THOMSON MEDICAL GROUP LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 199908381D)

21st ANNUAL GENERAL MEETING
RESPONSES TO SHAREHOLDER QUESTIONS

The Board of Directors of Thomson Medical Group Limited (the "**Company**" or "**TMG**") would like to thank all shareholders for submitting their questions in advance of our 21st Annual General Meeting (AGM) to be convened and held by way of electronic means on 22 October 2021 at 2.00 p.m. (Singapore time).

Please refer to our responses to these questions in the following pages. Shareholders may also refer to all AGM related documents at the following website:

https://www.thomsonmedical.com/event_calendar/annual-general-meeting-2021/

Following the conclusion of the AGM, the voting results of the AGM will be uploaded on SGXNET.

By Order of the Board
THOMSON MEDICAL GROUP LIMITED

Dr Wong Chiang Yin
Executive Director and Group Chief Executive Officer

20 October 2021

1. **How much of the Group's $240.4m revenue was derived from the Singapore Government's Covid-19 initiatives? Is the revenue classified under "Hospital services" segment or "Specialised services" segment?**

   The Group managed serology testing operations for migrant workers housed at migrant dormitories and isolation facilities, in addition to managing three vaccination centres as part of the Group's effort in supporting the Singapore Government's Covid-19 initiatives. These revenues amounted to less than 5% of the Group's revenue, and were classified under "specialised services".

2. **How much of the Group's $240.4m revenue was derived from medical insurers or government initiatives such as the Community Health Assist Scheme (CHAS)?**

   At the Group level, revenue attributable to Government schemes was less than 5% and revenue attributable to private insurance was less than 10%. On the specific question related to CHAS, revenue attributable to this scheme is less than 0.5% of the total revenue.

3. **Referring to the "Consolidated statement of profit or loss" (page 57 of the Annual Report), the "Other operating expenses" of $61.2m in FY2021 was 25.5% of total Revenue in FY2021. What is the breakdown of these expenses?**

   The breakdown of significant "other operating expenses" was disclosed on page 87 of the Annual Report. The total operating expenses as a percentage of total revenue in FY2021 in fact was lower at 25.5% compared to FY2020, pro-rated to 12 months of 27.8% (excluding the impairment losses in FY2020). The reduction in the total operating expenses in FY2021 was in line with the cost-saving measures implemented by the Group to mitigate the impact of Covid-19.

   About two thirds of these expenses relate to professional fees paid to doctors. The remainder can be mainly attributable to repair and maintenance expenses, housekeeping expense and credit card commission.

4. **(a) As a % of Revenue, "Professional fees paid to doctors" have declined by 0.7% from 17.0% in FY2020 to 16.3% in FY2021, while "Staff costs" have increased by 0.3% from 30.9% in FY2020 to 31.2% in FY2021. Why?**

   (b) Similarly, on a pro-rated basis, the "Salaries and short-term employee benefits" for key management personnel have increased by 5.3% to $3.2m in FY2021. What are the remuneration factors that have specifically led to this increase and how much is attributable to each of these remuneration factors?

   The increase in staff costs in FY2021 was mainly due to higher overall headcount and salary adjustments for healthcare professionals. The salary increases were in line with the recommendation made by the Ministry of Health in Singapore. In FY2020, staff costs were lower mainly due to senior management volunteering to forgo their annual wage increment, performance bonus and annual wage supplement. In addition, the Group imposed a pay freeze for all staff, as part of the Group's pre-emptive measures to mitigate the impact of Covid-19 in FY2020. These have been restored in FY2021.

5. **With reference to page 99 of the Annual Report on "Intangible assets", the discount rate applied to Thomson Medical Pte Ltd (TMPL) has declined by 0.3% from 6.2% in FY2020 to 5.9% in FY2021, while the discount rate applied for TMC Life Sciences Berhad (TMCLS) has declined by as much as 2.0% from 9.0% in FY2020 to 7.0% in FY2021. At what discount rates applied to (i) TMCLS and (ii) BB Waterfront Sdn Bhd (BBWF) will the carrying amounts of these CGUs be the same as their recoverable amounts?**

   The discount rate applied to TMCLS was lowered taking into consideration stable business and the cash flow profile of TMCLS operations, as well as the general trend of lower rates in Malaysia.

   Annually, we carry out a review of our discount rates as part of the goodwill impairment assessment required by the accounting standards. As part of this review, we perform sensitivity analysis which include stress testing the discount rates. Based on current discount rates, the recoverable amounts for the respective CGUs have exceeded the carrying amount.

6. **The Group recorded an impairment loss on Development Property of $45,478,000. In addition, the Group also aims to complete the development of Thomson Iskandar Medical Hub (TIMH) within 24 months after the Rapid Transit System (RTS) Link project at Bukit Chagar is fully operational. With delays to the RTS Link project and the unfavourable economic condition at the Iskandar Development Region, it is unlikely that the internal rate of return for TIMH can be met. Given that the medium-term notes are incurring interest at 4.05% - 4.8% p.a., have the Independent Directors reviewed the feasibility of this project and has divestment been considered as one of the options?**

   We take a long-term view of our business, including ensuring that we have sufficient land for future expansion. The Group continuously reviews its strategy and plans according to changes in market conditions, including discussions with partners to enhance the value of its business.

   Despite the current economic climate, we remain optimistic about the development potential of Thomson Iskandar Medical Hub (TIMH) which is sited on freehold land. Our reasons include TIMH's strategic location near Johor Bahru's city centre, the Woodlands-Johor Bahru CIQ (Customs, Immigration, and Quarantine) Complex and the upcoming RTS station at Bukit Chagar.

   With the unparalleled location and future transport links, the Board is of the opinion that TIMH will be able to attract locals and Singaporeans who frequently travel across the border to seek quality medical treatment at lower cost.

7. **Trade receivables have increased by 91% from $6.5m as at FY2020 to $12.5m as at FY2021? How much of the $12.5m has been collected so far?**

   The increase in trade receivables was mainly due to receivables from managing government-related projects in Singapore. These amounts have been fully collected subsequent to FY2021.

8. **As at FY2021, there was $122.5m net carrying amount of "Construction-in-progress". Please provide breakdown in terms of both amount as well as locations of these "Construction-in-progress".**

   The increase in construction-in-progress is mainly due to the expansion works at Thomson Hospital Kota Damansara.

9. **Referring to page 111 of the Annual Report about "Commitments", how will the capital commitment trend be like over the next 2-3 years? How will they be funded?**

   Based on current plans, the capital commitment will likely to be lower given the completion of expansion works at Thomson Hospital Kota Damansara. These capital commitments will be funded through a mix of operating cashflows and external financing.

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