ASIAMEDIC LIMITED

Co. Reg. No.: 197401556E

ASIAMEDIC LIMITED
Financial statements announcement for the full year ended 31 December 2019

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL-YEAR RESULTS

1(a)(i) Consolidated Income Statement

An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	FY2019	FY2018	Increase/(Decrease)	
	S$	S$	S$	%
Revenue	**18,989,960**	**18,828,662**	**161,298**	**1%**
Other income	204,328	341,770	(137,442)	-40%
Items of expenses				
Consumables used	(1,682,800)	(1,986,310)	(303,510)	-15%
Personnel expenses	(10,922,815)	(11,072,170)	(149,355)	-1%
Depreciation and amortisation	(2,495,511)	(1,152,244)	1,343,267	117%
Operating lease expenses	(133,951)	(2,085,210)	(1,951,259)	-94%
Maintenance of equipment	(871,728)	(882,834)	(11,106)	-1%
Laboratory and consultancy fees	(1,660,538)	(2,026,000)	(365,462)	-18%
Finance costs	(455,663)	(96,662)	359,001	371%
Other operating expenses	(2,118,087)	(2,287,925)	(169,838)	-7%
Impairments and provisions	-	(2,020,447)	(2,020,447)	-100%
Total operating expenses	(20,341,093)	(23,609,802)	(3,268,709)	-14%
Loss from operations	**(1,146,805)**	**(4,439,370)**	**(3,292,565)**	**-74%**
Share of results of associate	558,572	395,457	163,115	41%
Loss before tax	**(588,233)**	**(4,043,913)**	**(3,455,680)**	**-85%**
Income tax expenses	-	(730,911)	(730,911)	-100%
Loss for the year attributable to owners of the Company	**(588,233)**	**(4,774,824)**	**(4,186,591)**	**-88%**

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1(a)(ii) Statement of Comprehensive Income

Financial Year Ended 31 December 2019

	FY2019	FY2018	Increase/(Decrease)	
	S$	S$	S$	%
Loss for the year	**(588,233)**	**(4,774,824)**	**(4,186,591)**	**-88%**
Other comprehensive income	-	-	-	-
Total comprehensive income for the year attributable to owners of the Company	**(588,233)**	**(4,774,824)**	**(4,186,591)**	**-88%**

1(a)(iii) The following items have been included in determining the loss before tax

	FY2019	FY2018	Increase/(Decrease)	
	S$	S$	S$	%
Grant income	66,892	200,207	(133,315)	-67%
Rental income	128,172	123,943	4,229	3%
Interest income	6,864	4,090	2,774	68%
Foreign exchange gain	81	-	81	100%
Gain on disposal of property, plant and equipment	500	3,500	(3,000)	-86%
Property, plant and equipment written off	(2,125)	(2,050)	75	4%
Impairments and provision:				
- Impairment of plant and equipment	-	(700,000)	(700,000)	-100%
- Impairment of goodwill	-	(1,000,447)	(1,000,447)	-100%
- Provision for reinstatement of plant and equipment	-	(320,000)	(320,000)	-100%
Write-back of receivables	-	1,890	(1,890)	-100%
Amortisation of intangible asset	-	(4,395)	(4,395)	-100%

