

**ALLIANCE HEALTHCARE GROUP LIMITED**  
(Incorporated in the Republic of Singapore on 6 June 2006)  
(UEN. 200608233K)

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**RESPONSES TO QUESTIONS FROM  
SECURITIES INVESTORS ASSOCIATION (SINGAPORE) AND SHAREHOLDERS**

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The board of directors (the “**Board**”) of Alliance Healthcare Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) would like to thank the Securities Investors Association (Singapore) (“**SIAS**”) and the Company’s shareholders (“**Shareholders**”) for submitting their questions in advance of the Company’s Annual General Meeting to be held on 28 October 2020 at 2.30 p.m.

Unless otherwise defined, capitalised terms used herein shall have the same meaning as ascribed thereto in the Company’s annual report for the financial year ended 30 June 2020.

The Company’s responses to the questions received from SIAS and Shareholders are set out below.

**Question 1**

The Group is an integrated healthcare organisation leveraging technology to provide a broad suite of healthcare services primarily in Singapore, with 5 major services, namely GP Clinics Services, Specialist Care Services, Managed Healthcare Solutions, Pharmaceutical Services and Mobile and Digital Health Services.

The Group reported an increase in revenue by 17.2% from S\$36.5 million in FY2019 to S\$42.8 million, driven by a rise in sales from Pharmaceutical Services and Specialist Care Services but offset by lower revenue in Managed Healthcare Solutions and GP Clinics Services because of lower patient volume with the onset of the COVID-19 pandemic.

The Group’s new Mobile and Digital Health Services acquired a 55% stake in Jaga-Me Pte. Ltd. (“**Jaga-Me**”) in January 2020. The Group also launched its proprietary digital health app, HeyAlly, which provides users access to services such as on-demand medical advice through tele-consultation and second opinion.

- (i) Has the Board redefined its growth strategy given the pandemic? In particular, have the targeted scale and pace of growth of Specialist Care Services and GP Clinics Services been further fine-tuned?

**Response**

The Group believes digital technology is the key to meeting patients’ demands for a greater convenience and personalization of healthcare delivery. During the pandemic, the Group introduced telemedicine service through HeyAlly, its proprietary digital healthcare app to over 600 companies. Jaga-Me (a subsidiary of the Group) is a mobile healthcare company, and through its listing of over 500 licensed healthcare professionals on its digital platform, provides skilled nursing services at nursing homes, dormitories, community recovering facilities and patients’ homes. The shift from on-site to virtual and offsite medical services will continue after the pandemic, and the Group’s experience during the pandemic has reinforced its belief on the importance of digitalization and mobile healthcare capabilities.

The Group will be more prudent in expanding its GP Clinics Services, as this segment is still recovering from the reduction in patient volume arising from the COVID-19 pandemic. In respect of Specialist Care Services, the Group has experienced a rebound in the demand for specialist services and has recruited one more ENT specialist in October 2020.

- (ii) [On the other hand, would the Group benefit from closing any gaps in the network of its GP clinics in the heartlands of Singapore to reach out to more patients?](#)

**Response**

The Group has 16 “My Family” GP clinics across Singapore with a stable pool of patients. The Group is quickening its pace towards digitalisation to improve customer experience and reach out to more patients. For example, the Group plans to introduce HeyAlly, its proprietary digital health app to the patients of the Group’s “My Family” GP clinics.

- (iii) [In addition, what are the main priorities for the Group in the next 12 to 18 months to seize the opportunities in the digitalisation of healthcare?](#)

**Response**

The Group intends to onboard more corporate clients to its digital healthcare platform, for example, by introducing telemedicine service as an extension of its Managed Healthcare Solutions. The Group will look to further expand its B2B partnerships, such as the one with the DBS group to reach out to more end customers to increase the adoption of its digital healthcare solution. The Group also plans to expand the service offerings within its HeyAlly app which includes solutions such as telemedicine, appointment booking, and an online store that offers a range of solutions including healthcare screening and vaccination.

