THOMSON MEDICAL GROUP LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 199908381D)

20th ANNUAL GENERAL MEETING
RESPONSES TO SUBSTANTIAL AND RELEVANT 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 20th Annual General Meeting (AGM) to be convened and held by way of electronic means on 23rd October 2020 at 2.00 p.m. (Singapore time).

As there were overlaps in the questions received, we will not be providing responses to every question. Instead, we have grouped the most frequently asked questions into a few key topics below.

A. COVID-19 Impact / Business Performance and Outlook
B. Financials & Capital Structure
C. Business Strategy
D. Shareholder Returns
E. Auditor

Please refer to our responses to these substantial and relevant questions in the following pages.

Please also refer to all AGM related documents at the following website:
https://www.thomsonmedical.com/event_calendar/annual-general-meeting-2020/

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

22 October 2020

A. COVID-19 Impact/ Business Performance and Outlook	
1	How has TMG been affected by COVID-19, in terms of the impact on the business, outlook and strategy? How will profit be affected this new financial year in view of COVID-19?
	The demand for the Group's obstetric services in Singapore remains resilient however, contributions from our specialist segment in Singapore as well as our hospital and fertility operations in Malaysia were weak due to various restrictions imposed by the authorities to manage the transmission of COVID-19. Since the gradual easing of restrictions in both countries in June, the Group has resumed operations of healthcare services that were previously closed or operating under restricted conditions. We have since seen a gradual recovery of patient volumes in all segments of our operations in both Singapore and Malaysia. Barring another wave of community infection which might bring about new public health restriction measures or any other unforeseen circumstances, the Group remains cautiously optimistic in the outlook of its performance in FY2021.
2	What are the measures taken by TMG in response to COVID-19 and how much additional cost has it caused TMG?
	The impact of COVID-19 has been profound and the Group has taken steps to ensure the well-being of our patients and staff. There is an increased level of disinfecting and cleaning procedures as well as additional processes such as temperature screening, health declarations and provision of personal protective equipment for the safety of our staff and patients. As such, there is an increase in the operating expenses from personnel and material costs, which has been manageable to date.
3	Are there cost controls measures implemented by the Group to contain costs amid the pandemic?
	The Group's top priorities are to ensure the safety of our patients and staff, and the viability of the business while at the same time protecting employees' jobs. To ensure the sustainability of the business, the Group implemented various cost control measures which include TMG's senior management forgoing their annual wage increment, performance bonus, and annual wage supplement (i.e. "13th month") this year, while the Board voluntarily cut their directors' fees by 20 per cent with effect from 1 June 2020. The management also took steps to reduce its operating expenses by reducing or deferring all spending during this period that can possibly be reduced or deferred without affecting the operational efficiency of the business.
4	The global medical tourism market is expected to decline mainly due to the ban on cross-border travel, hence reduces the number of international patients seeking treatment abroad. What is the impact of the decline on the revenue from international patients?
	Foreign patients are not a significant contributor to our patient load in both Singapore and Malaysia. Hence, restrictions on cross border travel will not significantly affect our business.

B. FINANCIALS & CAPITAL STRUCTURE	
5	The Group has been taking significant impairment charges over the years. Are we expecting more impairment specifically on the Iskandar land?
	The non-cash impairment of the 9.23ha freehold land located within the Iskandar Development Region in Johor Bahru, Malaysia was due to a significant decline in the market valuation of the land, driven in part by the political uncertainty in Malaysia and the weak property market in recent years exacerbated by the COVID-19 pandemic. The impairment totaling S$93.4 million was recorded based on valuations obtained from an independent valuer using a direct comparison method. The method involves analysis of comparable sales of similar properties, adjusted for market and economic conditions prevailing at the date when the valuation was carried out. The delay and uncertainty over the Singapore–Johor Bahru Rapid Transit System link ("RTS") has been lifted with the agreement in end July 2020 by the respective governments to resume the RTS project with a targeted completion date in 2026. This is a positive development for the Iskandar land when the RTS project materialises. Barring unforeseen circumstances or a significant deterioration of the ongoing pandemic, we do not expect to record further impairment on the land in the near future.
6	What is the main reason other operating expenses increased from S$68.0 million in FY2018 to S$188.6m in FY2020?
	FY2020 covers an 18-month period from 1 January 2019 to 30 June 2020 as a result of the change in financial year from 31 December to 30 June. Other operating expenses for the 18-month period ended 30 June 2020 mainly consists of a one-off non-cash impairment of S$93.4m recorded on the freehold land located within the Iskandar Development Region in Johor Bahru, professional fees paid to doctors and other admin and marketing expenses. For expenses annualised over a 12-month period and after the adjustments for the effect of SFRS(I) 16 Leases, overall the other operating expenses were higher mainly due to the costs associated with the Thomson Wellth@Paragon and costs relating to the opening of new clinics.
7	The debt level of the Group has increased over the recent years. What are the reasons for the higher level of borrowings?
	The Group's borrowings have increased over the recent years mainly due to the acquisition of the healthcare assets in 2018 as well as the expansion of Thomson Hospital Kota Damansara.