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1(b)(i) Balance Sheets

	Group		Company	
	31 Dec 2019 S$	31 Dec 2018 S$	31 Dec 2019 S$	31 Dec 2018 S$
Non-Current Assets				
Property, plant and equipment	3,461,491	3,980,301	47,408	43,035
Investment in subsidiaries	-	-	306,547	406,547
Investment in associate	2,007,470	1,844,898	181,500	181,500
Goodwill	523,864	523,864	-	-
Reinstatement asset	119,798	143,758	-	-
Right-of-use asset	5,345,828	-	5,345,828	-
	11,458,451	**6,492,821**	**5,881,283**	**631,082**
Current Assets				
Inventories	269,727	240,878	-	-
Trade receivables	2,878,747	1,645,016	-	-
Other receivables and deposits	480,841	679,555	3,306,747	2,243,443
Prepayments	325,706	272,912	137,036	44,836
Cash and short term deposits pledged as security	855,682	714,562	-	-
Cash and short term deposits	2,889,527	2,946,069	1,527,190	1,341,795
	7,700,230	**6,498,992**	**4,970,973**	**3,630,074**
Current Liabilities				
Trade payables	1,278,023	1,172,526	-	-
Other payables and accruals	1,683,877	1,945,066	633,915	752,918
Deferred income	1,271,117	1,221,933	-	-
Loans and borrowings	-	77,011	-	-
Obligations under finance leases	91,316	539,388	-	-
Lease liability	1,415,238	-	1,415,238	-
	5,739,571	**4,955,924**	**2,049,153**	**752,918**
Net Current Assets	**1,960,659**	**1,543,068**	**2,921,820**	**2,877,156**
Non-Current Liabilities				
Provision for reinstatement	547,898	545,310	241,552	241,552
Obligations under finance leases	-	91,316	-	-
Deferred tax liabilities	22,568	22,568	-	-
Lease liability	4,034,970	-	4,034,970	-
Shareholder's loans	5,000,000	3,000,000	5,000,000	3,000,000
	9,605,436	**3,659,194**	**9,276,522**	**3,241,552**
Net Assets/(Liabilities)	**3,813,674**	**4,376,695**	**(473,419)**	**266,686**
Equity Attributable to Owners of the Company				
Share capital	24,761,027	24,761,027	24,761,027	24,761,027
Treasury shares	(2,866)	(2,866)	(2,866)	(2,866)
Other reserves	(561,121)	(586,333)	99,612	74,400
Accumulated losses	(20,383,366)	(19,795,133)	(25,331,192)	(24,565,875)
Total Equity	**3,813,674**	**4,376,695**	**(473,419)**	**266,686**

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1(b)(ii) Aggregate amount of group's borrowings

Bank Loans

	Maturity	Group	
		31 Dec 2019	31 Dec 2018
		S$	S$
Amount repayable in one year or less, or on demand:			
Interest-bearing bank loans	2020	-	77,011

Details of any collateral:
The loans are secured by corporate guarantees executed by the Company.

Obligations under Finance Leases

	Group			
	2019		2018	
	Minimum payments	Present value of minimum payments	Minimum payments	Present value of minimum payments
	S$	S$	S$	S$
Not later than one year	91,627	91,316	549,948	539,388
Later than one year but not later than five years	-	-	91,627	91,316
Total minimum lease payments	91,627	91,316	641,575	630,704
Less: Amounts representing finance charges	(311)	-	(10,871)	-
Present value of minimum lease payments	**91,316**	**91,316**	**630,704**	**630,704**

Details of any collateral:
The obligations are secured by rights over the leased assets and corporate guarantees executed by the Company.

Loans from Controlling Shareholder

	Group	
	31 Dec 2019	31 Dec 2018
	S$	S$
Amount repayable after one year:		
Interest-bearing loans	5,000,000	3,000,000

The loans were repaid on 14 January 2020 in connection with the Company's rights issue of shares (the "Rights Issue"). Please refer to Sections 1(d)(ii) and 21 of this announcement for further disclosure regarding the Rights Issue.

Details of any collateral:
The loans are unsecured.

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1(c) Consolidated Cash Flow Statement

Financial Year Ended 31 December 2019

	Group	
	FY2019 S$	**FY2018 S$**
Operating activities:		
Loss before tax	**(588,233)**	**(4,043,913)**
Adjustments:		
Depreciation and amortisation of property, plant and equipment, and intangible asset	1,007,335	1,156,639
Amortisation of reinstatement asset	23,960	-
Amortisation of right-of-use asset	1,464,216	-
Impairment of goodwill	-	1,000,447
Gain on disposal of property, plant and equipment	(500)	(3,500)
Property, plant and equipment written off	2,125	2,050
Impairment of plant and equipment	-	700,000
Write-back of receivables	-	(1,890)
Interest expense	455,663	96,662
Interest income	(6,864)	(4,090)
Grant of equity-settled share options to employees	25,212	12,606
Share of results of associate	(558,572)	(395,457)
Provision for reinstatement of plant and equipment	-	320,000
Operating profit before working capital changes	**1,824,342**	**(1,160,446)**
Changes in working capital:		
(Increase)/decrease in inventories	(28,849)	53,202
Increase in trade and other receivables and prepayments	(1,087,811)	(597,616)
(Decrease)/increase in trade and other payables	(666,534)	88,503
Increase in deferred income	49,184	14,750
Cash generated from/(used in) operations	**90,332**	**(1,601,607)**
Payment of the proposed acquisition expenses [1]	-	(461,740)
Net cash generated from/(used in) operating activities	**90,332**	**(2,063,347)**
Investing activities:		
Interest received	6,864	4,090
Purchase of property, plant and equipment	(172,450)	(794,089)
Proceeds from disposal of property, plant and equipment	500	3,500
Dividend income from associate	396,000	264,000
Net cash flows from/(used in) investing activities	**230,914**	**(522,499)**
Financing activities:		
(Increase)/decrease in cash pledged as security	(141,120)	216,922
Interest paid	(260,433)	(44,607)
Payment of principal portion of lease liability	(1,359,836)	-
Loans from controlling shareholder	2,000,000	3,000,000
Repayment of obligations under finance leases and loans and borrowings	(616,399)	(816,482)
Net cash flows (used in)/from financing activities	**(377,788)**	**2,355,833**
Net decrease in cash and short term deposits	*(56,542)*	*(230,013)*
Cash and short term deposits at the beginning of year	2,946,069	3,176,082
Cash and short term deposits at the end of year	**2,889,527**	**2,946,069**

