



**RafflesMedicalGroup**

annual report **2002**



A Different Experience



# Corporate Profile

Raffles Medical Group is Singapore's leading integrated private healthcare provider. In Singapore, we own the country's largest network of private GP clinics as well as Raffles Hospital, a tertiary hospital offering a wide range of specialist services.

Collaborative medicine has always been the basis and strength of our unique practice model. As a group practice, our physicians and specialist consultants work as a team for a holistic approach to patient care.

Our doctors, together with our nurses and healthcare managers, pool our talents and gifts, training and learning, to achieve our corporate philosophy:

**“To Our Patients Our Best”**

As an organisation, our services are fully integrated to include primary and tertiary healthcare services, diagnostic and clinical laboratory services, health screening and healthcare management consultancy.

The Raffles brand of healthcare.

A unique practice model.

A different experience.



**RafflesMedicalGroup**



*Welcome to Raffles Hospital ...*

We are a full service private hospital that offers a full complement of specialist services combined with advanced medical technology.

As a group practice, our specialists work as a team to ensure our patients receive the most appropriate treatment and care. Our patients are able to harness the different strengths of a team of specialists most skilled to manage their conditions.

Our best care and attention. Delivered with warmth and friendliness. That is our commitment – from our porters at the lobby to our specialists in the clinics – to every patient and visitor of Raffles Hospital.

#### RAFFLES HOSPITAL

24 Hour Walk-In Clinic and Accident & Emergency  
Multi-Disciplinary Raffles Specialist Centre  
Beautifully Appointed Rooms  
12 Sophisticated Operating Theatres  
Day Surgery, Intensive Care Unit  
6 Comfortably Furnished Delivery Suites  
Neonatal Intensive Care Unit  
Radiology, Clinical Laboratory  
Pharmacy, Dietetics, Physiotherapy



*Something different in private healthcare ...*



As a group practice, we offer our patients the quality assurance of medical services that are well integrated, peer reviewed and medically audited.

Our doctors and specialists subject themselves to audits by their peers. All patient-related management episodes and surgeries are reviewed by our Medical Audit and Surgical Audit Committees.

We believe that this system ensures the highest quality of professional care.



The power of the group practice. Our specialist consultants – plastic surgeon, colorectal surgeon and hepatobiliary surgeon – performing a complicated abdominal surgery requiring multidisciplinary surgical skills.



*Something special in hospital surroundings ...*



12 operating rooms specially equipped for a complete range of surgeries from minimally invasive surgery to cardiac surgery.

Diagnostic facilities that feature the latest imaging systems such as the CT and MRI. Angiography suites. Intensive Care Units.

Our inpatient facilities combine state-of-the-art diagnostic and treatment facilities with beautifully appointed patient rooms.

Designed and outfitted with deluxe hotel standards of comfort, our rooms provide an aesthetically pleasing and tranquil environment to heal, recharge and rejuvenate.

# Chairman's Message

## DEAR SHAREHOLDERS

I am proud to announce that we have done well in 2002.

## A STERLING PERFORMANCE

Raffles Medical Group achieved a strong turnaround with \$6.1 million in pre-tax profit. Every one of our Singapore operations attained robust double digit growth, with Raffles Hospital achieving an impressive 30% growth.

Raffles Hospital's performance in 2002 exceeded market expectations. In March, just 11 months into the start of operations, we achieved positive cash flow. This was swiftly translated into profitability in the second half of the year.

This is an excellent testimony to our strong belief that Raffles Hospital and our unique group practice model offer an approach to patient care that is special and beneficial to our patients.

## A CULTURE OF EXCELLENCE

The Raffles group practice is based on doctors, nurses, healthcare managers and supporting healthcare professionals working as a team – pooling our knowledge, skills and expertise – to ensure our patients receive the most appropriate treatment and care.

One of the reasons why Raffles Hospital has done well is that patients and corporate clients have come to differentiate and appreciate the kind of care and service they receive from a private group practice. In addition to integrated care, we provide transparent pricing and the quality assurance of medical and surgical services that are audited and peer reviewed.

Similarly, doctors and specialists find our practice model attractive as we provide the environment that supports a higher degree of specialisation and continued professional development.

Over the year, our team of doctors and consultant specialists was strengthened considerably. We will continue to attract those who share our vision of achieving clinical and academic excellence, and build Raffles Hospital into a private tertiary hospital of choice.



### A QUALITY MILESTONE

We marked a key milestone in our quality journey in October with the ISO 9001:2000 certification. It is a significant achievement as the certification included all the departments in our network of clinics and Raffles Hospital as well as our corporate office and headquarters.

The ISO certification strengthens and reinforces our existing quality management systems. It further ensures a consistent approach in achieving a high and consistent quality in all areas of our service. It is also part of a larger on-going effort to create a culture of service quality and excellence.

It has always been our belief that good medicine and good management practices are compatible and in fact complementary. We are committed to our shareholders in building a strong and profitable healthcare organisation that provides quality medical care and services.

### A PROMISING YEAR AHEAD

We have entered into 2003 with a stronger balance sheet. Despite the recession, I am confident that we will continue to grow and improve our profitability in the year ahead.

We will continue to expand our corporate client and patient base in Singapore and the region. We are also well placed for potential regional growth and will actively explore new business opportunities in the region.

### A NOTE OF THANKS

2002 was a year of significant achievement. I would like to thank my Directors on the Board for their support and counsel as we staged our turnaround into profitability.

I want also to acknowledge the contribution of our people to the good performance – from the leadership of our strong senior management team to the dedication of our family physicians, consultant specialists, nurses, technicians, healthcare managers and support staff.

Most of all, my appreciation goes to our patients and corporate clients for their support. The care of our patients has always been our raison d'être and our motto "To Our Patients Our Best" will continue to be the driving force in our growth ahead.



Dr Loo Choon Yong  
EXECUTIVE CHAIRMAN

### POSTSCRIPT

At the time of preparation of this report, Singapore and the region are affected by the SARS outbreak. The group is responding to requests and increased demand for new services. As a good corporate citizen, the group is committed to assisting the community's war against SARS. The actual impact of SARS will be more evident in the coming months.

# Board Of Directors



From left to right:

**Dr David McKinnon Lawrence, MD**  
*Independent Director*

Dr David McKinnon Lawrence currently serves on the Boards of Agilent Technologies, Pacific Gas and Electric Company, The Rockefeller Foundation, RAND Health Advisory Board, the Bay Area Council, and the Hospital Research and Educational Trust (AHA).

Dr Lawrence was the former Chairman and Chief Executive Officer of Kaiser Foundation Health Plan, Inc. and Kaiser Foundation Hospitals in the United States. He joined the Board on 25 July 1997.

**Mr Tan Soo Nan**  
*Independent Director*

Mr Tan Soo Nan is the Chief Executive Officer of Singapore Pools (Private) Limited, a wholly owned subsidiary of Temasek Holdings (Private) Limited.

Mr Tan is a Trustee of the Singapore Totalisator Board SCO Trust. He is also a Member of the Income Tax Board of Review, and Goods and Services Tax Board of Review.

Mr Tan was formerly the Chief Executive Officer of Temasek Capital (Private) Limited and Senior Managing Director of DBS Bank. He joined the Board on 28 July 2000.

**Dr Loo Choon Yong**  
*Executive Chairman*

Dr Loo Choon Yong is the Executive Chairman and co-founder of Raffles Medical Group.

Dr Loo is a Member of the Government Economic Review Committee (ERC) and Chairman of the ERC's Healthcare Services Working Group (HSWG). He is also a Member of the Board of Trustees of Singapore Management University where he chairs the Board of Advisors for its School of Business.

Dr Loo is the President of the Singapore Anti-Narcotics Association, Vice-Chairman of National Council Against Drug Abuse and Member of the Board of Trustees for the Chinese Development Assistance Council.

**Associate Professor Wee Beng Geok**  
*Independent Director*

Associate Professor Wee Beng Geok is an Associate Professor at the Nanyang Business School, Nanyang Technological University, where she is Programme Director for the Nanyang MBA and MSc in Human Capital Management. She is also Director of Asian Business Case Centre, a business case research and publishing centre at the Nanyang Business School.

She has worked both in the corporate sector and academia. She was a faculty member at the School of Electrical and Electronics Engineering, NTU from 1987 to 1994 and has held management positions in various companies. She joined the Board on 27 November 2000.

**Professor Lim Pin**  
*Independent Director*

Professor Lim Pin is Professor of Medicine at National University of Singapore (NUS) and Senior Consultant Endocrinologist at the National University Hospital.

He was the former Vice Chancellor of NUS from 1981 to 2000, and is its first University Professor. He was conferred the university's highest academic appointment in 2000 in recognition of his work and achievements.

Professor Lim chairs the National Wages Council and the Bioethics Advisory Committee. He joined the Board on 19 February 2001.



# Senior Management



From left to right:

**Dr Yii Hee Seng**  
Deputy Medical Director,  
Clinic Network Operations and  
Director, Hong Kong Operations

**Dr Wilson Wong**  
Medical Director,  
Clinic Network Operations

**Ms Nancy Chan**  
Director,  
Corporate Services

**Mr Lawrence Lim**  
General Manager,  
Raffles Hospital and  
Clinic Network Operations

**Dr Loo Choon Yong**  
Executive Chairman

**Mr Han Jok Kwang**  
Director,  
Information Technology

**Mr Moiz Tyebally**  
Director,  
Corporate Affairs

**Mrs Hilda Yap**  
Director,  
Finance and  
Administration

**Ms Chua Pek Kim**  
Deputy Director,  
Human Resources

**Professor Walter Tan**  
Medical Director,  
Raffles Hospital

**Dr Yang Ching Yu**  
Deputy Medical Director,  
Raffles Hospital

**Dr Prem Kumar Nair**  
General Manager,  
Corporate Services

Absent:

**Mr Chan Chong Leong**  
General Manager,  
Raffles Health



# Operations Review

## QUALITY MILESTONE FOR ENTIRE GROUP

A key highlight of 2002 was the entire group's achievement of the ISO 9001:2000 certification. Aimed at reinforcing our organisation wide quality culture, it puts in place a quality management system that assures a high and consistent quality of service.

