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Issuer: Camsing Healthcare Limited

Stock code: BAC

Meeting details:

Date: 28 Jun 2024

Time: 10.00 a.m.

Venue: Csuites, Studio 3, 2 Tanjong Katong Road #05-01, PLQ 3, Singapore 437161

Q1. For the financial year ended 31 January 2024, the group reported lower revenue of \$4.85 million as both retail sales and business-to-business sales revenue declined. The consolidated revenue of \$4.85 million represents the lowest for the group in the past five years, during which the group has consistently been loss-making.

GROUP FINANCIAL HIGHLIGHTS

Five-Year Group Financial Statistics

Year Ended 31 January	2024 \$'000	2023 \$'000	2022 \$'000	2021 \$'000	2020 \$'000
INCOME STATEMENT					
Revenue	4,852	6,103	5,530	5,690	7,308
Loss before tax	(2,723)	(2,402)	(1,349)	(829)	(5,458)
Income tax credit	-	-	20	-	-
Loss for the year	(2,723)	(2,402)	(1,329)	(829)	(5,458)
Loss attributable to owners of the parent	(2,722)	(2,402)	(1,328)	(828)	(5,458)
PER ORDINARY SHARE					
Loss after tax attributable to owners of the parent (cents)	(9.07)	(8.01)	(4.43)	(2.76)	(18.19)
Net tangible assets (cents)	(28.19)	(19.12)	(11.11)	(6.73)	(3.97)

(Adapted from company annual report; page 7)

In the interim financial statements for the three months ended 30 April 2024, revenue decreased by 26% to \$1.07 million, down from \$1.44 million in the previous corresponding period. Losses for the first quarter increased by 56%, amounting to \$(669,000).

The group is in a net liability position of \$(8.46) million as of 31 January 2024, which worsened to \$(9.13) million by 30 April 2024.

- (i) **Can management help shareholders better understand the competitive advantage of the group's principal subsidiary, Nature's Farm? Is the current business model viable given the competitive nature of the health foods and supplements market?**
- (ii) **What are some notable business-to-business ("B2B") collaborations the group has undertaken in the past? How does the group source these partnerships?**
- (iii) **Has the board/management analysed the key factors leading to revenue decreases? How will management address these challenges?**

- (iv) **What is the revenue breakdown for the B2B, e-store and e-commerce sales channels? Does the group have sufficient scale to break even in each of these channels? Is there an overlap in the e-store and e-commerce channels, and how does the group ensure that its activities on e-commerce platforms (such as Shopee and Lazada) are profitable?**
- (v) **Does the group have sufficient working capital to support its business activities?**
- (vi) **What are the top 3-5 operational priorities to achieve revenue growth and profitability for the group over the next 18-24 months?**
- (vii) **What guidance has the board given to management for restoring the group's profitability, given that the group has been loss-making and is in a capital deficient position of \$(9.13) million as at 30 April 2024?**

Q2. Trading in the shares of the company has been suspended since 1 April 2019. The company had submitted a proposal for the resumption in the trading of its shares on 15 June 2023.

Currently, there is a proposed investment by several investors to subscribe for up to 60,000,007 shares at \$0.05 per subscription share and up to 50,000,000 mandatory convertible bonds of up to \$2,500,000 with a conversion price of \$0.05 per conversion share.

On 10 May 2024, SGX RegCo approved in-principle the trading resumption plan of the company, subject to various conditions.

- (i) **When does the board expect trading of the company's shares to resume?**
- (ii) **Can the board/management clarify if the funds from the potential investors have been received? If not, when does the company expect to receive the funds?**
- (iii) **Can the company also confirm that all outstanding obligations with QRH will be settled with the payment of \$4.85 million? Has QRH agreed to further extend the loan repayment date beyond 31 May 2024 with no further penalties?**
- (iv) **How will the group deploy the remaining balance of \$1.87 million (now earmarked as working capital)?**
- (v) **How does management plan to lower its financing costs, given the current reliance on loans with interest rates ranging from 8% to 12% (or possibly higher)?**

Q3. The independent auditors have included a qualified opinion in their independent auditor's report for the financial year ending 1 January 2024. The basis for qualified opinion can be found on pages 32 and 33 of the annual report.

- (i) **What effort has the board, particularly the audit committee (AC), undertaken to resolve the issue raised by the independent auditor that led to the qualified opinion?**

Separately, on 13 June 2024, the company announced that there are material variances between the unaudited financial statements and the audited financial statements for the financial year ended 1 January 2024 following the finalisation of audit.

The announcement on the unaudited financial results was first released via SGXNet on 28 March 2024. The announcement of material differences came approximately 2.5 months after the company first announced the unaudited financial statements.

Some of the reasons for the changes include:

- Contract liabilities being recognised as revenue
- Misclassification of lease liabilities
- Misclassification of payroll expenses as marketing and distribution expenses
- Over-impairment of subsidiary

The company's announcement can be found here:

<https://links.sgx.com/FileOpen/CHL%20-%20Annt%20-%20Material%20Variance%20-%20FINAL.ashx?App=Announcement&FileID=806591>

- (ii) **Can the AC help shareholders better understand the underlying reasons for the material variances?**
- (iii) **What are the challenges faced by the company's finance and accounting staff in meeting the Singapore Financial Reporting Standards (International) (SFRS(I))?**
- (iv) **What role did the AC play in the preparation of the financial statements? Was it adequate?**
- (v) **How can shareholders be assured that the internal financial reporting/finance team is sufficiently resourced with experienced and qualified staff to ensure the integrity of the financial statements?**
- (vi) **What changes have been made/will be made to the group's financial reporting systems and processes?**

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](#)

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