[1] *The proposed acquisition of LuyeEllium Healthcare Co.,Ltd lapsed and ceased on 31 August 2018.*

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1 (d)(i) Statements of changes in equity

Group

S$	Share Capital	Other Reserves	Treasury Shares	Accumulated Losses	Total	Total Equity
Balance as at 1 January 2018	24,761,027	(598,939)	(2,866)	(15,020,309)	9,138,913	9,138,913
Total comprehensive income for the year	-	-	-	(4,774,824)	(4,774,824)	(4,774,824)
Grant of equity-settled share options to employees	-	12,606	-	-	12,606	12,606
Balance as at 31 December 2018	24,761,027	(586,333)	(2,866)	(19,795,133)	4,376,695	4,376,695

Balance as at 1 January 2019	24,761,027	(586,333)	(2,866)	(19,795,133)	4,376,695	4,376,695
Total comprehensive income for the year	-	-	-	(588,233)	(588,233)	(588,233)
Grant of equity-settled share options to employees	-	25,212	-	-	25,212	25,212
Balance as at 31 December 2019	24,761,027	(561,121)	(2,866)	(20,383,366)	3,813,674	3,813,674

Company

S$	Share capital	Other Reserves	Treasury Shares	Accumulated Losses	Total	Total Equity
Balance as at 1 January 2018	24,761,027	61,794	(2,866)	(18,423,798)	6,396,157	6,396,157
Total comprehensive income for the year	-	-	-	(6,142,077)	(6,142,077)	(6,142,077)
Grant of equity-settled share options to employees	-	12,606	-	-	12,606	12,606
Balance as at 31 December 2018	24,761,027	74,400	(2,866)	(24,565,875)	266,686	**266,686**

Balance as at 1 January 2019	24,761,027	74,400	(2,866)	(24,565,875)	266,686	**266,686**
Total comprehensive income for the year	-	-	-	(765,317)	(765,317)	(765,317)
Grant of equity-settled share options to employees	-	25,212	-	-	25,212	25,212
Balance as at 31 December 2019	24,761,027	99,612	(2,866)	(25,331,192)	(473,419)	**(473,419)**

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of share for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury share, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of corresponding period of the immediately preceding financial year.

There was no change in the Company's share capital as at 31 December 2019 since the end of the previous year reported on.

There were no additional share options granted under the AsiaMedic Employee Share Option Scheme 2016 since the end of the previous year reported on.

As at 31 December 2019, there were outstanding options for conversion into 1,524,000 (2018: 1,524,000) ordinary shares. The options were granted on 15 June 2016 and are subject to a vesting schedule and are exercisable in tranches from 15 June 2018.

As at 31 December 2019, the number of ordinary shares in issue was 390,488,125 excluding 100,000 treasury shares (2018: 390,488,125 ordinary shares excluding 100,000 treasury shares). The issued share capital as at 31 December 2019 was S$24,761,027 (2018: S$24,761,027).

Subsequent to 31 December 2019, the Company issued 729,034,145 new ordinary shares on 14 January 2020 in connection with its Rights Issue. Following the Rights Issue, the number of ordinary shares in issue is 1,119,522,270 excluding 100,000 treasury shares, and the share capital is S$33,284,436. Please refer to Section 21 of this announcement for further disclosure regarding the Rights Issue.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

As at 31 December 2019, the number of ordinary shares in issue was 390,488,125 excluding 100,000 treasury shares (2018: 390,488,125 ordinary shares excluding 100,000 treasury shares).