- (iv) [Would management help Shareholders better understand the potential addressable markets for Jaga-Me? As disclosed in the Chairman’s Message, Jaga-Me has been mobilising its network of nurses to provide medical support at dormitories, conducting COVID-19 swab training and performing COVID-19 swab tests onsite. It has also recently secured a contract with a leading public cancer institution to provide cancer treatment at patient homes.](#)

**Response**

Jaga-Me has a small core team of experienced nurses to develop the clinical protocols, train and ensure a high standard of professional care for the patients. To scale up its operations, Jaga-Me uses a network of over 500 licensed healthcare professionals who will take up assignments on Jaga-Me’s proprietary digital platform. Since the start of the pandemic, the Group has seen an increase in demand for skilled nurses to provide medical service at nursing homes, dormitories, work sites, and community recovering facilities.

Concurrently, Jaga-Me is also working to expand its service offering to hospitals, insurance corporations, private specialists and pharmaceutical companies. For example, home care can aid insurers by reducing the length of hospital stays and hospital re-admission rates, thus optimising medical fees for patients with long-term chronic conditions. By encouraging insurers to extend their coverage to home care, it potentially opens a new market for the Group, given the underlying demand for mobile and home healthcare with an aging population.

The Group’s investment in Jaga-Me will also allow the Group to scale up its workplace medical programs, such as the chronic disease management and vaccination programmes.

- (v) [What are some of the milestones achieved by HeyAlly? Would management elaborate further on the key metrics, such as user sign-ups, number of downloads, number of clinics/healthcare providers on the platform etc?](#)

## **Response**

The Group is still relatively early in its digital healthcare expansion. The Group launched HeyAlly, its digital health platform only in April 2020 and was successful in onboarding 600 of its corporate clientele to this digital telemedicine platform. As of September 2020, the Group has a few hundred clinics and healthcare providers on its HeyAlly platform.

## **Question 2**

The Group's Managed Healthcare Solutions business segment was negatively affected by the pandemic as patient volume decreased. Revenue decreased by approximately 7.0% to S\$4.9 million in FY2020, mainly as a result of a decrease in gross value of claims processed by the Group.

The Group has won several contracts, including one to 38 public healthcare institutions such as Changi General Hospital, Singapore General Hospital and National Health Group Polyclinics, serving an estimate of over 80,000 individuals comprising employees of these healthcare institutions and their dependents.

- (i) Would management help Shareholders better understand the key value drivers (other than patient volume) in the Managed Healthcare Solutions business segment?

## **Response**

Some key revenue drivers of Managed Healthcare Solutions include the number of corporate clients in the Group's portfolio, the administrative fee per claim, and the additional medical services that the Group provides beyond claims administration. Examples of some of these medical services would include telemedicine, workplace vaccination, chronic disease management and occupational health programmes.

- (ii) What is the competitive advantage of the Group in this segment?

## **Response**

The Board believes that the Group is in a unique position in the healthcare industry in Singapore. The Group's 5 business segments allow it to adopt an integrated approach towards providing a one-stop solution to its clients, which differentiates the Group from its competitors.

The Group is also the first managed healthcare provider listed in Singapore. The Board believes that the Company's listed status gives the Group's clients assurance on corporate governance, internal controls and many other aspects of the business. These are important considerations for many corporations and insurance partners in their selection of a managed healthcare solutions provider.

The Board believes that the Group has been able to harness technological innovations as a competitive advantage. The Group's emphasis in keeping abreast of the latest technological developments in the healthcare industry sets it apart from its competitors.

- (iii) Does management have an estimate of the Group's market share in Singapore? How does the Group compare with other service providers in terms of scale?

**Response**

To the best of the knowledge and belief of the Board, there has been no formal study of market share done on the managed healthcare industry in Singapore.

The Group has grown steadily in the number of corporate clients under its coverage at a compounded annual growth rate of 18% between January 2016 to January 2020 to over 3,000 companies as at January 2020.

