ASIAMEDIC LIMITED
(Incorporated in the Republic of Singapore)
Company Registration No.: 197401556E

SUSTAINABILITY REPORT

For financial year ended 31 December 2017

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1. ABOUT ASIAMEDIC LIMITED AND ITS SUBSIDIARIES

We are a one-stop outpatient wellness, medical diagnostic imaging, international clinic, and medical aesthetics service provider in Singapore.

For the financial year ended 31 December 2017 ("**FY2017**"), we reported a revenue of S$19 million (2016: S$20 million) and a loss for the year of S$4.2 million (2016: S$1.6 million). Wellness (principally health screening) and medical diagnostic imaging were our main revenue contributors for FY2017. The higher loss in FY2017 was due mainly to lower revenue from medical diagnostic imaging business, higher impairment of property, plant and equipment, lower other income (due to lower government grants and termination of sub-lease to third parties), and the expenses incurred for the proposed acquisition of LuyeEllium Healthcare Co., Ltd.

2. BOARD STATEMENT ON SUSTAINABILITY

This is the first sustainability report prepared by AsiaMedic Limited. The Board of Directors (the "**Board**") of AsiaMedic Limited has provided direct guidance to the Company's key senior management (the "**Management**") in the preparation of this report. Based on the guidelines of Global Reporting Initiative ("**GRI**") Standards, the Board and the Management identify material factors relevant to the Group. The Management then further assesses, monitors and documents the Group's efforts in managing the identified factors. The Board and the Management will continue to work closely to ensure that the Group has a structured and functioning sustainability reporting framework.

As the competition in the Group's markets intensify, the Group has implemented various plans to differentiate the Group from its competitors and continue to explore avenues to improve the Group's performances. Whilst the Group explores its plans and avenues, the Board and the Management would like to take this opportunity to thank our stakeholders for their patience and understanding.

We hope this report will help our stakeholders understand the Group and its business decisions, and allow the Group to be sustainable in the long run.

3. SUSTAINABILITY REPORTING PROCESSES

Our sustainability process begins with the identification of the sustainability factors. Relevant factors are then prioritised as material factors which are then validated. The end result of this process is a list of material factors disclosed in this report, inter-relations of which are as shown in the chart below:

Identification — Identification of the material factors that are relevant to the Group's activities and data points for performance reporting

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Prioritisation — Prioritisation of the material factors and identify key sustainability factors to be reported on

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Validation — Validation involves the assessment on the completeness of key sustainability factors identified to finalise the sustainability report content

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Review — Review focuses on the material factors in the previous reporting period and also considers stakeholders' feedback, changing business landscape, and emerging trends

4. REPORTING PERIOD

This report is in respect of the Group's financial year ended 31 December 2017.

5. KEY STAKEHOLDERS

Our key stakeholders are our shareholders, customers, our employees, the healthcare regulator in Singapore (Ministry of Health), and suppliers.

Key stakeholder	Methods of engagement
Shareholders	• Annual General Meeting • SGXNET announcements • Corporate website (www.asiamedic.com.sg)

Key stakeholder	Methods of engagement
Customers	• Patient visits and consultations • Feedback forms • Customer hotline • Facebook • Email • Corporate website • On-site visits
Employees	• Induction and orientation programmes • On-the-job training • Town hall meetings • Departmental meetings • Annual appraisal • Continuous dialogue
Regulator	• Guidelines • Email • Telecommunication • Site visits
Suppliers	• Meetings • Email • Telecommunication

6. MATERIAL FACTORS

We believe the following factors are relevant for the long term sustainability of the Group:

6.1. Competition

The Group continues to face stiff competition in the markets it operates. The Group's wellness and medical diagnostic imaging businesses continues to encounter competition largely on pricing while the Group's international clinic (catering mainly to the expatriate community) and medical aesthetics clinic operate in a fragmented market.

Competition is especially acute for our wellness and diagnostic imaging business and has intensified over the years. We compete locally for patients from both private and public sectors. There are also medical practitioners who have established their own medical diagnostic imaging facilities in their clinics which compete with the Group. Furthermore, competing largely based on pricing is unhealthy and will result in margin erosion.

Our international clinic and medical aesthetics clinic face competition mainly from the private operators which comprise a large number of single practitioner clinics. Competition is localised as patients generally do not travel beyond their comfort zone for medical consultation and treatment.

6.2. Customers and their satisfaction level

The main customers of our businesses are as follows:

(a) Diagnostic imaging – medical clinics, medical practitioners and hospitals who refer their patients to us

(b) Wellness – corporates/companies who provide health screening benefits to their employees, government agencies whom we undertake certain school/community health screening and health coaching activities on their behalf, and individual private patients

(c) International clinic and medical aesthetic – individual private patients

The ability to deliver quality professional services and care at competitive prices is a value driver in healthcare delivery. Our reputation as a respected and trusted provider of quality services and care at competitive prices will help us to attract and retain customers.