Be they clinical or administrative processes, all our workflows were reviewed in a ten-month period from the standpoint of our patients and clients to determine how we could best meet their healthcare needs. Key performance indicators were instituted to monitor and assess the efficiency and effectiveness of these processes.

The ISO certification is only part of a larger on-going effort to create a culture of service quality and excellence. This movement is driven by the Quality Steering Committee that comprises the General Managers, Medical Directors, Directors and Senior Managers from across the group. It oversees all our clinical and non-clinical quality efforts.

## STAR PERFORMER OF THE YEAR

March 2002 marked two major milestones for Raffles Hospital. On March 16, Raffles Hospital was officially opened by Deputy Prime Minister Lee Hsien Loong, almost to the day of its first anniversary.

That same month, just 11 months into the start of operations, Raffles Hospital achieved positive cash flow and became profitable in the second half of the year.

We have been steadily scaling up a steep growth curve from day one, ramping up existing operations and adding new services as patient load increases. In 2002, the number of specialist consultations increased by almost 50% and the number of admissions almost doubled.

During the year, Raffles Women's Centre also expanded its operations. To house the consolidated one-stop centre for women's health and wellness, it moved to the 12th floor to a location almost twice its original size. Raffles Heart Centre was officially opened and Raffles Counselling Centre moved from Robin Drive to Raffles Hospital.



DPM Lee visits our angiography suite.



A hospital for all your healthcare needs.

### STAR PERFORMER OF THE YEAR (Cont'd)

Our range of clinical specialties expanded as new consultant specialists join Raffles Hospital. With the opening of new specialist clinics during the year, our total number of multidisciplinary specialist clinics now stands at 11:

- Raffles Aesthetics Centre
- Raffles Cancer Centre
- Raffles Children's Centre
- Raffles Counselling Centre
- Raffles DentiCare
- Raffles Eye & ENT Centre
- Raffles Heart Centre
- Raffles Internal Medicine Centre
- Raffles Japanese Clinic
- Raffles Surgery Centre
- Raffles Women's Centre

### STRONG ATTRACTION OF GROUP PRACTICE

The mark of a tertiary hospital is a high degree of specialist and sub-specialist skills as well as a strong focus on research and teaching.

Our group practice model offers our specialists an environment that allows them to concentrate on their medical profession, leaving the distractions of the business and administrative processes to the practice's healthcare administrators and managers. It also provides the time and space for continued professional development, sub-specialty training as well as clinical research.

Several established and prominent specialists – as well as up-and-coming new specialists – found our practice model attractive and joined Raffles Hospital in 2002. They included Consultant Obstetrician & Gynaecologist Dr Tan Yew Ghee who integrated his successful solo private practice to our group practice in January 2002.

Eminent Interventional Cardiologist and the former director of the National Heart Centre, Prof Lim Yean Leng, joined Raffles Heart Centre in September as Director of Raffles Heart Centre and Consultant Interventional Cardiologist. Balloon angioplasty, also known as PTCA, was introduced in June as were heart bypass surgeries (CABG) later in the year.

In November, Raffles Hospital welcomed Consultant Neurosurgeon Dr Keith Goh, best known internationally for the successful separation of the conjoined Nepalese twins Ganga and Jamuna. Dr Goh will oversee the development of a neuro-centre at Raffles Hospital to provide specialised programmes that integrate neurosurgery and neurology services with associated specialties.



Magnetic Resonance Imaging (MRI) System.



Cardiac angiography procedure being performed.



A tranquil environment for healing.

# Operations Review

## TRAINING AND DEVELOPMENT OF OUR PEOPLE

Our inaugural Annual Scientific Meeting was held in March 2002 in association with the official opening of Raffles Hospital. Extended to all family physicians, the meeting comprises a series of lectures by our consultant specialists.

Other regular CME lectures and workshops are conducted regularly at Raffles Hospital for our staff doctors. In addition, several of our consultant specialists actively participate in training and research by teaching at the medical faculty of the National University of Singapore.

The group aims at achieving the People Developer's status in 2003.

## LANDMARK CASE IN THE OFFING

The attention of the world's media was captured in late November when an extremely rare set of adult craniophagus twins – twins who are conjoined at their heads – arrived at Raffles Hospital from Iran in a plea to help them live separate lives.

Ladan and Laleh Bijani had sought in vain international help for the extremely complicated and risky surgery. On learning about the successful separation of the somewhat similarly conjoined Nepalese twins, they sought Dr Keith Goh to do the same for them.

Led by Dr Goh and our Medical Director Prof Walter Tan, our specialists from our multidisciplinary team conducted and reviewed a comprehensive series of tests to determine if surgery to separate them is feasible.

The twins went through detailed and thorough examinations that included brain scans by our Computed Tomography (CT) Scanner and Magnetic Resonance Imaging (MRI) System, cerebral angiograms and various functional tests. Physical and psychological tests were also conducted.

Preliminary findings indicate that surgery to separate them is feasible and various surgical strategies are being considered. As the twins' doctors, we want to do what is best for them and at the preparation of this report, issues of medical ethics, legal consent, post-operative and follow-up care are being deliberated and finalised.

In 2003, a decision will be made on whether the surgery should go ahead. If the surgery takes place, it would be the world's first separation of adult craniophagus twins and of great medical significance.



Annual Staff Meeting on 20 July 2002.



First press conference on the twins.



Ladan and Laleh preparing for CT Scan.

### STALWARTS OF THE GROUP

Our GP clinics play an important role in our vertically integrated healthcare organisation. A consistent performer with steady growth over the years, our clinic operations responded to the weak economic sentiments of 2002 with moves to consolidate our operations and enhance the services provided.¶

A new clinic at Compass Point was opened in August, providing GP medical and dental services as well as specialist services in Obstetrics & Gynaecology and Paediatrics.

We also moved several clinics either to larger premises or better locations. These include the shift of our clinic in Caltex House to OUB Centre with expanded services, and the move of the Ten Mile Junction clinic to Lot 1 Shopper's Mall which is connected to Choa Chu Kang MRT station.

### MEDICAL SAMARITANS TO THE NEEDY

A terrorist bomb blast on October 12 devastated the resort town of Kuta in Bali. Within a week, we put together and donated 12 cartons of medical and pharmaceutical supplies to the local community through Singapore volunteers and expatriates working on the ground.

We also launched the Medical Samaritans Fund to assist patients with special or complicated medical conditions. It aims at making treatment available to patients who would otherwise not be treated due to circumstances such as the lack of highly specialised expertise in their home countries.¶

An example would be the conjoined Bijani twins. Should the landmark surgery to separate them go ahead, we will appeal both internationally and locally for funds to defray expenses such as medicine and use of equipment. The doctors involved are donating their services and Raffles Hospital is providing the facilities free-of-charge.



Range of GP Services expanded in 2002.



Comfortably furnished delivery suites.

# Key Highlights of 2002

## MARCH

- A new landmark for healthcare in Singapore. Raffles Hospital was officially opened on 16 March by Deputy Prime Minister Lee Hsien Loong.



- In conjunction with the Official Opening, Raffles Hospital held its Inaugural Scientific Meeting on 16 March.
- A community health fair was held on 17 March in conjunction with Central Singapore Community Development Council and Rochore Community Centre. A public forum on "Look Good, Feel Good" was also held on the same day.



## AUGUST

- Our network of clinics expanded into Sengkang Compass Point on 12 August, offering GP, Dental as well as Obstetrics & Gynaecology and Paediatric services.
- The newly expanded Raffles Women's Centre officially opened on 3 August to provide one-stop specialist care for women on matters relating to fertility, pregnancy, pelvic infections, cancers and wellness screening.

## SEPTEMBER

- Raffles Hospital hosted the Press Conference on the recommendations by the Economic Review Committee's Subcommittee on Service Industries. Dr Loo Choon Yong, Chairman of the Healthcare Services Working Group, chaired the press conference which was held on 18 September.



## OCTOBER

- Donated medical supplies to Bali Blast Victims on 19 October.
- Marking another milestone in our quality journey, Raffles Medical Group, including our network of RMG Clinics, Raffles DentiCare, Raffles Diagnostica and Raffles Hospital achieved the ISO 9001:2000 certification on 24 October.

## NOVEMBER

- Travel Clinic was launched at the Changi Airport Terminal 2 Clinic on 15 November to provide medical services and up-to-date health advice for travellers.



## NOVEMBER (Cont'd)

- Iranian conjoined twins, Ladan and Laleh Bijani, arrived in Raffles Hospital on 20 November to undergo a series of tests to determine if they could be surgically separated.



- A press briefing was held on 22 November as the twins begin a comprehensive series of tests that included angiograms, CT and MRI scans and various functional tests.



- Raffles Heart Centre officially opened on 23 November to provide one-stop specialist care for patients concerned with maintaining a healthy heart.
- Raffles Aesthetics Centre opened on 27 November. The one-stop centre provides a wide range of aesthetics services by our team of dermatologists and plastic surgeons.

## DECEMBER

- On 3 December, the Bijani twins met local and foreign media after completing a comprehensive series of physical, psychological and psychiatric tests at Raffles Hospital.
- Iranian Ambassador HE Mr Abdollah Zifan and HE Mr Gopinath Pillai, Singapore's Ambassador to Iran, visited the twins on 27 December.



## JANUARY 2003

- Raffles Japanese Clinic opened on 15 January 2003 to serve the healthcare needs of the Japanese community in Singapore and the region.