**Question 3**

While the Group reported an increase in revenue of 17.2% to S\$42.8 million in FY2020, total trade and other receivables decreased from S\$9.88 million to S\$9.81 million as at the end of the reporting period.

There was an increase in trade receivables past due by over 60 days. The gross amount of trade receivables past due by over 90 days increased from S\$298,623 to S\$832,954 while the amount past due by 61 days to 90 days has also approximately doubled to S\$741,408.

Ageing analysis of trade receivable amounts as at the end of the reporting year:

	Gross amount		Loss allowance	
	2020 \$	2019 \$	2020 \$	2019 \$
<b>Group</b>				
Trade receivables:				
Current	5,850,346	5,010,806	-	-
1 to 60 days past due	2,083,486	4,189,589	-	-
61 to 90 days past due	741,408	381,195	-	-
Over 90 days past due	832,954	298,623	4,606	317
<b>Total</b>	<b>9,508,194</b>	<b>9,880,213</b>	<b>4,606</b>	<b>317</b>
<b>Company</b>				
Trade receivables:				
Current	1,325,792	869,761	-	-
1 to 60 days past due	1,058,100	1,620,444	-	-
61 to 90 days past due	666,065	140,186	-	-
Over 90 days past due	1,728,952	983,475	-	-
<b>Total</b>	<b>4,778,909</b>	<b>3,613,866</b>	<b>-</b>	<b>-</b>

(Source: Annual Report)

- (i) Would management help Shareholders understand the reason(s) for the increase in trade receivables past due by over 60 days?

**Response**

The COVID-19 pandemic has disrupted the back-end operations of some of the Group's corporate clients, resulting in a delay in processing of payments as the employees of such corporate clients work from home.

- (ii) What are the profiles of the customers with long outstanding debt?

**Response**

These customers are typically in the non-essential industries or industries that were affected by the safe management measures arising from the COVID-19 pandemic.

- (iii) Given that the pandemic has caused unprecedented disruptions to businesses, has management observed any delays or difficulties in collections?

**Response**

The Group conducts thorough analysis of its corporate clients before onboarding them and is also very selective on its choice of clients depending on their credit profile. In FY2020, the Group had no significant bad debt.

- (iv) On the other hand, what are the changes, if any, that management has made to its collections as the outstanding trade receivables as a percentage of the Group's revenue has improved?

**Response**

The Group is selective in extending credit terms to its corporate clients and will analyse the creditworthiness of its customers before onboarding them. The Group is also cautious about extending credit to customers that historically exceed their credit terms, despite repeated reminders.

**Question 4**

Has there been any negative impact on the Group's business due to COVID-19 pandemic? How is the Group performing against its competitors?

**Response**

The Group's diversified business segments across the entire healthcare eco-system has helped to cushion the impact of the COVID-19 pandemic. The Group reported an increase in revenue by 17.2% from S\$36.5 million in FY2019 to S\$42.8 million driven by a rise in sales from Pharmaceutical Services and Specialist Care Services but offset by lower revenue in Managed Healthcare Solutions and GP Clinics Services because of lower patient volume with the onset of the COVID-19 pandemic. The Mobile and Digital Health Services made its inaugural revenue contribution to the Group with S\$1.2 million in revenue in FY2020. Excluding the effect of IPO-related expenses of S\$1.2 million incurred in FY2019, the Group saw an increase in profit before tax of S\$0.5 million to S\$3.0 million for FY2020.

As the healthcare industry pivots towards the digital generation, the Board is of the view that the Group's emphasis in keeping abreast of the latest technological developments in the healthcare industry allows it to compete and grow in the digital era.

By Order of the Board

Dr Barry Thng Lip Mong  
Executive Chairman and Chief Executive Officer  
26 October 2020

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*This announcement has been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch (the "**Sponsor**") in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist. This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement. The contact person for the Sponsor is Ms Tan Cher Ting, Director, Investment Banking, CIMB Bank Berhad, Singapore Branch, at 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, Telephone (65) 6337 5115.*