



## THOMSON MEDICAL GROUP LIMITED

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

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### RESPONSE TO SIAS QUERIES ON ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

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The Board of Directors of Thomson Medical Group Limited (the “**Company**” or “**TMG**”, together with its subsidiaries, the “**Group**”) wishes to announce the following in response to the queries raised by the Securities Investors Association (Singapore) (the “**SIAS**”) on 21 October 2022 with respect to the Company’s Annual Report for the financial year ended 30 June 2022 (the “**Annual Report**”).


**Q1.** Would the board/management provide shareholders greater clarity on the following operational and financial matters? Specifically:

- (i) **Thomson Hospital Kota Damansara (THKD):** The new expansion wing will also house a brand-new Cancer & Theranostics Centre, Nuclear Medicine Centre, Eye Health Centre, Preventive Health and Family Medical Centre. The bed count at THKD will increase from 205 to 535. Were there challenges in recruiting doctors, nurses and other key medical personnel needed for the new wing at THKD? What was the utilisation rate of the newly open hospital wing? When does management expect to fully open THKD?

#### **Response from Company**

- (a) The Group had overcome the challenges in recruiting the relevant medical personnel for the new wing due to the ongoing manpower crunch across the healthcare industry in Malaysia. This was achieved by enhancing the attractiveness of working under the Thomson Medical brand, working closely with our local recruitment partners as well as conducting overseas recruitment trips.
- (b) The number of licensed beds at THKD increased from 205 (as at 30 June 2021) to 308 (as at 30 June 2022) and we are seeing overall bed occupancy rate improving from 47.2% (for FY2021) to 53.0% (for FY2022).
- (c) The Group targets to progressively increase the number of operational beds at the new wing over the next three years, depending on market demand.

- (ii) Thomson Medical Centre (TMC): Management is cognisant that there is a decrease in overall patient satisfaction levels in FY2022 (page 54). This has been attributed to longer wait times for screening, testing, admission and discharge processes and stricter visitor management practices for outpatient services during the COVID-19 peak period from August to December 2021. For inpatient services, the customer satisfaction rate was consistently maintained at 92% throughout the year.

ESG Factor	Metrics	FY2021	FY2022	Target
 <b>Patient Satisfaction</b>	Compliments to complaint ratio	24:1	16:1	20:1
	Customer satisfaction rate	99%	88%	> 85%
	Choice hospital again	98%	91%	> 85%
	Recommend TMC to friends and relatives	98%	90%	> 85%

(Source: company annual report)

**What guidance and resources have the board given to management to help TMC to bring up the patient satisfaction level?**

In addition, the number of employees decreased from 723 to 699 as at 30 June 2022. This decrease can be attributed to the ongoing manpower crunch within the healthcare sector that has only been amplified by the Covid-19 pandemic. In the review of the ESG factor – Employment (GRI 401), it was disclosed that the average monthly employee turnover rate has also increased from 1.5%-1.6% in FY2020 & FY2021 to 2.1% in FY2022. **What is management’s strategy to address the ongoing manpower crunch?**

**Response from Company**

- (a) The Group continuously seeks to improve its services standards. For instance, it has implemented the Thomson Touch Training Curriculum for all service staff and conducted internal service behaviour audit on our service staff. The Group has also increased its range of offerings to improve service experience for mothers at the hospital such as our new Family Room designed to create a cosy and practical environment with privacy and comfort, Stay Safe and Resilient Essential Gift Packs for all Thomson Touch Mummies, in-room massage for mothers and Capture the 1st moments of birth – Baby Photography Session. Apart from this, the Group is continuously making enhancements to its admission, billing and discharge processes at the hospital. The Group hopes that these initiatives will help to bring up patient satisfaction levels at the hospital.
- (b) The healthcare sector has indeed been affected by industry-wide shortages of staff as well as increased competition for talent. The Group has expanded resources to strengthen our remuneration, recruitment, training and talent retention functions. There are also ongoing efforts to digitalise and automate certain processes and functions to increase staff job satisfaction and productivity.