# Corporate Information

## RAFFLES MEDICAL GROUP LTD

### BOARD OF DIRECTORS

Dr Loo Choon Yong (Executive Chairman)  
Dr David McKinnon Lawrence  
Mr Tan Soo Nan  
Associate Professor Wee Beng Geok  
Professor Lim Pin

### BOARD AUDIT COMMITTEE

Mr Tan Soo Nan (Chairman)  
Associate Professor Wee Beng Geok  
Dr Loo Choon Yong

### BOARD NOMINATION AND COMPENSATION COMMITTEE

Dr Loo Choon Yong (Chairman)  
Professor Lim Pin  
Associate Professor Wee Beng Geok

### REGISTERED / CORPORATE OFFICE

585 North Bridge Road  
Raffles Hospital #11-00  
Singapore 188770

### COMPANY SECRETARY

Mr Moiz A. Tyebally

### SHARE REGISTRAR

M & C Services Private Limited  
138 Robinson Road #17-00  
The Corporate Office  
Singapore 068906

### AUDITORS

KPMG  
Certified Public Accountants  
16 Raffles Quay #22-00  
Hong Leong Building  
Singapore 048581  
Partner-in-Charge : Mr Ong Pang Thye  
(Year of Appointment : 2002)

### PRINCIPAL BANKERS

United Overseas Bank Limited  
Oversea-Chinese Banking Corporation Limited  
The Development Bank of Singapore Ltd

# Professional Governance

## RAFFLES HOSPITAL

### BOARD OF DIRECTORS

Dr Loo Choon Yong (Chairman)  
 Professor Walter Tan (Medical Director)  
 Dr Chen Ai Ju (Independent Director)  
 Mr Lock Sai Hung (Independent Director)  
 Professor Edward Tock  
 Dr Alfred Loh  
 Dr Wilson Wong  
 Dr Yang Ching Yu

### MEDICAL ADVISORY BOARD

Professor Walter Tan (Chairman)  
 Professor Edward Tock  
 Dr J J Murugasu  
 Dr Yang Ching Yu  
 Dr Teo Sek Khee  
 Dr Joan Thong Pao-Wen  
 Dr Yii Hee Seng  
 Mr Lawrence Lim  
 Dr Loo Choong Yong (Ex Officio)

### CREDENTIALS COMMITTEE

Professor Edward Tock (Chairman)  
 Dr Khoo Chong Yew  
 Dr Alfred Loh  
 Dr Chen Ai Ju  
 Mr Lawrence Lim  
 Professor Walter Tan (Ex Officio)

### QUALITY ASSURANCE COMMITTEE

Dr Alfred Loh (Chairman)  
 Dr J J Murugasu  
 Mr Lawrence Lim  
 Professor Walter Tan (Ex Officio)  
 Dr Wilson Wong (Ex Officio)

### MEDICAL AUDIT COMMITTEE

Dr Chan Choong Chee (Chairman)  
 Dr Teo Sek Khee  
 Dr Ng Wai Lin  
 Dr Elizabeth Au  
 Dr Mary Lim

### SURGICAL AUDIT COMMITTEE

Dr J J Murugasu (Co-Chairman)  
 Professor Edward Tock (Co-Chairman)  
 Dr Yang Ching Yu  
 Dr Chan Choong Chee  
 Dr Lee I Wuen  
 Dr Eric Teh  
 Dr Tan Yew Ghee  
 Professor Walter Tan (Ex Officio)  
 Dr Alfred Loh (Ex Officio)

### ETHICS COMMITTEE

Dr JJ Murugasu (Chairman)  
 Professor Edward Tock  
 Dr Chew Chin Hin

## RAFFLES MEDICAL GROUP

### MEDICAL BOARD

Dr Wilson Wong (Chairman)  
 Dr Yii Hee Seng  
 Dr Kenneth Wu  
 Dr Hoo Kai Meng  
 Dr Chin Min Kwong  
 Dr Chng Shih Kiat  
 Dr Choo Shiao Hoe  
 Dr Kwan Yew Seng  
 Dr Kang Aik Kiang  
 Dr Andre Leong

### CLINICAL STANDARDS COMMITTEE

Dr Mishra Sunita (Chairman)  
 Dr Kwan Yew Seng  
 Dr Marcus Lam  
 Dr Angeline Chua  
 Dr Chang Wan Ern

### PHARMACEUTICAL & THERAPEUTICS COMMITTEE

Dr Yii Hee Seng (Chairman)  
 Dr Kenneth Wu  
 Dr Chng Shih Kiat  
 Ms Wu Siew See

### PHYSICIAN TRAINING & PROFESSIONAL DEVELOPMENT COMMITTEE

Dr Kwan Yew Seng (Chairman)  
 Dr Mishra Sunita  
 Dr Hoo Kai Meng  
 Dr Kang Aik Kiang  
 Dr Bina Kurup

# Directory

## RAFFLES HOSPITAL

585 North Bridge Road Singapore 188770  
www.rafflesmedical.com

**General Enquiries** .....6311 1111  
**Fax** .....6311 2390  
**Email** .....ehquiries@raffleshospital.com

24 Hour Walk-In Clinic /  
Accident & Emergency .....6311 1555  
Admissions / Business Office .....6311 1888  
Raffles International Patients Centre .....6311 1666

Raffles Health Screeners .....6311 1222  
Physiotherapy Centre .....6311 1222  
Raffles Diagnostica  
• [Clinical Laboratory] .....6311 1760  
• [Radiology] .....6311 1290

## RAFFLES SPECIALIST CENTRE

**24 Hour Appointments Hotline** .....6311 1222  
**Fax** .....6311 2136  
**Email** .....specialist@raffleshospital.com

- [Raffles Aesthetics Centre]
- [Raffles Cancer Centre]
- [Raffles Children's Clinic]
- [Raffles Counselling Centre]
- [Raffles DentiCare]
- [Raffles Eye & ENT Centre]
- [Raffles Heart Centre]
- [Raffles Internal Medicine Centre]
- [Raffles Japanese Clinic]
- [Raffles Surgery Centre]
- [Raffles Women's Centre]

## SINGAPORE CLINICS

Anchorpoint .....6479 3818  
Ang Mo Kio .....6453 2288  
Anson .....6225 2188  
Bedok .....6441 1736  
Bishan .....6456 7122

## SINGAPORE CLINICS (Cont'd)

Capital Tower .....6323 5212  
Causeway Point .....6894 0777  
Clementi .....6872 9043  
Compass Point .....6881 7337  
Grand Plaza .....6333 0551  
Hougang 809 .....6386 7896  
Jurong East .....6899 6688  
Lot 1 .....6765 3363  
Loyang Point .....6585 3333  
Marina Square .....6339 6644  
Marsiling .....6363 9000  
Millenia Walk .....6337 6000  
Ngee Ann City .....6734 7355  
Ogilvy Centre .....6223 1188  
OUB Centre .....6535 2222  
Raffles Airport Medical Centre  
• [Airport Passenger Terminal Two] .....6543 1118  
• [Airport Transit One] .....6543 1113  
• [Airport Transit Two] .....6543 1118  
• [Changi Cargo Complex] .....6543 1038  
Siglap .....6442 0488  
Singapore Post Centre .....6841 2007  
Suntec City .....6334 7667  
Tampines DBS .....6788 6833  
Tampines Junction .....6788 2222  
Toa Payoh Central .....6254 7667  
Yishun .....6755 0049

## HONG KONG CLINICS

Central  
Bank of America Tower .....(852) [2525 1730  
Chek Lap Kok Hong Kong International Airport  
Passenger Terminal Building .....(852) [2261 2626  
Gold Coast .....(852) [2457 7889  
Aberdeen .....(852) [2126 7664

## INDONESIA REPRESENTATIVE OFFICE

General Enquiries .....(62 21) [570 1919  
Fax .....(62 21) [570 14974  
Email .....rmgindo@cbn.net.id





# A Different Experience



**RafflesMedicalGroup**

585 North Bridge Road  
Raffles Hospital #11-00  
Singapore 188770  
Tel: (65) 6311 1111  
Fax: (65) 6338 1318  
[www.rafflesmedical.com](http://www.rafflesmedical.com)

# Raffles Medical Group Ltd and its Subsidiaries

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2002

---

22	Corporate Governance
31	Directors' Report
39	Statement by Directors
40	Auditors' Report
41	Balance Sheet
42	Profit and Loss Accounts
43	Consolidated Statement of Changes in Equity
44	Statement of Changes in Equity
45	Consolidated Statement of Cash Flows
47	Notes to the Financial Statements
75	Additional Information
76	Shareholdings Statistics
77	Notice of Annual General Meeting
79	Proxy Form
81	A Gift for Our Shareholders

# Corporate Governance

The Directors and Management of Raffles Medical Group are committed to comply with the Code of Corporate Governance (Code) issued by the Corporate Governance Committee in March 2001 so as to ensure greater transparency and protection of shareholders' interests. This statement outlines the main corporate governance practices that were in place throughout the financial year. The Company has generally complied with the principles of the Code.

## THE BOARD'S CONDUCT OF ITS AFFAIRS

RMG's Board of Directors (the Board) primary role is to protect and enhance long-term value of all RMG's shareholders. It sets the overall strategy for the Group and supervises senior management. To fulfil this role, the Board is responsible for the overall corporate governance of the Group including setting its strategic direction, establishing goals for management and monitoring the achievement of these goals.

The Board currently holds about 3 scheduled meetings each year. In addition, the Directors meet to discuss strategy and hold extraordinary meetings at such other times as may be necessary to address any specific significant matters that may arise. We have disclosed the attendance of the Directors at Board Meetings and Board Committees, as well as the frequency of such meetings in the Report.

The Board has decided that certain matters must always be approved by the Board. These include:

- approval of quarterly results announcements;
- approval of the annual report and accounts;
- declaration of interim dividends and proposal of final dividends;
- convening of shareholders' meetings;
- approval of corporate strategy and direction of the Group;
- material acquisition or disposal;
- approval of transactions involving a conflict of interest for a substantial shareholder or a director or interested person transactions; and
- appointment of new directors

All other matters are delegated to Committees whose actions are reported to and monitored by the Board.

## TRAINING OF DIRECTORS

All new Directors are given briefing sessions on the operations of all the key business and support units. Prior to their appointment, new directors are provided with relevant information on their duties as directors under Singapore law. Directors are also updated regularly on accounting and regulatory changes.

Directors may at any time request further explanation, briefing or informal discussion on any aspects of the company operations.

## BOARD COMPOSITION AND BALANCE

The names of the directors of the Company in office at the date of this Statement are set out below.

The Board has reviewed its composition and is satisfied that such composition is appropriate. The Board constantly examines its size with a view to determine the impact upon its effectiveness.

