our mailing list [here](#) to receive latest news and upcoming events.

CONNECT WITH US