- (iii) Vantage Bay Healthcare City (VBHC): The group owns 9.23 ha of freehold waterfront land just a kilometre from the Johor Causeway that will be developed into an integrated healthcare city. **What progress has the group made in the financial year regarding the development of VBHC?**

**Response from Company**

- (a) The Group takes a long-term view of its business, including plans for VBHC. This is a piece of prime freehold waterfront real estate in the city centre. The Group is optimistic over the long-term prospects of this asset, especially after the completion of the Johor-Singapore RTS currently under construction. The Group aims to complete the development of Thomson Iskandar Medical Hub, the first component of VBHC, within 24 months after the RTS project is fully operational.

**Q2.** As at 30 June 2022, the Group has cash and bank balances of \$161.6 million and debt and borrowings of \$629.1 million. Finance costs for FY2022, including amortisation of financing fees on borrowings, were \$23.5 million (Note 6 Finance costs; page 139).

Details of the Group's interest-bearing loans and borrowings can be found on page 161 (reproduced below).

**24. Interest-bearing loans and borrowings**

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
<b>Current:</b>				
Secured bank loans	2,679	321	-	-
Medium-term notes	225,000	-	225,000	-
	<u>227,679</u>	<u>321</u>	<u>225,000</u>	<u>-</u>
<b>Non-current:</b>				
Secured bank loans	226,801	220,186	151,134	163,867
Medium-term notes	174,620	398,898	174,620	398,898
	<u>401,421</u>	<u>619,084</u>	<u>325,754</u>	<u>562,765</u>
Total interest-bearing loans and borrowings	<u>629,100</u>	<u>619,405</u>	<u>550,754</u>	<u>562,765</u>

(Source: company annual report)

In Note 36 (page 175 – Subsequent events), it was disclosed that Group obtained a new loan facility in May 2022 and fully drew down \$225 million on 12 July 2022 for the settlement of 3-year \$225 million 4.8% medium term notes. The interest on the new loan is charged based on floating interest rate and will mature and be repayable in full in 2027.

(i) **What is the interest rate on the new loan facility?**

**Response from Company**

(a) The new loan facility is on a floating interest rate based on the Singapore Overnight Rate Average (“SORA”). For the period from July 2022 to September 2022, the interest rate is approximately 3.7%.

(ii) **With the refinancing, how much of the group’s \$629 million in interest-bearing loans and borrowings are based on floating interest rate?**

**Response from Company**

(a) With the refinancing and after hedging, approximately 68% of the Group’s \$629 million in interest-bearing loans and borrowings are based on floating interest rate.

On 21 July 2022, the group has entered into an Interest Rate Swap Transaction with a notional amount of \$25 million to partially hedge the floating interest rate of a secured bank loan into fixed interest rate for two years.

(iii) **What guidance has the board set for management with regard to managing the Group’s interest rate risks?**

**Response from Company**

(a) The Group actively manages its interest rate risks, taking into consideration the macroeconomic and business conditions and outlook, as well as the cost of hedging, to mitigate its interest rate risks. The Group manages its interest rate risks by maintaining a mix of interest-bearing loans and borrowings at fixed and floating interest rates.

**Q3.** The attendance of directors at board and board committee meetings is shown in the table below:

The table below sets out the attendance at meetings convened during the financial year under review.