As at the date of this report, RMG's Board comprises five suitably qualified members:

NAME OF DIRECTORS	DATE OF APPOINTMENT	NATURE OF APPOINTMENT	PRIME FUNCTION	OTHER FUNCTIONS	ACADEMIC AND PROFESSIONAL
Dr Loo Choon Yong Age: 54	16/8/89	Executive/ Non-Independent	Chairman	Chairman of Nomination & Compensation Committee and Member of Audit Committee	MBBS (S'pore), MCFP (S'pore), Dip. Cardiac Medicine (London), LLB (Hons) London, Barrister(Middle Temple)
Mr Tan Soo Nan Age: 55	28/07/00	Non-executive/ Independent	Member	Chairman of Audit Committee	Bachelor of Business Admin (Hons), Associate of The Chartered Institute of Bankers  Chief Executive Officer of Singapore Pools (Pte) Ltd
Prof Lim Pin Age: 67	19/02/01	Non-executive/ Independent	Member	Member of Nomination & Compensation Committee	MBBChir (Cambridge), MA (Cambridge), MRCP (London), MD (Cambridge), FAM, FRCP (London), FRACP, FRCPE, FACP  Professor of Medicine at NUS and Senior Consultant Endocrinologist at NUH
Assoc Prof Wee Beng Geok Age: 55	27/11/00	Non-executive/ Independent	Member	Member of Audit Committee and Nomination & Compensation Committee	PhD(Management Systems & Sciences) MBA Cranfield University (UK)  Associate Professor at Nanyang Business School, Nanyang Technological University
Dr David Lawrence Age: 63	25/07/97	Non-executive/ Independent	Member	-	BA degree (Amherst College), MD (University of Kentucky), MPH (University of Washington)

Particulars of interests of directors who held office at the end of the financial year in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are set out in the Directors' Report.

## INDEPENDENT MEMBERS OF THE BOARD

Four of the 5 members of the Board are Independent Directors. They are: Dr David Lawrence, Mr Tan Soo Nan, Prof Lim Pin and Assoc Prof Wee Beng Geok. The criterion of independence is based on the definition given in the Code. The Board considers an "independent" director as one who has no relationship with the Company, its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment.

As non-executive members of the Board, the Independent Directors, exercise no management functions in the Company or any of its subsidiaries. Although all the Directors have equal responsibility for the performance of the Group, the role of the non-executive directors is particularly important in ensuring that the strategies proposed by the executive management are fully discussed and rigorously examined and take account of the long-term interests, not only of the shareholders, but also of employees, customers, suppliers and the many communities in which the Group conducts business.

The Board considers its non-executive directors to be of sufficient calibre and number and their views to be of sufficient weight that no individual or small group can dominate the Board's decision-making processes. The non-executive directors have no financial or contractual interests in the Group other than by way of their fees, shareholdings and participation in the Group Stock Option as set out in the Directors' Report.

The Company's Articles of Association, require all directors to submit themselves for re-election at least once every three years at the Company's Annual General Meeting.

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER (EXECUTIVE CHAIRMAN)

It is the view of the Board that it is in the best interests of the Group to adopt a single leadership structure ie where the CEO and Chairman of the Board is the same person, so as to ensure that the decision-making process of the Group would not be unnecessarily hindered.

The Executive Chairman is Dr Loo Choon Yong who is responsible for the day-to-day running of the Group as well as the exercise of control over the quality, quantity and timelines of information flow between management and the Board. He has played an instrumental role in developing the business of the Group and has also provided the Group with vision and strong leadership.

All major decisions by the Executive Chairman are reviewed by the Audit Committee. His performance and remuneration is reviewed periodically by the Nomination & Compensation Committee. Both the Audit and Nomination & Compensation Committee comprises mainly of Independent Directors of the Group. As such the Board believes that there are adequate safeguards in place against having a concentration of power and authority in a single individual.

## CRITERIA FOR BOARD MEMBERSHIP

Board Members are selected for their character, judgement, business experience and acumen. Where a director has multiple board representations, the Nomination & Compensation Committee will evaluate whether or not a director is able to and has been adequately carrying out his or her duties as director of the Company. Final approval of a candidate is determined by the full Board.



In appointing directors, RMG Board considers the range of skills and experience required in the light of:

- the geographical spread and diversity of the Group's businesses;
- the strategic direction and progress of the Group;
- the current composition of the Board; and
- the need for independence

#### BOARD PERFORMANCE

Informal reviews of the Board's collective performance are conducted periodically and on a regular basis by the Nomination and Compensation Committee, with inputs from the other Directors and the Executive Chairman. Such performance criteria includes comparisons with its industry peers. The Board considers that it would be more appropriate in the first phase of its appraisal process to focus on collective Board performance and defer individual assessment to a later stage.

The Board is also of the view that the financial indicators set out in the Code as guides for the evaluation of Directors are more of a measure of Management's performance and less applicable to Directors. The Board therefore believes that its performance should be judged on the basis of accountability as a whole, rather than strict definitive financial performance criteria.

#### ACCESS OF INFORMATION

Directors receive a regular supply of information from management about the Group so that they are equipped to play as full a part as possible in Board meetings. Detailed Board papers are prepared for each meeting of the Board. The Board papers include sufficient information from management on financial, business and corporate issues to enable the Directors to be properly briefed on issues to be considered at Board meetings.

All Directors have unrestricted access to the Company's records and information and receive detailed financial and operational reports from senior management during the year to enable them to carry out their duties. Directors also liaise with senior management as required, and may consult with other employees and seek additional information on request.

In addition, Directors have separate and independent access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring the established procedures and relevant statutes and regulations are complied with. The Company Secretary attends all Board meetings.

Each director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfil their duties and responsibilities as directors.

#### REMUNERATION MATTERS

The Group's remuneration policy is to provide compensation packages at market rates which reward successful performance and attract, retain and motivate managers and directors.

The Nomination & Compensation Committee determines the remuneration packages for the Executive Chairman and senior management based on the performance of the Group and the individual. The Executive Chairman does not participate in meetings to discuss his compensation package. The performance of non-executive Directors is reviewed by the Executive Chairman on an ongoing basis.

## REMUNERATION MATTERS (Cont'd)

Details of remuneration paid to the directors are set out below:

	NUMBER OF DIRECTORS(1) 2002(2)	2001
Remuneration band		
S\$500,000 and above(3)	1(4)	1
S\$250,000 to below S\$500,000(3)	-(4)	-
Below S\$250,000(3)	4(4)	4(4)
	<u>5(4)</u>	<u>5</u>

Summary compensation table for the year ended 31 December 2002 (Group):

NAME OF DIRECTORS	SALARY(1) %	BONUS(2) %	DIRECTORS FEES %	TOTAL COMPENSATION %	SHARE OPTIONS GRANTS(3)	EXERCISE PRICE	DATE OF EXPIRY
S\$500,000 and above							
Dr Loo Choon Yong(4) Executive Chairman	34(4)	66(4)	-(4)	100(4)	-(4)	-(4)	-
Below S\$250,000							
Dr David Lawrence(4) Non-executive	-(4)	-(4)	100(4)	100(4)	200,000(4)	\$0.33(4)	7/4/07
Mr Tan Soo Nan(4) Non-executive	-(4)	-(4)	100(4)	100(4)	250,000(4)	\$0.33(4)	7/4/07
Assoc Prof Wee Beng Geok(4) Non-executive	-(4)	-(4)	100(4)	100(4)	250,000(4)	\$0.33(4)	7/4/07
Prof Lim Pin(4) Non-executive	-(4)	-(4)	100(4)	100(4)	220,000(4)	\$0.33(4)	7/4/07

(1) (4) The salary amount shown is inclusive of allowances, CPF, all fees other than directors' fees, and other emoluments.

(2) (4) The bonus amount shown is inclusive of CPF.

(3) (4) Relates to options granted during the year by the Company.

## KEY EXECUTIVES REMUNERATION

The Code requires the remuneration of at least the top 5 key executives who are not also directors to be disclosed within bands of S\$250,000. The Company believes that disclosure of the remuneration of individual executives who may also be clinicians is disadvantageous to its business interests, given the highly competitive industry conditions, where poaching of executives has become commonplace in a liberalised environment.

## ACCOUNTABILITY AND AUDIT

In presenting the annual financial statements and quarterly announcement to shareholders, the Board aims to provide shareholders with a balanced and comprehensive assessment of the Group's position and prospects. Management currently provides the Board with appropriately detail and management accounts of the Group's performance, position and prospects on a quarterly basis.

## BOARD COMMITTEES

To assist the Board in the execution of its duties, the Board has delegated specific functions to the following committees:

- (a) Nomination & Compensation Committee
- (b) Audit Committee

## NOMINATION & COMPENSATION COMMITTEE

This committee was established in July 2001 and comprises the Executive Chairman, Dr Loo Choon Yong and two independent directors - Prof Lim Pin and Associate Professor Wee Beng Geok. The Committee, in consultation with the Chairman is responsible for the implementation and administration of the Employee Share Option Scheme as well as reviewing the appointment and compensation of senior management staff. Members of the committee who are eligible are not involved in deliberations in respect to any options to be granted to them. The Executive Chairman of the Group opted not to participate in the Employee Share Option Scheme. The Committee also reviewed the compensation of the Executive Chairman to ensure that he is appropriately rewarded, giving due regard to the financial and commercial health and business needs of the Group.

## AUDIT COMMITTEE

The Audit Committee, chaired by Mr Tan Soo Nan, an Independent Director, meets periodically with the Group's external auditors and its senior management to review accounting, auditing and financial reporting matters so as to ensure that an effective control environment is maintained in the Group.

The Audit Committee also monitors proposed changes in accounting policies and discusses the accounting implications of major transactions. In addition, the Committee advises the Board regarding the adequacy of the Group's internal controls and the contents and presentation of its preliminary, interim and annual reports.