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

At 1 January 2019	Share buyback	Sales	Transfers	Disposal	Cancellation or use	At 31 December 2019
100,000	-	-	-	-	-	100,000

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited nor reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The Group has applied the same accounting policies and method of computation in the financial statements for the current financial year compared with those of the audited financial statements as at 31 December 2018, as well as applicable new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") which became effective for financial years beginning on or after 1 January 2019. The adoption of these new and revised SFRS(I) has no material effect on the announcement for the current financial year, except for the adoption of SFRS(I) 16 Leases which came into effect on 1 January 2019.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The Group has adopted SFRS(I) 16 Leases retrospectively from 1 January 2019 but has not restated comparatives for the 2018 reporting period as permitted under the specific transition provisions in the standard. Under the new standard, the Group has recognised right-of-use ("ROU") assets and lease liabilities except for short-term and low-value leases. The accounting for lessors did not change significantly.

The Group recognised ROU assets equal to lease liabilities of approximately S$6.8 million in relation to leasehold premises which had previously been classified as 'operating leases' under the principles of FRS 17 Leases. These liabilities were measured at present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as of 1 January 2019. Subsequent to initial recognition, the Group depreciates the ROU assets over the remaining lease term and recognise interest expenses on the lease liabilities.

6. Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:

	31 Dec 2019	31 Dec 2018
(a) Based on weighted average number of ordinary shares on issue	(0.15) cent	(1.22) cents
(b) On a fully diluted basis	(0.15) cent	(1.22) cents

Notes:

(a) The basic earnings per share for the year ended 31 December 2019 is computed based on weighted average share capital of 390,488,125 (31 December 2018: 390,488,125) ordinary shares.

(b) There were no potential dilutive ordinary shares.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital excluding treasury shares of the issuer at the end of the

(a) current financial period reported on; and
(b) immediately preceding financial year

	31 Dec 2019	31 Dec 2018
The Group Net asset value per ordinary share based on existing issued share capital	0.98 cent	1.12 cents
The Company Net asset value per ordinary share based on existing issued share capital	(0.12) cent	0.07 cent

Note:
The total number of shares used for the computation of net asset value per share is 390,488,125 (31 December 2018: 390,488,125) ordinary shares.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

The Group's revenue increased by S$161,000 or 1% to S$19.0 million for the year ended 31 December 2019 ("**FY2019**") from S$18.8 million for the year ended 31 December 2018 ("**FY2018**"). The increase was due mainly to higher revenue from the wellness business, partially offset by the decrease in the revenue of Complete Healthcare International ("**CHI**").

Other income decreased to S$204,000 in FY2019 from S$342,000 in FY2018 due mainly to lower government grants received.

Consumables used decreased by S$304,000 or 15%, in line with the decrease in revenue from CHI.

The increase in depreciation and amortisation expenses and the decrease in operating lease expenses were mainly attributable to the adoption of SFRS(I) 16 discussed in Section 5. Excluding the effect of SFRS(I) 16, depreciation and amortisation expenses decreased by S$145,000 or 13% due mainly to certain property, plant and equipment being fully depreciated in FY2019. Operating lease expenses decreased by S$344,000 or 16% due mainly to the relocation of CHI's clinic in January 2019 to our main premises with lower rentals. Finance costs increased to S$456,000 from S$97,000 in FY2018 due mainly to the adoption of SFRS(I) 16 and the increase in shareholder's loans. There were no impairments and provisions in FY2019. The share of results of associate increased by S$163,000 or 41% as the associate registered a higher profit for FY2019 due to higher sales.

As a result, the Group recorded a lower loss attributable to shareholders of S$588,000 in FY2019 compared with a loss of S$4.8 million FY2018.

Non-Current Assets

Non-current assets increased to S$11.5 million as at 31 December 2019 from S$6.5 million as at 31 December 2018 due mainly to the recognition of right-of-use asset of S$5.3 million as a result of adoption of SFRS(I) 16.

Current Assets

Current assets increased to S$7.7 million as at 31 December 2019 from S$6.5 million as at 31 December 2018 due mainly to the increase in trade receivables. Trade receivables increased to S$2.9 million as at 31 December 2019 from S$1.6 million as at 31 December 2018 due mainly to health screening projects with government agencies.

Current Liabilities

Current liabilities increased to S$5.7 million as 31 December 2019 from S$5.0 million as at 31 December 2018 due mainly to the recognition of lease liability as a result of the adoption of SFRS(I) 16, partially offset by the decrease in obligations under finance leases.