Name of director	Nature of appointment	Board	ARC	NRC
Ng Ser Miang	Chairman, Independent, Non-Executive	5/5	4/5*	2/2
Dr Wong Chiang Yin <sup>(1)</sup>	Executive, Group CEO	5/5	5/5*	2/2*
Wilson Sam	Executive, Group CFO	5/5	5/5*	2/2*
Lim Wee Kiat <sup>(2)</sup>	Executive, CEO of Thomson X Pte Ltd	5/5	5/5*	2/2#
Wan Nadiah Binti Wan Mohd Abdullah Yaakob <sup>(3)</sup>	Executive, Group CEO of TMC Life Sciences Berhard	3/3	2/3*	1/1*
Heng Kim Chuan Freddie <sup>(4)</sup>	Non-Executive	1/1	1/1	NA
Ong Pang Liang	Independent, Non-Executive	5/5	5/5	2/2
Dr Lam Lee G	Independent, Non-Executive	5/5	5/5	NA
Christina Teo Tze Wei <sup>(5)</sup>	Independent, Non-Executive	3/3	3/3*	1/1
June Leong Lai Ling <sup>(6)</sup>	Independent, Non-Executive	3/3	3/3	1/1*

(1) Resigned as Executive Director and Group Chief Executive Officer and the date of his cessation is 30 September 2022.  
(2) Re-designated from Non-Executive to Executive Director and ceased as NRC member on 1 January 2022. Appointed Executive Vice-Chairman on 1 September 2022.  
(3) Appointed on 1 January 2022 as Executive Director  
(4) Retired on 22 October 2021  
(5) Appointed on 1 January 2022 as Director and NRC member  
(6) Appointed on 1 January 2022 as Director and ARC member

\* attendance was by invitation for non-ARC and non-NRC member  
# attendance for one meeting as NRC member and one meeting as invitee

(Source: company annual report)

In the corporate governance report, the company has disclosed that all directors are invited to attend meetings held by the audit and risk committee (ARC) and the nominating and remuneration committee (NRC) “as part of good corporate governance”.

- (i) **Would the board help shareholders better understand the thinking behind the open invitations for all directors to attend board committee meetings? Can the board clarify if the open invitations apply to executive directors?**

**Response from Company**

- (a) The Board Committees, namely the ARC and the NRC, consider it beneficial to invite the other directors (including executive directors) to attend the Board Committee meetings so that, the other directors could provide the relevant feedback or inputs, and to tap onto the experience and insights of the other directors. A director may be invited to attend for the full duration of a Board Committee meeting or certain segments of the Board Committee meeting where it is viewed that he can provide constructive inputs to the Board Committees.
- (ii) **Specifically, would the board committee meetings be turned into “standard” board meetings and thus negating the purpose of having independent board committees?**

**Response from Company**

- (a) The Board Committee meetings are chaired by the respective ARC and NRC chairman with the ARC and NRC members actively contributing to the discussion. Other invitees to the meetings which could at times, also include the management team, who are able to provide further insights, expertise and feedback on the ground situation. We believe that this open, diverse and collaborative approach has allowed the Board Committees to have a more in-depth discussion that is better catered to the ground and come up with better recommendations.
- (iii) **What are the “Chinese walls” that are put in place at the board committee meetings when the independent directors on the board committees may be reviewing and discussing matters that are related to or affect the executive directors?**

**Response from Company**

- (a) The Company has in place a Code of Conduct and Ethics (including Conflicts of Interest) (“**Code**”), and the directors are expected to objectively discharge their fiduciary duties and responsibilities in the interest of the Company and avoid situations in which their own personal or business interests directly or indirectly conflict, or appear to conflict, with the interests of the company. The Board Committees believe in and practise transparency, candour and objectivity in the conduct of the meetings. A director is required under the Code to declare his interest and recuse himself from the meeting. The respective chairmen of the Board Committees too would seek to recuse any conflicting director from the meeting. Hence in the conduct of Board Committee meetings,

the norm has been self-declaration and recusal on the part of the director with a conflict of interest or a perceived conflict of interest. This is in line with the policy of transparency, respect for adherence to the Code and objective decision-making for the good of the Company.

(iv) **Are the committees able to make decisions objectively and independently?**

**Response from Company**

(a) As stated above, where a director has a conflict of interest, self-declaration and recusal have been the norm.

**By Order of the Board  
THOMSON MEDICAL GROUP LIMITED**

Lim Wee Kiat  
Executive Vice-Chairman  
26 October 2022