Specifically, the Audit Committee:

- reviews the audit plans and scope of audit examination of the external auditors;
- evaluates the overall effectiveness of the external audits through regular meetings with each group of auditors;
- determines that no restrictions are being placed by management upon the work of the external auditors;
- evaluates the adequacy of the internal control systems of the Group by reviewing written reports from the external auditors, and management's responses and actions to correct any deficiencies;
- evaluates adherence to the Group's administrative, operating and internal accounting controls;

Specifically, the Audit Committee (Cont'd):

- reviews the annual and interim financial statements and announcements to shareholders before submission to the Board for adoption;
- reviews interested person transactions as defined in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") to ensure that they are on normal commercial terms and not prejudicial to the interests of the Company or its shareholders;
- discusses with the external auditors any suspected fraud or irregularity or failure of internal controls or suspected infringement of any Singapore or other applicable law, rule and regulation; and
- considers other matter as requested by the Board.

The Audit Committee is authorised to investigate any matter within its terms of reference, and has full access to management and also full discretion to invite any director or executive officer to attend its meetings, as well as reasonable resources to enable it to discharge its function properly.

#### INTERNAL CONTROLS

The Board acknowledges that it is responsible for the overall internal control framework. It recognises that no internal control system is foolproof as the system is designed to manage rather than eliminate the risk of failure to achieve business objectives. It can therefore provide only reasonable and not absolute assurance against material misstatement or loss. The Directors regularly review the effectiveness of all internal controls, including operational controls.

The Board assesses risks and evaluates them as part of an integral part of the annual strategic planning cycle. Having identified the risks to achievement of their strategic objectives, each business unit in the Company is required to document the management and mitigating actions in place and proposed in respect of each significant risk.

#### INTERNAL AUDIT

The Group intends to set up an in-house internal audit function in 2003. The internal audit unit will promote internal control in the Group and monitor the performance and application of internal procedures. The internal auditors are expected to meet or exceed the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The internal audit unit will also assess the risks affecting the Group in its activities and in all its entities have been identified, analysed and sufficiently hedged.

The Group's internal audit function will have a formal charter approved by the Board which describes its purpose, authority and responsibility. It supports the Directors in assessing key internal controls through a structured review programme.

The internal auditor will report primarily to the Chairman of the Audit Committee, Mr Tan Soo Nan. The Audit Committee will ensure that the internal auditor has adequate resources and has appropriate standing within the Group. The Committee will assess the effectiveness of the internal auditor on an annual basis by examining:

- the scope of the internal auditors' work;
- the quality of their reports;
- their relationship with the external auditors; and
- their independence of the areas reviewed.

## COMMUNICATION WITH SHAREHOLDERS

In line with continuous disclosure obligations of the Company, pursuant to the SGX-ST's Listing Rules and the Singapore Companies Act, the Board's policy is that RMG shareholders are informed of all major developments that impact the Group.

Information is communicated to shareholders on a timely basis. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly as soon as practicable. Communication is made through:

- Annual reports that are prepared and issued to all shareholders. The Board makes every effort to ensure that the annual report includes all relevant information about the Group, including future developments and other disclosures required by the Companies Act and Singapore Statements of Accounting Standard.
- Financial statements containing a summary of the financial information and affairs of the Group for the period;
- Notices of and explanatory memoranda for annual general meetings and extraordinary general meetings;
- Press and analyst briefings for the Group's quarterly and annual results as well as other briefings, as appropriate;
- Press releases on major developments of the Group;
- Disclosures to the SGX-ST; and
- The Group's website at <http://www.rafflesmedical.com> at which shareholders can access information on the Group. The website provides, inter alia, corporate announcements, press releases, annual reports, and a profile of the Group.

In addition, shareholders are encouraged to attend the AGM to ensure a high level of accountability and to stay informed of the Group's strategy and goals. The AGM is the principal forum for dialogue with shareholders.

The notice of the AGM is despatched to shareholder, together with explanatory notes or a circular on items of special business, at least 14 working days before the meeting. The Board welcomes questions from shareholders who have an opportunity to raise issues either informally or formally before or at the AGM. The Chairman of the Audit, Nomination & Compensation Committee are normally available at the meeting to answer those questions relating to the work of these committees.

Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting.

The Company counts all proxy votes and the Chairman will inform shareholders of the level of the proxies lodged on each resolution. The votes for and against each resolution are given following the show of hands for that resolution.

## ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS

The table below sets the attendances at meetings of the Board and Board committees convened in the course of the year under review:

NAME OF DIRECTORS	BOARD		AUDIT COMMITTEE		NOMINATION & COMPENSATION	
	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED
Dr Loo Choon Yong	3	3	2	2	1	1
Mr Tan Soo Nan	3	3	2	2	-	-
Assoc Prof Wee Beng Geok	3	3	2	2	1	1
Dr David Lawrence	3	3	-	-	-	-
Prof Lim Pin	3	3	-	-	1	1



# Directors' Report

FOR THE YEAR ENDED 31 DECEMBER 2002

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2002.

## DIRECTORS

The directors in office at the date of this report are as follows:-

Dr Loo Choon Yong  
 Dr David M. Lawrence  
 Prof Lim Pin  
 Mr Tan Soo Nan  
 Assoc Prof Wee Beng Geok

## PRINCIPAL ACTIVITIES

The principal activities of the Company during the financial year have been those relating to the operation of medical clinics and other general medical services. The principal activities of the subsidiaries are set out in Note 4 to the financial statements. There have been no significant changes in the activities of the Group or of the Company during the financial year.

## ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

During the financial year, the Company did not acquire or dispose of any subsidiaries.

## FINANCIAL RESULTS

The results of the Group and of the Company for the financial year are as follows:-

	THE GROUP \$'000	THE COMPANY \$'000
Profit after taxation	4,506	5,150
Accumulated (losses)/profits brought forward, as previously reported	(1,317)	9,117
Effect of adopting SAS 12	1,769	-
Accumulated profits brought forward, as restated	452	9,117
Profits available for appropriation:	4,958	14,267
Appropriations:		
Final dividend paid of 8% less tax at 22% in respect of year 2001	(2,413)	(2,413)
Accumulated profits carried forward	2,545	11,854

## TRANSFERS TO AND FROM RESERVES AND PROVISIONS

During the financial year, an amount of \$323,000 being the net gain on translation of financial statements of overseas subsidiaries was transferred to the exchange translation reserve of the Group.

Movements in provisions are as set out in the accompanying notes to the financial statements.

## ISSUES OF SHARES AND DEBENTURES

The Company did not issue any shares or debentures during the financial year.

## DIRECTORS' INTERESTS

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the "Act"), particulars of interests of directors who held office at the end of the financial year in shares, debentures, warrants and share options in the Company and in a related corporation are as follows:-

THE COMPANY	HOLDINGS IN THE NAME OF THE DIRECTOR, SPOUSE OR INFANT CHILDREN		OTHER HOLDINGS IN WHICH THE DIRECTOR IS DEEMED TO HAVE AN INTEREST	
	AT BEGINNING OF THE YEAR	AT END OF THE YEAR	AT BEGINNING OF THE YEAR	AT END OF THE YEAR
ORDINARY SHARES OF \$0.10 EACH				
Dr Loo Choon Yong	50,466,999	50,841,999	206,157,000	206,157,000
Dr David M. Lawrence	206,000	256,000	-	-
Mr Tan Soo Nan	30,000	30,000	-	-
Assoc Prof Wee Beng Geok	-	30,000	-	-
OPTIONS TO SUBSCRIBE FOR ORDINARY SHARES OF \$0.10 EACH				
THE COMPANY	AT BEGINNING OF THE YEAR	AT END OF THE YEAR	OPTION PRICE PER SHARE	DATE OF GRANT
Dr David M. Lawrence	250,000	250,000	\$0.43	15/2/2001
	-	200,000	\$0.33	8/4/2002
Prof Lim Pin	-	220,000	\$0.33	8/4/2002
Mr Tan Soo Nan	150,000	150,000	\$0.43	15/2/2001
	-	250,000	\$0.33	8/4/2002
Assoc Prof Wee Beng Geok	100,000	100,000	\$0.43	15/2/2001
	-	250,000	\$0.33	8/4/2002

## DIRECTORS' INTERESTS (Cont'd)

IMMEDIATE HOLDING COMPANY	HOLDINGS IN THE NAME OF THE DIRECTOR, SPOUSE OR INFANT CHILDREN		OTHER HOLDINGS IN WHICH THE DIRECTOR IS DEEMED TO HAVE AN INTEREST	
	AT BEGINNING OF THE YEAR	AT END OF THE YEAR	AT BEGINNING OF THE YEAR	AT END OF THE YEAR
RAFFLES MEDICAL HOLDINGS PTE LTD			ORDINARY SHARES OF \$1.00 EACH	
Dr Loo Choon Yong	100,000	100,000	-	-

The options in the Company are exercisable as follows:

- (i) the options granted in 2001 are exercisable during a period commencing 12 months from the Date of Grant for up to 200,000 shares and 24 months from the Date of Grant for the balance and expires at the end of 60 months from the Date of Grant.
- (ii) the options granted in 2002 are exercisable during a period commencing 12 months from the Date of Grant for the first 100,000 shares, 24 months from the Date of Grant for the next 100,000 shares and the balance after 36 months and expires at the end of 60 months from the Date of Grant.

By virtue of Section 7 of the Act, Dr Loo Choon Yong is deemed to have an interest in all of the wholly-owned subsidiaries of Raffles Medical Group Ltd at the beginning and at the end of the financial year.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company or of related corporations either at the beginning of the financial year, or at the end of the financial year.

There was no change in any of the abovementioned interests in the Company and related corporations between the end of the financial year and 21 January 2003.

Except as disclosed under the "Share Options" section of this report, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares, debentures, warrants or share options of the Company or any other body corporate.

Except as disclosed in the accompanying financial statements, since the end of the last financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest.

## DIVIDENDS

Since the end of the last financial year, the Company paid a net dividend of \$2,412,509 in respect of the previous year as proposed in the directors' report for that year. The directors now propose the payment of a first and final dividend of 10% less tax of 22% amounting to \$3,015,636 and a special dividend of 10% less tax of 22% amounting to \$3,015,636 in respect of the current year.

