

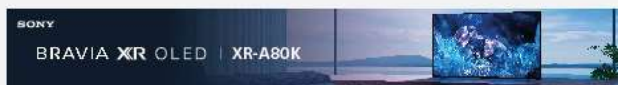


Edge Weekly

## LYC Healthcare mulls spin-off listing in Singapore

Liew Jia Teng / The Edge Malaysia

August 31, 2021 16:00 pm +08



This article first appeared in The Edge Malaysia Weekly, on August 23, 2021 - August 29, 2021.



T&T operates a one-stop chronic disease centre focusing on chronic degenerative joint diseases and spine, pain management, as well as metabolic diseases



CONFINEMENT centre operator LYC Healthcare Bhd is mulling a spin-off listing of its newly acquired companies on the Catalist board of the Singapore Exchange (SGX), sources tell The Edge

A check on AbsolutelyStocks shows that larger peers such as Q&M Dental Group (Singapore) Ltd, Raffles Medical Group Ltd and IHH Healthcare Bhd are currently commanding historical price-earnings ratios (PER) of 21 times, 29 times and 50 times respectively.

However, a smaller company, HC Surgical Specialists Ltd, is valued at a PER of merely nine times. Note that HC Surgical Specialists, which focuses on endoscopy, is unrelated to LYC Healthcare's HCOS.

It is learnt that post-listing, LYC Healthcare intends to retain a majority stake in LYC Medicare (Singapore), which was incorporated in April last year. Currently, LYC Medicare (Singapore) is an indirect wholly-owned subsidiary of LYC Healthcare.

When contacted, LYC Healthcare CEO and managing director David Sui Diong Hoe would only say, "As a listed company, we are always exploring opportunities that will create shareholder value and maximise long-term shareholder returns." He declined to elaborate further.

Shares in LYC Healthcare have gained 38% to close at 34.5 sen last Thursday — up from its 52-week low of 25 sen on July 16 — giving the company a market capitalisation of RM148.88 million.

Listed on the ACE Market of Bursa Malaysia, LYC Healthcare operates mother and child centres, senior living homes, family clinics, childcare centres, as well as cosmetic and aesthetic businesses.

Despite registering higher revenue, the group saw its net losses widen over the past three financial years ended March 31 — from RM5.2 million in FY2018 to RM5.9 million in FY2019, RM9.7 million in FY2020 and RM12.1 million in FY2021.

As at June 28, LYC Healthcare's single largest shareholder was low-profile businessman Lim Yin Chow, followed by two substantial shareholders — Kenanga Investors Bhd and Tee Chee Chiang.

Other prominent names on its list of top 30 shareholders are Main Market-listed renewable energy firm G Capital Bhd and Sandakan businessman Tan Sri Richard Koh Kin Lip.

According to AbsolutelyStocks data, the group's gearing stood at 3.72 times, with a net debt position of RM72.8 million as at March 31.



## Venture into Singapore

LYC Healthcare ventured into the healthcare business in Singapore last year.

Last September, the group received shareholder approval for the proposed acquisition of T&T and HCOS for a total purchase consideration of S\$14.23 million (about RM44.22 million). Both transactions were completed in November and December last year respectively.

T&T operates a one-stop chronic disease centre focusing on chronic degenerative joint diseases and spine, pain management, as well as metabolic diseases like diabetes mellitus, hypertension and high cholesterol. It also provides general medical care under its family health clinic arm.

Being a one-stop chronic disease operator, T&T is able to provide integrated service and treatment offerings such as an osteoporosis centre in collaboration with Amgen Inc, an American multinational biopharmaceutical company headquartered in Thousand Oaks, California. Among its services are X-ray imaging, including bone mineral densitometry, and a full-fledged physiotherapy centre for chronic and acute cases, as well as sports injury and rehabilitation post-surgery.

Meanwhile, HCOS primarily serves patients requiring various orthopaedic specialist treatments, including surgeries. The range of HCOS's specialist treatments generally cater for management of adult and paediatric fractures and trauma, general orthopaedic, sports injuries with torn ligaments and meniscus, and degenerative spine conditions, including prolapsed intervertebral discs.

“By being discerning in our acquisitions and greenfield projects via the geographical cluster strategy to pursue growth, we can focus on assets that complement and are synergistic to our portfolio to achieve higher returns for the business,” says LYC Healthcare in its Annual Report 2021.

Fast forward to May this year, LYC Healthcare continued its buying spree when it announced its plan to acquire a 70% stake in Aqurate for RM36.4 million in cash.

Aqurate is principally involved in product formulation, R&D and supply of functional food ingredients, as well as the provision of innovative solutions to the food and beverage, nutraceutical, pharmaceutical, healthcare and cosmeceutical industries.

LYC Healthcare had said the proposed acquisition would complement and expand the group's healthcare service offerings and network presence by leveraging Aqurate's expertise and experience in the nutraceutical field.

It also anticipates reaping business synergy between its healthcare arm and the new nutraceutical segment, such as being able to complement one another's knowledge and resources to develop new pharmaceutical and nutraceutical products, which may consist of in-house brands and external brands, as well as create cross-selling opportunities.

A quick check on the SGX website shows that companies seeking a primary listing on Catalist must be brought to list by authorised full sponsors via an IPO or a reverse takeover.

While SGX does not require minimum quantitative entry criteria, full sponsors will have to use their own house deal selection criteria to decide if the listing applicant is suitable to be listed.

Save by [subscribing](#) to us for your print and/or digital copy.

P/S: The Edge is also available on [Apple's AppStore](#) and [Androids' Google Play](#).