6.3. Recruitment and retention of healthcare professionals comprising radiologists, medical doctors, radiographers and nurses

The ongoing ability to recruit, develop, and retain qualified radiologists, medical doctors, radiographers and nurses is critical to us as they are central to the services that we provide to our customers. There is an exceptional high demand in our industry for the first three groups of healthcare professionals of radiologists, medical doctors and radiographers in Singapore. Our continued ability to compete effectively depends on our ability to attract such new healthcare professionals and to retain and motivate the existing ones. We may not be able to hire and retain a sufficient number of such healthcare professionals, and we expect that our costs for the salaries and benefits of these healthcare professionals will continue to increase for the foreseeable future because of the industry's competitive demand for their services.

7. POLICIES, PRACTICES, PERFORMANCE AND TARGETS

7.1. Competition

We strive to provide quality healthcare services to prevent further margin erosion. We have continuously reviewed our service levels as well as our operational processes for better efficiency and cost management. Delivering quality healthcare services while controlling costs is challenging. We have implemented schemes to monitor and assess our service levels such as our ability to reschedule patients' appointments, capacity of our machines, reducing waiting time of patients, faster turnaround time, ability to provide multiple modalities and disciplines, and the quality of our consultations and services.

As disclosed in the FY2017 Annual Report, the Group is in the process of executing various plans to turnaround the Group's performance.

7.2. Customers and their satisfaction level

We currently do not conduct formal customer satisfaction surveys due to the nature of the businesses. Instead, we use other means to assess customer satisfaction. We have provided feedback forms at the waiting areas so that the patrons of our centre or clinics can provide their feedback and suggestions while waiting for their turns. We also have other modes of communications such as our website, Facebook pages, customer hotline and email address. We strive to ensure customer satisfaction by fostering good long-term relationship with our customers. We pro-actively engage our key customers (such as medical practitioners and corporates) to develop service levels that are tailored to their specific needs. As patient experience is based on the clinical aspect as well as the personal aspect, we also aim for our patients to have a positive experience in our clinics through our focus on continuously improving the way our staff interact with our patients. To this end, all our clinical and non-clinical staff attended a "Service Quality" workshop in January 2018 conducted by a certified trainer.

As we currently do not have formal customer satisfaction survey data, the disclosure of performance targets is deferred till a time when suitable appropriate indicators are identified.

7.3. Recruitment and retention of healthcare professionals comprising radiologists, medical doctors, radiographers and nurses

We adopt the following practices to attract and retain our other employees:

(a) Reward system – We provide competitive packages based on market rates.
(b) Working environment – Our employees work in an environment which is receptive, friendly and conducive.
(c) Work-life integration – We provide work opportunities to employees whose family/life circumstances only allow them to take up part-time permanent employment.
(d) Training – The Group recognizes the importance of investing in our employees and we are committed to ensuring that all employees can realise their potential through formal external seminars, conferences and on-the-job training.
(e) Constant dialogue – We have constant dialogue and conversations with our employees, both individually and as a group, to engage them on their concerns and needs.

The above practices are also applied to our key healthcare professionals of radiologists, medical doctors and radiographers. As we do not have a large number of such healthcare professionals as the scale of our operations is relatively small and we endeavour to be lean operationally, the resignation of a radiologist, medical doctor or radiographer is always keenly felt. In our opinion, it would not be in the interests of the Group to disclose the turnover rate due to the commercial sensitivity reason.

8. OTHER SUSTAINABILITY FACTORS

8.1. Corporate governance

A high standard of corporate governance is integral in ensuring sustainability of the Group's business as well as safeguarding shareholders' interest and maximizing long term shareholder value. Please refer to the Corporate Governance Report of our FY2017 Annual Report for details for our corporate governance practices.

8.2. Regulatory requirements

The healthcare industry has many standards and regulations. As a healthcare service provider in Singapore:

(a) We adhere to and comply strictly with all relevant standards and regulations including the Private Hospitals and Medical Clinics Act, Medicine Act, Health Products Act, Radiation Protection Act, and Singapore Medical Council Ethical Code and Ethical Guidelines.
(b) It is our policy to comply with all laws, rules and regulations governing anti-bribery and anti-corruption. The prohibitions on bribery and corruption are disseminated to all our personnel on an annual basis.

We did not have any non-compliance with regulatory requirements during the reporting period and we aim to maintain this every year.

8.3. Environment

Our operations do not have a material impact on the environment. Nevertheless, we contribute our part by ensuring compliance with the National Environmental Agency's radiation protection regulations, the disposal of biohazard wastes through the proper channels, and the purchase of our medical supplies from reputable vendors.

Date: 17 December 2018