

MEDIA RELEASE

Transcript of CNBC Interview with Dr Loo Choon Yong, Executive Chairman, *RafflesMedicalGroup*

Singapore, 6 April 2020 – *RafflesMedicalGroup* is pleased to share the enclosed transcript of an interview conducted by CNBC with Dr Loo Choon Yong, Executive Chairman, *RafflesMedicalGroup*. The interview was broadcasted on CNBC from 3 to 5 April 2020.

Transcript by CNBC and Christine Tan: <https://www.cnbc.com/2020/04/03/cnbc-transcript-dr-loo-choon-yong-executive-chairman-raffles-medical-group.html>

Christine Tan (CT): The World Health Organization has declared the coronavirus outbreak a global pandemic. Have you seen anything like this in all your years as a healthcare provider?

Dr Loo Choon Yong (DR LCY): Definitely not. I mean, the last time H1N1 was more confined to the West. MERS – the Middle East. And then we had the SARS, that was more Asia. Nothing global. So, it is very serious. The last time was probably the Spanish flu in 1917. Killed a lot of people. It was a different world there. I think this time it's going to be prolonged, more prolonged than SARS, more widespread. You can see supply chain, world financial markets all affected.

CT: The pandemic obviously has greatly disrupted the travel and business. Many countries are in lockdown. How did we get to this stage? How did things become so bad?

DR LCY: It's a virus. The virus transmits very quickly. Secondly, people travel. 50 years or 30 years ago, people didn't travel as much. That's how it spreads. It is the way we behave and the way we live.

Christine: Do you think governments reacted too late?

DR LCY: Well, different governments reacted at different speeds. Singapore has been held up as a fine example because the Government took it seriously and put all the measures in place to really suppress the transmission. You can't just go with the flow, and that has helped us to delay and to spread out the cases. You can see, there is control. But if you don't control this in the beginning, you miss the boat, it is a lot more difficult.

CT: Do you think people around the world are taking this seriously enough?

DR LCY: I think in the west, they are now taking it more seriously, after the Imperial College publication by epidemiologist Neil Ferguson. Because he projected that there will be a few hundred thousand deaths in U.K. and half a million deaths in the U.S., I think no leaders can afford not to take this seriously.

CT: You are one of the leading private healthcare providers in Singapore and in Asia. You have two hospitals - one in Singapore and one in China. What was your first response to the coronavirus outbreak?

DR LCY: At the beginning, we did not know all the facts. Let's prepare for it. Think about SARS. Be responsible, get ready. That as how we went about it. We have a group of medical directors looking, assessing and putting all this together. Every morning, we have our internal assessment and our bulletin of the status of the COVID.

CT: So, what was the protocol like dealing with a patient you suspected might be infected?

DR LCY: Of course, the history is very important. Travel history, contact with people known to already been affected. Then, really the symptoms: if you are having sore throat, cough, fever, and you have come across somebody who've been in contact with somebody who has returned from one of these countries, then really your index of suspicion has to be very, very high, and we'll get them tested. This was what happened. Some of our branches in Singapore detected some of the earliest cases because we knew that something was going to happen, because there were so many cases in China. Sooner or later, the virus will come here. We picked up some of the early cases from our GP clinics, because our doctors had already been primed to look out. Then, one of our other responses was at the airport. The Government put in place temperature screening. Overnight, we got to recruit about a thousand people. Even our back of house, our finance people and support staff went to start the temperature screening to buy some time.

CT: So, it was really crisis management?

DR LCY: Yes, indeed, indeed. Yes.

CT: Are there enough test kits readily available at Raffles Medical to test patients you suspect might be infected?

DR LCY: More are being produced, so there will be enough. In the whole world and China, there must be 16 companies producing (test kits). It's a matter of whether they are allowed by the FDAs of these countries. But there will be enough. But more important than test kits is all these other ways to stop the transmission. Social distancing and reduced mixing. People must take these seriously. Even around the world, people are still going to pubs and partying on the Friday, Saturday, Sunday, believing that they are not going to get into trouble. But how would you know? So, I think people will need to take this seriously.

CT: More importantly, what are you doing to make sure your frontline healthcare workers are fully protected against any exposure to this virus?