#### BAD AND DOUBTFUL DEBTS

Before the profit and loss account and the balance sheet of the Company were made out, the directors took reasonable steps to ascertain what action had been taken in relation to writing off bad debts and providing for doubtful debts of the Company. The directors have satisfied themselves that all known bad debts have been written off and that adequate provision has been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render any amounts written off for bad debts or provided for doubtful debts in the Group inadequate to any substantial extent.

#### CURRENT ASSETS

Before the profit and loss account and the balance sheet of the Company were made out, the directors took reasonable steps to ascertain that current assets of the Company which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values and that adequate provision has been made for the diminution in value of such current assets.

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report which would render the values attributable to current assets in the Group misleading.

#### CHARGES AND CONTINGENT LIABILITIES

Since the end of the financial year:-

- (i) no charge on the assets of the Group or of the Company has arisen which secures the liabilities of any other person; and
- (ii) no contingent liability of the Group or of the Company has arisen.

#### ABILITY TO MEET OBLIGATIONS

No contingent liability or other liability of the Group or of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

#### OTHER CIRCUMSTANCES AFFECTING THE FINANCIAL STATEMENTS

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render misleading any amount stated in the financial statements of the Group or of the Company.

## UNUSUAL ITEMS

In the opinion of the directors, no item, transaction or event of a material and unusual nature has substantially affected the results of the operations of the Group or of the Company during the financial year.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

## SHARE OPTIONS

### *Employees' Share Option Scheme*

- (1) The Raffles Medical Group Employees' Share Option Scheme ("RMG 1997 Scheme") for the Company was terminated on 31 October 2000. Details of the RMG 1997 Scheme were set out in the Directors' Report for the financial year ended 31 December 1998. The termination of the RMG 1997 Scheme will not affect the subscription rights comprised in options granted pursuant to the RMG 1997 Scheme prior to the termination. Such options will continue to be exercisable in accordance with the rules of the RMG 1997 Scheme. However, no further options will be granted under this scheme.
- (2) On 31 October 2000, the shareholders of the Company approved the Raffles Medical Group (2000) Share Option Scheme ("RMG 2000 Scheme") at the Extraordinary General Meeting. Details of the RMG 2000 Scheme were set out in the Directors' Report for the financial year ended 31 December 2000.
- (3) Both the RMG 1997 Scheme (in respect of the administration of any exercise of options already granted thereafter prior to its termination in October 2000) and the RMG 2000 Scheme are administered by the Nomination and Compensation Committee ("Committee") comprising the following directors:-  
  
 Dr Loo Choon Yong  
 Prof Lim Pin  
 Assoc Prof Wee Beng Geok  
  
 Dr Loo Choon Yong is not participating in the schemes.
- (4) On 8 April 2002, additional options were granted pursuant to the RMG 2000 Scheme to subscribe for ordinary shares of \$0.10 each at an exercise price of \$0.33 as follows:-

	THE COMPANY
Directors and Executive Directors of the Company and the subsidiaries	3,350,000
Full-time employees	10,798,000
	<hr/> 14,148,000

## SHARE OPTIONS (Cont'd)

*Employees' Share Option Scheme* (Cont'd)

- (5) As at 31 December 2002, outstanding options to take up shares of \$0.10 each in the Company under the RMG 2000 Scheme were as follows:-

Date of Grant	:	15 Feb 2001	8 April 2002
Exercise Price	:	\$0.43	\$0.33
Expiry Date (for employees)	:	14 Feb 2011	7 April 2012
Expiry Date (for non-employees)	:	14 Feb 2006	7 April 2007
Outstanding Options as at 1/1/2002 / Date of Grant	:	10,679,000	14,148,000
No. of Options Exercised	:	-	-
No. of Options Cancelled/Lapsed	:	506,000	874,000
Outstanding Options as at 31/12/2002	:	10,173,000	13,274,000

- (6) As at 31 December 2002, outstanding options to take up shares of \$0.10 each in the Company under the RMG 1997 Scheme were as follows:-

Date of Grant	:	18 May 1998	9 March 2000
Exercise Price*	:	\$0.54	\$0.57
Expiry Date	:	17 May 2003	8 March 2005
Outstanding Options as at 1/1/2002	:	2,207,000	5,473,600
No. of Options Exercised	:	-	-
No. of Options Cancelled/Lapsed	:	35,900	73,000
Outstanding Options as at 31/12/2002	:	2,171,100	5,400,600

\*Adjusted for the Rights Issue on 7 June 2000.

- (7) No options have been granted to controlling shareholders of the Company and their associated companies and parent group employees. No participant has received 5% or more of the total number of options available under the Schemes.

- (8) The following are details of options granted to Directors:-

NAME OF PARTICIPANT	OPTIONS GRANTED DURING THE FINANCIAL YEAR UNDER REVIEW	AGGREGATE OPTIONS GRANTED SINCE COMMENCEMENT OF SCHEME TO END OF THE FINANCIAL YEAR UNDER REVIEW	AGGREGATE OPTIONS EXERCISED SINCE COMMENCEMENT OF SCHEME TO END OF THE FINANCIAL YEAR UNDER REVIEW	AGGREGATE OPTIONS OUTSTANDING AS AT THE END OF THE FINANCIAL YEAR UNDER REVIEW
<i>Directors of the Company</i>				
Dr David M. Lawrence	200,000	450,000	-	450,000
Prof Lim Pin	220,000	220,000	-	220,000
Mr Tan Soo Nan	250,000	400,000	-	400,000
Assoc Prof Wee Beng Geok	250,000	350,000	-	350,000
<b>Total</b>	<b>920,000</b>	<b>1,420,000</b>	<b>-</b>	<b>1,420,000</b>



## SHARE OPTIONS (Cont'd)

*Employees' Share Option Scheme* (Cont'd)

(9) Statutory information regarding the above options are as follows:-

(a) *RMG 1997 Scheme*

Options are exercisable during a period commencing 12 months from the date of grant of the options and expiring at the end of 60 months from the date of grant.

*RMG 2000 Scheme*

Options are exercisable in whole or in part:-

- (i) in relation to shares for which the subscription price is determined on market value, a period commencing on such date in respect of such proportion of the option amount as the Committee may prescribe (but which shall in any event be no earlier than the date immediately after the first anniversary of the date of grant) and ending on the date immediately before the tenth anniversary of such date of grant for an employee and ending on the date immediately before the fifth anniversary of such date of grant for a non-employee; and
- (ii) in relation to shares for which the subscription price is determined at a discount to market value, a period commencing on such date in respect of such proportion of the option amount as the Committee may prescribe (but which shall in any event be no earlier than the date immediately after the second anniversary of the date of grant) and ending on the date immediately before the tenth anniversary of such date of grant for an employee and ending on the date immediately before the fifth anniversary of such date of grant for a non-employee.

- (b) The number of shares which may be acquired by a participant and the exercise price are subject to adjustment, as confirmed by the auditors of the Company that such adjustment is fair and reasonable, by reason of any issue of additional shares in the Company by way of rights or capitalisation of profits or reserves made which an option remains unexercised.

(10) Save as disclosed above, there were no unissued shares of the Company or its subsidiaries under option as at the end of the financial year.

(11) The options granted by the Company do not entitle the holders of the options, by virtue of such holdings, to any right to participate in any share issue of any other company.

**AUDIT COMMITTEE**

The members of the Audit Committee at the date of this report are as follows:-

Mr Tan Soo Nan (Chairman), non-executive director

Dr Loo Choon Yong, executive director

Assoc Prof Wee Beng Geok, non-executive director

The Audit Committee performs the functions specified by section 201B of the Act, and the Listing Manual and the Best Practices Guide of the Singapore Exchange.

The Audit Committee held two meetings since the last directors' report. In performing its functions, the Audit Committee met with the Company's external auditors to discuss the scope of their work and the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:-

- assistance provided by the Company's officers to the external auditors;
- financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9A of the Listing Manual of the Singapore Exchange).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and discretion to invite any director or executive officer to attend its meetings.

The Audit Committee has recommended to the Board of Directors that the auditors, KPMG, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

**AUDITORS**

The auditors, KPMG, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors



**Dr Loo Choon Yong**  
DIRECTOR



**Mr Tan Soo Nan**  
DIRECTOR

# Statement by Directors

FOR THE YEAR ENDED 31 DECEMBER 2002

## STATEMENT BY DIRECTORS

We, being directors of the Company, do hereby state that in our opinion:-

- (a) the financial statements set out on pages 41 to 74 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2002 and of the results of the business and changes in equity of the Group and of the Company and cash flows of the Group for the year ended on that date; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The board of directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors



**Dr Loo Choon Yong**  
DIRECTOR



**Mr Tan Soo Nan**  
DIRECTOR

SINGAPORE  
25 FEBRUARY 2003

# Report of the Auditors to the Members of Raffles Medical Group Ltd

We have audited the consolidated financial statements of the Group and the financial statements of the Company for the year ended 31 December 2002 as set out on pages 41 to 74. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:-

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Statements of Accounting Standard so as to give a true and fair view of:-
  - (i) the state of affairs of the Group and of the Company as at 31 December 2002 and of the results and changes in equity of the Group and of the Company and of the cash flows of the Group for the year ended on that date; and
  - (ii) the other matters required by Section 201 of the Act to be dealt with in the financial statements and consolidated financial statements;
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and auditors' reports of Raffles Medical Group (Hong Kong) Limited and Coors Consultants Limited which have been audited by our associated firm, being financial statements that have been included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements of the Group and we have received satisfactory information and explanations as required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and in respect of subsidiaries incorporated in Singapore did not include any comment made under Section 207(3) of the Act.