8	What are the reasons for tapping into the bond markets and how does management manage its funding requirements? How does the management manage its foreign currency exposure?
	Overall, the Group's funding arrangements are designed to provide funding options and to keep an appropriate balance between equity and debt from banks and capital markets, both short and long term, to give flexibility to develop the business. The Group also manages its interest rate risk by having a balanced proportion of fixed and floating rate borrowings. When economically feasible to do so, borrowings are also taken in local currencies to hedge exposure to foreign currencies. The management's intention is to diversify the Group's funding options through several strategies including building the credit profile and track record of the Group in the capital markets. This was achieved with its debut bond issuance in July 2019 which was well received by the investors. As a result of the strong market interests, the second bond issuance completed in January 2020 was able to achieve a longer maturity with a lower coupon rate.
9	Does the Group has the financial resources to weather this challenging period caused by the pandemic and to support its growth?
	The Group has the necessary liquidity, including cash balances and unutilised banking facilities in place to meet our immediate funding needs as well as committed projects. We proactively review our business performance, cash flows, debt profile and overall liquidity position on an ongoing basis to ensure all our funding needs are met.
C. BUSINESS STRATEGY	
10	What are the growth plans for the business in Singapore? Are there any opportunities to expand the number of hospital beds in Singapore?
	The Group's strategy in Singapore is to expand into adjacent medical specialties that can better serve patients in the women and children segment. The Group will continue to expand on its network of clinics and service offerings. Performance in the newly set up centres such as Thomson Wellth@Paragon, Thomson Breast Centre and Thomson Surgical Centre continue to ramp up and contribute to the growth of the Group. In the coming year, the Group will continue to source for suitable sites to grow our clinic network in Singapore as well as to develop and launch new services such as Thomson Kids to drive growth going forward. There are currently no immediate opportunities for the Group to expand the number of hospital beds in Singapore. However, the Group continues to monitor the market for suitable expansion opportunities as and when they may arise.

11	What are the growth plans for the business in Malaysia? Are there any opportunities to expand the number of hospital beds in Malaysia?
	The Group's strategy in Malaysia is to expand its medical specialties that can better serve its patients as a multi-disciplinary tertiary care hospital. The expansion at Thomson Hospital Kota Damasara is targeted for completion around mid-2021. When completed, the 600-bed tertiary hospital is expected to contribute to the long term growth of the Group. In addition to specialist clinics and inpatient rooms, the expansion wing will also house a brand new Cancer & Radiosurgery Centre and Nuclear Medicine Centre. The Group continues to monitor the market for suitable expansion opportunities as and when they may arise.
12	(a) Can you share more about your plans on the Iskandar land? Are there any synergies between the proposed Thomson Iskandar Medical Hub and the healthcare city? (b) How will the Group position the Thomson Iskandar Medical Hub ("TIMH") to differentiate itself from its competitors (both in Singapore and in Johor)?
	(a) The Group owns in total 10.83 ha of freehold land strategically located in Johor Bahru's City Centre, of which TMG indirectly owns 9.23 ha while the remaining 1.6 ha is owned by TMC Life Sciences ("TMCLS"). TMCLS has drawn up plans for the development of the Thomson Iskandar Medical Hub ("TIMH"), a 500-bed general hospital on the 1.6 ha piece of the land it owns, while the Group plans to build an integrated healthcare city to meet the growing healthcare needs of the people in the region on the remaining 9.23 ha of land. TIMH will be the first anchor development for the healthcare city. The Group is targeting to complete the construction of the hospital within 24 months after the completion of the RTS. The development plan of the healthcare city which consists of a specialist and a community hospital, a medical institute, research and training institution, a wellness resort, service apartments and a retail mall, will be developed in phases after TIMH has been constructed. (b) TIMH is strategically located in the city centre of Johor Bahru and is near the Woodlands – Johor Bahru CIQ (Customs, Immigration, and Quarantine) Complex as well as within walking distance to the proposed future RTS. With the unparalleled convenience, TIMH will be able to attract locals and Singaporeans who frequently travel across the border to seek medical treatment. While the current pandemic affects cross border movements due to travel restrictions and border control, we however take a longer term view of the project.

D. SHAREHOLDER RETURNS	
13	Will the shareholders be expecting any dividend soon?
	At TMG, our strategy is to reinvest our earnings to ensure steady and sustainable growth of our business. We consider several factors such as the Group's earnings, financial position and capital needs for the Group's operations and expansion plans in determining the dividends to be paid. In FY2018 the Group paid a special dividend to the shareholders to mark the completion of the Group's corporate exercise to become a pure healthcare platform and its surge back to profitability.
E. AUDITOR	
14	How long has Ernst & Young LLP been the auditor of the Company?
	Ernst & Young LLP ("EY") was appointed as the auditor of the Company in place of KPMG LLP following the completion of the Very Substantial Acquisition ("VSA") of Sasteria Pte Ltd ("SPL") on 25 April 2018. EY was the auditor of SPL and its subsidiaries prior to the VSA. Pursuant to the completion of the VSA, the Audit and Risk Committee was of the view that it would be appropriate to consider a change of auditor of the Company to EY.