DR LCY: Accurate and timely information translated by a medical director into protocols, guidelines, the Dos and Don'ts and of course, the PPEs, you know the mask, the goggles if necessary, depending on the context, the gowns. All these things are important to protect our staff. So, for instance, temperature screening -- we just short list those who have elevated temperature or a history of traveling to some of these countries, they will then be examined in the clinic. In that clinic, all the staff wear full PPEs and then they are screened - is it normal or likely to be COVID, then we have to send them for tests.

CT: Your main healthcare and hospital business is still here in Singapore. So far, most of the infected patients are being treated at the public hospitals. Do you see a point where the healthcare system in Singapore comes under pressure like other countries? What is Raffles prepared to do to help out?

DR LCY: Oh, we have been helping. We see ourselves as part of the healthcare provisioning even though we are in a private space. So, as of today, we stepped up uh our intake of emergency cases you know when SCDF ambulances pick up the sick, some of them come to us. We now extend this arrangement. So, that as we unload some of these cases that need to be treated, we free up space in the public hospitals so that they can better deal with COVID cases.

CT: Do you think you might have to eventually help treat COVID cases as well?

DR LCY: We are ready. We are ready to do that, but there are stages. Because we also in Singapore healthcare system, we need to keep some hospitals without COVID because even in this period there are people with heart attacks, people with fractures, people with head injuries that need to be treated. Why subject them to another risk of having COVID as you are dealing with their other problems?

CT: One strategy a lot of governments are taking is to really flatten the curve, so that they can control the rate of infections so as not to stress out the healthcare system. The idea is to really treat the critically ill. In your years of experience as a health care provider, do you think that's a good idea?

DR LCY: It is a good idea, but you've got to do it early. You cannot do it after your whole community has already been infected. So, you do it early. You really suppress transmission. Inevitably, some of the viruses will get through. So, some people still get sick. But instead of a peak like that, you want to smooth it out because of your facilities. So, you can cope because for most of these cases, who are not so serious, their own body will produce immunity. Sick cases, you have to support them through this period. Facilities are finite. So, you don't bunch it together, spread it, you have a better chance of overcoming this problem.

CT: When you look at developments around the world and things are happening so fast and so quickly, are you bracing for things to get worse?

DR LCY: I think it will get worse before it gets better because it's spreading after China you know, Singapore. You see, we slowly recover. It takes time. So, U.K., Europe, U.S. got to go through this, but they will recover. You look at Italy, it has spread so fast, so many deaths. Spain too. So, if they get over the peak period, then they will begin to recover.

CT: In all your years as a health care provider, do you have a projection of when you think recovery could take place at the earliest and when things could actually return back to normal?

DR LCY: I wish I can, but I think it will continue to spread until just about every country will have a significant number of cases and the whole global herd immunity goes up, then the virus will retreat. It will take maybe another six months or so. But the impact of this, even when COVID retreats, sentiments will improve, but fundamentals will take a longer time to repair. Supply chain disruption will take a bit of time. Businesses that have gone into financial trouble will take a bit of time, too. So, these are very difficult times.

CT: You yourself are running a health care business, when you expect a meaningful recovery to take place?

DR LCY: Because our exposure is mostly in Singapore and I would say, China. I think two quarters more, we should see improvement. In fact, things in China in different cities, they are beginning to return to normal, not perfectly normal, but more normal than, say, Chinese New Year period.

CT: So, two quarters means another six months

DR LCY: Yes.

CT: Medical tourism, which is something that is been a key important growth driver for you, has seen a significant decline. Many treatments have been deferred as a result. What impact will COVID-19 have on the Group's overall business?

DR LCY: Definitely, it will be significant. In our last announcement, we kind of warned about it that it will affect all healthcare providers. But our heart goes out to others in the hospitality industry which are even more affected. But Singapore has not been growing the medical tourism because we are more expensive compared to other centres providing care. So, I think it will have impact on the whole health care industry, and we are no exception. We will be impacted too.

CT: So, two quarters of negative growth for you?

DR LCY: I would think so, yes.

CT: But you think Raffles can remain profitable for the rest of the year?

DR LCY: That's what we think, yes.

CT: You are hopeful?

DR LCY: Yes.

CT: Dr. Loo, early last year, you opened a 700-bed hospital in Chongqing, China, with various departments like cardiology, oncology, paediatrics. What's demand like for these specialized medical services in the midst of the coronavirus outbreak?