**KPMG**  
CERTIFIED PUBLIC ACCOUNTANTS

SINGAPORE  
25 FEBRUARY 2003

# Balance Sheets

AS AT 31 DECEMBER 2002

		THE GROUP		THE COMPANY	
	NOTE	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Non-current assets					
Property, plant and equipment	3	24,049	24,438	3,153	3,060
Interest in subsidiaries	4	-	-	62,287	62,287
Interests in jointly controlled entities	5	49,595	49,675	-	-
Unquoted equity investment	6	-	-	-	-
Membership rights		88	88	68	68
Intangible assets	7	464	522	-	-
Deferred tax assets	8	2,024	1,769	-	-
		76,220	76,492	65,508	65,415
Current assets					
Investment in commercial notes	9	19,250	-	19,250	-
Inventories		2,236	3,066	1,174	1,820
Trade and other receivables	10	13,072	14,992	25,149	24,963
Cash and cash equivalents	13	8,930	20,145	7,867	19,805
		43,488	38,203	53,440	46,588
Less:					
Current liabilities					
Bank overdraft (unsecured)	13	172	1,625	-	-
Trade and other payables	14	17,767	15,434	9,688	6,604
Deferred income	17	595	2,006	539	1,948
Interest-bearing loans and borrowings (unsecured)	18	2,093	-	2,093	-
Employee benefits	19	2,560	1,891	1,317	979
Income tax payable		1,912	1,590	1,584	1,364
		25,099	22,546	15,221	10,895
Net current assets		18,389	15,657	38,219	35,693
		94,609	92,149	103,727	101,108
Less:					
Non-current liability					
Deferred tax liabilities	8	681	637	221	339
Net Assets		93,928	91,512	103,506	100,769
Capital And Reserves					
Share capital	20	38,662	38,662	38,662	38,662
Reserves	21	55,266	52,850	64,844	62,107
		93,928	91,512	103,506	100,769

The accompanying notes form an integral part of these financial statements.

# Profit and Loss Accounts

FOR THE YEAR ENDED 31 DECEMBER 2002

	NOTE	THE GROUP		THE COMPANY	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Revenue	22	87,997	76,304	51,580	46,526
Other income	23	298	955	409	725
Inventories and consumables used		(9,059)	(8,789)	(4,627)	(3,925)
Staff costs	23	(50,000)	(45,020)	(25,353)	(22,261)
Depreciation of property, plant and equipment	3	(3,320)	(2,470)	(918)	(755)
Amortisation expense	7	(58)	(58)	-	-
Other operating expenses	23	(19,583)	(19,741)	(14,439)	(14,264)
Profit from operations		<u>6,275</u>	<u>1,181</u>	<u>6,652</u>	<u>6,046</u>
Finance costs	23	(93)	(70)	(36)	-
Revaluation deficit on leasehold properties		-	(429)	-	-
Write down of investment and intangible assets	24	-	(1,280)	-	(700)
Share of loss in a jointly controlled entity	5	(80)	(6,587)	-	-
Profit/(Loss) from ordinary activities before taxation		<u>6,102</u>	<u>(7,185)</u>	<u>6,616</u>	<u>5,346</u>
Income tax expense	25	(1,596)	(323)	(1,466)	(1,484)
Net profit/(loss) for the year transferred to accumulated profits		<u>4,506</u>	<u>(7,508)</u>	<u>5,150</u>	<u>3,862</u>
Earnings/(Loss) per share expressed in cents	26				
Basic		<u>1.17</u>	<u>(1.94)</u>		
Diluted		<u>1.17</u>	<u>(1.94)</u>		

The accompanying notes form an integral part of these financial statements.



# Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2002

THE GROUP	NOTE	SHARE CAPITAL \$'000	SHARE PREMIUM \$'000	EXCHANGE TRANSLATION RESERVE \$'000	ACCUMULATED PROFITS/(LOSSES) \$'000	TOTAL \$'000
At 1 January 2001, as previously reported		38,662	53,021	(293)	9,736	101,126
Effects of adopting SAS 12	27	-	-	-	559	559
At 1 January 2001, restated		<u>38,662</u>	<u>53,021</u>	<u>(293)</u>	<u>10,295</u>	<u>101,685</u>
Issue expenses		-	(31)	-	-	(31)
Exchange differences on translation of financial statements of overseas subsidiaries		-	-	(299)	-	(299)
Net loss for the year		-	-	-	(7,508)	(7,508)
Final dividend paid of 8% less tax at 24.5%		-	-	-	(2,335)	(2,335)
At 31 December 2001		<u>38,662</u>	<u>52,990</u>	<u>(592)</u>	<u>452</u>	<u>91,512</u>
At 1 January 2002, as previously reported		38,662	52,990	(592)	(1,317)	89,743
Effects of adopting SAS 12	27	-	-	-	1,769	1,769
At 1 January 2002, restated		<u>38,662</u>	<u>52,990</u>	<u>(592)</u>	<u>452</u>	<u>91,512</u>
Exchange differences on translation of financial statements of overseas subsidiaries		-	-	323	-	323
Net profit for the year		-	-	-	4,506	4,506
Final dividend paid of 8% less tax at 22%		-	-	-	(2,413)	(2,413)
At 31 December 2002		<u>38,662</u>	<u>52,990</u>	<u>(269)</u>	<u>2,545</u>	<u>93,928</u>

The accompanying notes form an integral part of these financial statements.

# Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2002

THE COMPANY	SHARE CAPITAL \$'000	SHARE PREMIUM \$'000	ACCUMULATED PROFITS \$'000	TOTAL \$'000
At 1 January 2001	38,662	53,021	7,590	99,273
Issue expenses	-	(31)	-	(31)
Net profit for the year	-	-	3,862	3,862
Final dividend paid of 8% less tax at 24.5%	-	-	(2,335)	(2,335)
At 31 December 2001	<u>38,662</u>	<u>52,990</u>	<u>9,117</u>	<u>100,769</u>
At 1 January 2002	38,662	52,990	9,117	100,769
Net profit for the year	-	-	5,150	5,150
Final dividend paid of 8% less tax at 22%	-	-	(2,413)	(2,413)
At 31 December 2002	<u>38,662</u>	<u>52,990</u>	<u>11,854</u>	<u>103,506</u>

# Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2002

	2002 \$'000	2001 \$'000
<b>Cash Flows from Operating Activities</b>		
Profit/(Loss) from ordinary activities before taxation	6,102	(7,185)
Adjustments for:-		
Interest expense	93	70
Amortisation of intangible assets	58	58
Allowance for doubtful trade receivables	290	815
Share of results in jointly controlled entity	80	6,587
Depreciation of property, plant and equipment	3,320	2,470
Property, plant and equipment written off	293	346
Deferred income recognised	(9,759)	(9,495)
Interest income from fixed deposits and commercial notes	(298)	(550)
Revaluation deficit on leasehold properties	-	429
Write down of intangible assets	-	580
Write down of unquoted equity investment	-	700
Foreign exchange loss/(gain)	330	(405)
Operating profit/(loss) before working capital changes	509	(5,580)
Changes in working capital:-		
Inventories	820	(873)
Trade and other receivables	1,631	(4,325)
Trade and other payables	3,030	6,417
Cash generated from/(used in) operations	5,990	(4,361)
Interest paid	(93)	(70)
Dividend paid	(2,413)	(2,335)
Income tax paid	(1,486)	(1,931)
Deferred income received	8,348	9,215
<b>Cash flows from operating activities</b>	<b>10,346</b>	<b>518</b>
<b>Investing activities</b>		
Investment in commercial notes	(19,250)	3,000
Interest income received	242	538
Purchase of fixed assets	(3,293)	(12,814)
<b>Cash flows from investing activities</b>	<b>(22,301)</b>	<b>(9,276)</b>
<b>Financing activities</b>		
Payment of share issue expenses	-	(31)
Drawdown/(Repayment) of term loan	2,093	(498)
<b>Cash flows from financing activities</b>	<b>2,093</b>	<b>(529)</b>

The accompanying notes form an integral part of these financial statements.

	NOTE	2002 \$'000	2001 \$'000
Net Decrease in Cash and Cash Equivalents		(9,862)	(9,287)
Effect of Exchange Rate Changes on Cash and Cash Equivalents Held in Foreign Currency		100	6
Cash and Cash Equivalents at beginning of the year		18,520	27,801
Cash and Cash Equivalents at end of the year	13	<u>8,758</u>	<u>18,520</u>

# Notes to the Financial Statements 31 DECEMBER 2002

*These notes form an integral part of the financial statements.*

The financial statements were authorised for issue by the directors on 25 February 2003.

## 1. DOMICILE AND ACTIVITIES

Raffles Medical Group Ltd ("the Company") is incorporated in the Republic of Singapore and has its registered office at 585, North Bridge Road, Raffles Hospital #11-00, Singapore 188770.

The principal activities of the Company are those relating to the operation of medical clinics and other general medical services. The Company is the sole proprietor of the following:-

Raffles Dental Surgery  
 Raffles Medihelp  
 Raffles Optica  
 Raffles Health Screeners  
 Raffles Pharmacare  
 Raffles Airport Medical Centre  
 Raffles Labs  
 Raffles Hospital  
 RafflesCare  
 Raffles Healthcare Consultancy  
 Changi Medical Services

All transactions of these sole proprietorships are reflected in the financial statements of the Company. The principal activities of the subsidiaries are set out in Note 4 to the financial statements.

The immediate and ultimate holding company is Raffles Medical Holdings Pte Ltd, which is incorporated in Singapore.

The consolidated financial statements relate to the Company and its subsidiaries (referred to as the "Group") and the Group's interests in jointly controlled entities.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of Preparation

The financial statements are prepared in accordance with Singapore Statements of Accounting Standard ("SAS") including related Interpretations promulgated by the Institute of Certified Public Accountants of Singapore and the applicable requirements of the Singapore Companies Act, Chapter 50.

The historical cost basis is used except that certain leasehold properties are stated at valuation and certain investments in debt securities are stated at market value. Amounts are expressed in Singapore dollars, unless stated otherwise.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### (b) Basis of Consolidation

#### (i) Subsidiaries

Subsidiaries are those companies controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a company so as to obtain benefits from its activities.

Investments in subsidiaries are stated in the Company's balance sheet at cost less impairment losses. Subsidiaries are consolidated with the Company in the Group's financial statements.

#### (ii) Jointly Controlled Entities

Jointly controlled entities are those enterprises over whose activities the Group has joint control, established by contractual agreement.

Investments in jointly-controlled entities are stated in the Company's balance sheet at cost, less impairment losses. In the Group's financial statements, they are accounted for by using the equity method of accounting.