Net Current Assets

As a result of the higher increase in current assets as compared to current liabilities, net current assets increased to S$2.0 million as at 31 December 2019 from S$1.5 million as at 31 December 2018.

Non-Current Liabilities

Non-current liabilities increased to S$9.6 million as at 31 December 2019 from S$3.7 million as at 31 December 2018 due mainly to the recognition of lease liability of S$4.0 million as a result of the adoption of SFRS(I) 16 and the additional shareholder's loans of S$2.0 million received from Luye Medical Group Pte Ltd.

Cash Flow

The Group has a cash inflow from operations of S$90,000 in FY2019 compared with an outflow of S$1.6 million in FY2018 due mainly to a lower loss for the year and the adoption of SFRS(I) 16 offset by a higher working capital. Cash flows from investing activities were S$231,000 in FY2019 compared with an outflow of S$522,000 in FY2018 due mainly to lower purchase of property, plant and equipment. Cash flows used in financing activities were S$378,000 in FY2019 compared with an inflow of S$2.4 million in FY2018 due mainly to the adoption of SFRS(I) 16.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement has been previously disclosed to shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months

The COVID-19 outbreak in Singapore will have an impact on our Group to a certain extent as some patients and clients defer their medical appointments and healthcare programmes in the near term. The Group will endeavour to keep abreast of developments and maintain operational and financial prudence in the face of this challenge.

11. If a decision regarding dividend has been made:

a) **Whether an interim (final) ordinary dividend has been declared (recommended); and**

NIL

b) N/A

(1) Amount per share: Nil **cents**

(2) Previous corresponding period: Nil **cents**

c) **Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

N/A

d) **The date the dividend is payable:** N/A

e) **The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.**

N/A

12. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

No dividend has been declared as the Group registered a loss for the period.

13. If the group has obtained general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920 (1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
Brookline Medical Pte. Ltd.	Associate of the controlling shareholder	Nil	S$154,000 (Provision of imaging services under a general mandate)
Luye Medical Group Pte. Ltd.	Controlling shareholder	S$192,642 (Loan interest payable)	Nil

14. Negative confirmation pursuant to Rule 705(5).

This section is not applicable for announcement of full year results.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

Undertakings have been obtained from the Directors and executive officers.

16. Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Not applicable as the Group operates in only one segment.

17. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

Noted. Please refer to Section 8 for the review of performance.

18. A breakdown of sales

		Group		
		FY2019	**FY2018**	**Increase/ (Decrease)**
		S$	**S$**	**%**
(a)	Sales reported for first half year	9,130,432	9,230,017	-1%
(b)	Operating loss after tax for the year before deducting non-controlling interests reported for first half year	(663,545)	(925,779)	-28%
(c)	Sales reported for second half year	9,859,528	9,598,646	3%
(d)	Operating profit/(loss) after tax for the year before deducting non-controlling interests reported for second half year	75,312	(3,849,048)	-102%

19. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:

		FY2019	**FY2018**
(a)	Ordinary	-	-
(b)	Preference	-	-
(c)	Total	-	-

20. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

The Company confirms that no person occupying managerial positions in the Company or any of its principal subsidiaries is a relative of a director, chief executive officer or substantial shareholder of the Company.

21. Use of proceeds from Rights Issue.

The Company issued 729,034,145 new ordinary shares on 14 January 2020 in connection with its Rights Issue. The net proceeds have been utilised as follows:

Use of proceeds	Net proceeds S$'000	Amount utilised as at the date of this announcement S$'000	Balance S$'000
Reducing indebtedness of the Group (1)	5,000	5,000	-
For general corporate and working capital purposes including but not limited to operating costs, capital expenditure and making strategic investments and/or acquisitions if opportunities arise	3,523	-	3,523
Total	8,523	5,000	3,523

Note:

(1) Reducing indebtedness of the Group in relation to the Offsetting Arrangement (as defined in the Company's circular to shareholders dated 14 November 2019).

Under the Offsetting Arrangement, the Company and Luye Medical Group Pte Ltd (the "Undertaking Shareholder") have mutually agreed that the subscription monies due from the Undertaking Shareholder to the Company for the subscription by the Undertaking Shareholder of 381,725,584 rights shares and 34,941,082 excess rights shares will be offset entirely against the aggregate outstanding loan amount owing by the Company to the Undertaking Shareholder of S$5 million.

BY ORDER OF THE BOARD

Foo Soon Soo (Ms)
21 February 2020

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