DR LCY: Well, we had the honour of being designated as a hospital for foreigners. But there aren't many foreigners in Chongqing - about 5,000 but people do come to us. We are beginning to have traction with the locals with who surely must be the main group of patients we're looking for. And this year we got the Yibao. Yibao is a local insurance to supplement the costs. Since then, we have been getting more traction. People are coming to our hospital to deliver babies, get fractures treated. Already we are better, much better known now in Chongqing and surrounding areas than a year ago.

CT: Before the outbreak, you had plans to open your Shanghai Hospital later this year, has that been delayed?

DR LCY: Well, we are watching. As normalcy returns to Shanghai, we will open. So, the building is almost ready, equipment is being ordered, staff being recruited. So, we are watching to finesse the timing, but we will open this year.

CT: How? What sort of timeframe? When do you hope to open the hospital?

DR LCY: We would see that somewhere we are looking to maybe third quarter we can open - sometime in third quarter.

CT: Both your Shanghai and Chongqing Hospitals are expected to break even within three years, has that timeframe now been pushed back given the current outbreak of the coronavirus?

DR LCY: I suppose with COVID, we need to give ourselves a little bit more time.

CT: How much more time?

DR LCY: Maybe one to two quarters more.

CT: Raffles is among the first foreign businesses to actually build and open a hospital in China. Is it true it took you more than 30 years to venture into China?

DR LCY: It's true. I've been observing the Chinese healthcare market for 30 years. We're not interested to just open a clinic or two clinics because in the scheme of things, these little, little businesses are a distraction. And it's difficult, it's not easy, the regulatory environment is different. People's needs are different. And clinics essentially serve expats. So, why go to China to serve only expats? A limited number, maybe a million at most. So, for all the trouble, we resisted. We just watched and studied the market.

CT: How did you study the market?

DR LCY: Well, by walking through hospitals.

CT: Physically walking through the hospitals?

DR LCY: Yes, I must have walked over 100 hospitals - north, south, east and west to assess the standard and the quality of care. Then, of course, you talk to people. I have many friends who are "yuan zhang" (Chair of Boards) over the years and they shared their insights, their challenges and we learn. We collected a lot of data and we just watched and then sat tight. We didn't want to be too adventurous. About eight years ago, 10 years ago, we said, okay, it's about time.

CT: What are some of the lessons learnt in China?

DR LCY: Many too many. We need three hours. (Laugh)

CT: What's the biggest lesson learnt?

DR LCY: We need to be part of Yibao so that the people who have been paying like from CPF right? When it comes to sickness, they can afford to pay your whole bill but they feel much happier if they can claim 30 percent from the social system. Then, they will feel that it's worth it. So, this is the biggest lesson.

CT: Let's look past this pandemic. When you look at your operations in China, could your earnings and revenue there eventually overtake your Singapore operations?

DR LCY: We certainly hope so.

CT: What sort of timeframe are you looking at?

DR LCY: Maybe I would say five to 10 years. Our China operations will be a very significant part of our overall business.

CT: When you say significant, it will overtake your Singapore operations?

DR LCY: No, maybe 50 percent or so... 50 percent. Singapore is still growing, and we are confident we can continue to grow, but not at 20, 30 percent, maybe single-digit, high single-digit - eight to 10 percent, we are happy. We keep growing, but elsewhere, like China provides further faster growth.

CT: You founded Raffles Medical way back in 1976 with your good friend Alfred Loh. Today, the Group is now one of the leading private healthcare providers here in Singapore. You are in 14 cities in the region. You have two hospitals in China. When you look back at your journey in the last 40 years, are you surprised you've managed to come this far and achieved so much.

DR LCY: Well, we've been fortunate. We didn't plan all that. We didn't know much about management, but we said we had better go and learn a bit about management, than let businessmen manage our practice. Step by step, we worked together. We learnt together and we slowly expanded together.

Dr LCY: We'd rather be doctors understanding business and being able to run this business, than having to live in an environment where businessmen try to tell us how to practice medicine.

CT: You're 71 years old. You're a Singaporean. Your first love you tell people was math, but you actually became a doctor to support your siblings through school. Then, you eventually started your own private group practice. Today, it's become Raffles Medical Group. Have you successfully evolved from a doctor to a businessman?

DR LCY: (Laugh) Not too successful. Now, doctor to healthcare manager. Managing - to make sure the doctors, the nurses, the healthcare managers work together to look after patients. We use our experience, our talents if we have, our skills for the benefit of all our patients. That's what we are supposed to do. That's what we strive to do.

CT: So, you're a healthcare manager?

DR LCY: Yes, indeed.

CT: Not a business man?

DR LCY: No. (Laugh)

CT: Raffles Medical is listed here in the Singapore Exchange. How do you balance the need to look after your patients and look after the interests of your shareholders at the same time?

DR LCY: Yes, we have a bit of practice over the last 23 years that we have been listed. I always tell the shareholders that it is in our interests to look after patients first. If we don't look after patients properly, then what are we selling? What are we offering? Then the business will get into trouble. To me, this is a business fundamental. There is no contradiction. It is not A or B. It's A and B. Shareholders' interests will be well served if we look after patients properly.

CT: Do you miss practicing as a doctor?

DR LCY: Yes. (Laughs)

CT: Your patients still call you?

DR LCY: Uh, sometimes. (Laugh) I have got many colleagues whom I have handed over my patients.

CT: When you look at where Raffles Medical Group is now, what are you doing about succession planning?

DR LCY: Well, the people who helped me build this, many of them are getting old. They retire. Some get sick, unfortunately. Some get tired and so on. So, we consciously have to groom younger people, not just for the executive office, but in many parts of Raffles. So, it's not a person, it's a team. We are building teams all over Raffles here and abroad and they will provide the leadership for the next 30 to 50 years.

CT: What about you yourself? You've just started your expansion in China, any plans to retire? Or you want to see that through first?

DR LCY: Of course, I will retire as soon as the board finds a successor but there are people whom we are looking at, both in the organization and outside. As long as I'm still able to contribute, I think the guidance should be helpful. When it is more established - the team is more sure of themselves, I will recede. I will gradually be less and less executive. (Laugh)

CT: And finally, with so much disruption happening in the healthcare space, where do you see Raffles Medical in the next 10, 20 years? What sort of animal would it look like?

DR LCY: After this period of COVID and all that, in 10 years, you will see us in more cities in Asia.

You will see a constant brand in these places providing healthcare that you need, preventing you getting sick, giving you telemedicine, advising you even in your own sitting room, we can help you do exercise and so on. You do not even need to come to our hospital or clinics for care. All these are going to happen. It is happening, COVID or no COVID, we carry on and we will grow into Asia.

CT: It's been 40 years, are you enjoying your journey so far building up Raffles Medical?

DR LCY: Certainly. It is very exhilarating. There are challenges. But when you and your people get together, you overcome these challenges.

CT: Dr. Loo, thank you so much for talking to me.

DR LCY: Thank you.

CT: I have been speaking to Dr Loo Choon Yong, Founder and Executive Chairman of Raffles Medical Group. Hope you've enjoyed the program. Do check us online at managingasia.cnbc.com for more exclusive leadership insights. Until next time, I'm Christine Tan, thanks for watching.

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About Us

RafflesMedicalGroup (SGX: BSL) is one of the largest integrated private healthcare provider in the region, providing comprehensive services from primary to tertiary care.

RafflesMedical clinics form one of the largest networks of private family medicine and health screening centres in Singapore.

RafflesHospital is the flagship tertiary hospital of Raffles Medical Group that is located in the heart of Singapore. As the only private hospital in Singapore certified by the Ministry of Health to meet the stringent standards of acute trauma care, it offers a wide range of specialist medical and diagnostic services for both inpatients and outpatients. Representing more than 30 disciplines, its team of specialists constitutes a group practice combining sub-specialty expertise and teamwork to ensure optimal, affordable and high quality care for our patients. The Group also has representative offices and patient liaison offices in Bangladesh, Indonesia, Myanmar and Vietnam.

RafflesMedical International operates medical facilities beyond Singapore in 13 other cities across China, Japan, Vietnam and Cambodia. They include **RafflesHospital Chongqing** – Singapore's first international tertiary hospital in China, and **RafflesHospital Shanghai** – a second international hospital that is slated for opening in 2020.

RafflesDental is an established team-based multi-specialty dental group in Singapore and China.

RafflesHealthinsurance provides healthcare insurance to corporate and individual clients, and has been approved by the Ministry of Health to provide integrated Shield plans.

For more information, please refer to our website at www.rafflesmedicalgroup.com.