### (c) Foreign Currencies

#### (i) Foreign Currency Transactions

Monetary assets and liabilities in foreign currencies, except where these are hedged by forward exchange contracts, are translated into Singapore dollars at rates of exchange approximate to those ruling at the balance sheet date. Transactions in foreign currencies are translated at rates ruling on transaction dates. Translation differences are included in the profit and loss account, except:

- Where foreign currency loans provide an effective hedge against the net investment in foreign subsidiaries, exchange differences arising on the loans are recognised directly in equity until disposal of the investment.
- Where monetary items in substance form part of the Group's net investment in the foreign subsidiaries, exchange differences arising on such monetary items are recognised directly in equity until disposal of the investments.

#### (ii) Foreign Operations

The assets and liabilities of foreign operations are translated to Singapore dollars at the rates of exchange ruling at the balance sheet date. The results of foreign operations are translated at the average exchange rates for the year. Exchange differences arising on translation are recognised directly in equity.



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### (d) *Property, Plant and Equipment*

#### (i) *Owned Assets*

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses except for those land and buildings which are stated at their revalued amounts. The revalued amount is the fair value determined on the basis of existing use at the date of revaluation less any subsequent accumulated depreciation.

#### (ii) *Revaluation Reserve*

Revaluations are performed by independent professional valuers with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the balance sheet date.

Any increase on revaluation is credited to revaluation reserve unless it offsets a previous decrease in value recognised in the profit and loss account. A decrease in value is recognised in the profit and loss account where it exceeds the increase previously recognised in the revaluation reserve.

#### (iii) *Disposal*

Upon disposal, any related revaluation surplus is transferred from the revaluation reserve to accumulated profits and is not taken into account in arriving at the gain or loss on disposal.

#### (iv) *Depreciation*

Depreciation is provided on a straight-line basis so as to write off items of property, plant and equipment, and major components that are accounted for separately over their estimated useful lives as follows:-

Leasehold properties	-	50 years
Medical equipment	-	8-10 years
Furniture and fittings	-	10 years
Office equipment	-	10 years
Motor vehicles	-	10 years
Plant and equipment	-	10 years
Computers	-	3 years
Renovations	-	6 years
Facilities equipment	-	10 years

### (e) *Inventories*

Inventories, comprising mainly pharmaceutical and medical supplies, are stated at the lower of cost and net realisable value. Cost is determined by applying the first-in first-out basis.

### (f) *Cash and Cash Equivalents*

Cash and cash equivalents comprise cash balances and bank deposits. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts which are repayable on demand and which form an integral part of the Group's cash management.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### (g) *Employee Share Option*

No compensation cost or obligation is recognised when share options are issued under employee incentive programmes. When options are exercised, equity is increased by the amount of the proceeds received.

### (h) *Deferred Income*

Fees collected in advance under the Managed Care Program are deferred. Such fees are recognised as income in the Profit and Loss Account on a straight line basis over the contract period.

### (i) *Liabilities and Interest-Bearing Borrowings*

Trade and other payables and interest-bearing borrowings are recognised at cost.

### (j) *Intangible Assets*

#### (i) *Assignment Fees*

Assignment fees relate to amounts paid to secure the tenancy of certain clinic premises. Assignment fees are stated at cost less accumulated amortisation and impairment losses.

#### (ii) *Goodwill*

Goodwill arising on acquisition represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired. Goodwill is stated at cost less accumulated amortisation and impairment losses. In respect of jointly controlled entities, the carrying amount of goodwill is included in the carrying amount of the investment in the jointly controlled entities. Goodwill is amortised from the date of initial recognition over its estimated useful life of 20 years.

### (k) *Deferred Tax*

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

### (l) *Revenue Recognition*

#### *Service Revenue*

Revenue are recognised upon the provision of healthcare and diagnostic services.

## 3. PROPERTY, PLANT AND EQUIPMENT

	At Valuation ←					At Cost →					
THE GROUP	LEASEHOLD PROPERTIES \$'000	LEASEHOLD PROPERTIES \$'000	MEDICAL EQUIPMENT \$'000	FURNITURE AND FITTINGS \$'000	OFFICE EQUIPMENT \$'000	MOTOR VEHICLES \$'000	PLANT AND EQUIPMENT \$'000	COMPUTERS \$'000	RENOVATIONS \$'000	FACILITIES EQUIPMENT \$'000	TOTAL \$'000
Cost/Valuation											
At 1 January 2002	3,860	5,169	12,486	2,544	941	401	-	2,772	3,254	1,601	33,028
Translation difference											
on consolidation	-	-	(35)	(6)	(6)	-	-	(5)	(56)	-	(108)
Additions	-	-	1,459	478	58	100	-	385	748	65	3,293
Disposals	-	-	(160)	(177)	(114)	-	-	(114)	(1,034)	(1)	(1,600)
At 31 December 2002	3,860	5,169	13,750	2,839	879	501	-	3,038	2,912	1,665	34,613
Accumulated depreciation											
At 1 January 2002	-	286	3,469	1,009	415	144	-	1,264	1,869	134	8,590
Translation difference											
on consolidation	-	-	(14)	(2)	(3)	-	-	(3)	(16)	(1)	(39)
Depreciation for the year	87	103	1,415	253	83	40	-	782	401	156	3,320
Disposals	-	-	(142)	(128)	(86)	-	-	(108)	(843)	-	(1,307)
At 31 December 2002	87	389	4,728	1,132	409	184	-	1,935	1,411	289	10,564
Depreciation charge											
for 2001	97	103	844	199	84	37	44	554	374	134	2,470
Carrying amount											
At 31 December 2002	3,773	4,780	9,022	1,707	470	317	-	1,103	1,501	1,376	24,049
At 31 December 2001	3,860	4,883	9,017	1,535	526	257	-	1,508	1,385	1,467	24,438

## 3. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

THE COMPANY	MEDICAL EQUIPMENT \$'000	FURNITURE AND FITTINGS \$'000	OFFICE EQUIPMENT \$'000	MOTOR VEHICLES \$'000	COMPUTERS \$'000	RENOVATIONS \$'000	TOTAL \$'000
<b>Cost</b>							
At 1 January 2002	1,245	1,401	666	401	1,554	2,238	7,505
Additions	52	172	53	100	298	553	1,228
Disposals	(118)	(157)	(99)	-	(70)	(916)	(1,360)
At 31 December 2002	<u>1,179</u>	<u>1,416</u>	<u>620</u>	<u>501</u>	<u>1,782</u>	<u>1,875</u>	<u>7,373</u>
<b>Accumulated depreciation</b>							
At 1 January 2002	859	752	300	144	791	1,599	4,445
Depreciation for the year	65	119	57	40	398	239	918
Disposals	(105)	(110)	(71)	-	(65)	(792)	(1,143)
At 31 December 2002	<u>819</u>	<u>761</u>	<u>286</u>	<u>184</u>	<u>1,124</u>	<u>1,046</u>	<u>4,220</u>
Depreciation charge for 2001	<u>70</u>	<u>116</u>	<u>53</u>	<u>38</u>	<u>246</u>	<u>232</u>	<u>755</u>
<b>Carrying amount</b>							
At 31 December 2002	<u>360</u>	<u>655</u>	<u>334</u>	<u>317</u>	<u>658</u>	<u>829</u>	<u>3,153</u>
At 31 December 2001	<u>386</u>	<u>649</u>	<u>366</u>	<u>257</u>	<u>763</u>	<u>639</u>	<u>3,060</u>

## 3. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Details of major leasehold properties of the Group are set out below:-

*Leasehold Properties*

DESCRIPTION/LOCATION	GROSS FLOOR AREA (SQ M)	TENURE	THE GROUP NET BOOK VALUE	
			2002 \$'000	2001 \$'000
HDB shop with living quarters located at Blk 283 Bishan St 22 #01-177 Singapore 570283, held for use as a primary healthcare clinic	135.0	99 years commencing from 1/2/1991	1,124	1,150
A factory unit, located at 196 Pandan Loop #06-05 Pantech Industrial Complex, Singapore 128384, held for use as a store	112.0	99 years commencing from 27/1/1984	323	330
HDB shop unit, located at Blk 927 Yishun Central 1 #01-173 Singapore 760927, held for use as a primary healthcare clinic	76.0	99 years commencing from 1/9/1991	762	780
HDB shop with living quarters located at Blk 722 Ang Mo Kio Ave 8 #01-2825 Singapore 560722, held for use as a primary healthcare clinic	152.0	86 years commencing from 1/10/1993	1,564	1,600
HDB shop with living quarters located at Blk 131 Jurong East St 13 #01-267 Singapore 600131, held for use as a primary healthcare clinic	250.0	91 years commencing from 1/4/1993	1,950	1,993
HDB shop with living quarters located at Blk 177 Toa Payoh Central #01-170 Singapore 310177, held for use as a primary healthcare clinic	115.0	78 years commencing from 1/10/1992	1,217	1,243
HDB shop with living quarters located at Blk 479 Jurong West St 41 #01-266 Singapore 640479, held for use as a primary healthcare clinic	135.0	88 years commencing from 1/8/1995	650	664
HDB shop with living quarters located at Blk 203 Bedok North St 1 #01-467 Singapore 460203, held for use as a primary healthcare clinic	153.0	84 years commencing from 1/7/1992	963	983
			<u>8,553</u>	<u>8,743</u>

### 3. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Valuation of the leasehold properties of a subsidiary were carried out in February 2002 by Jones Lang LaSalle Pte Ltd, a firm of independent valuers having appropriate professional qualifications, at open market values on an existing use basis.

### 4. INTEREST IN SUBSIDIARIES

	THE COMPANY	
	2002 \$'000	2001 \$'000
(a) The interests in subsidiaries comprise:-		
Unquoted shares at cost	5,917	5,917
Amounts due from subsidiaries (mainly non-trade)	56,370	56,370
	<u>62,287</u>	<u>62,287</u>

The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment. The management of the Company does not intend for the amounts to be repaid within the next twelve months.

(b) Details of investments in shares of subsidiaries are as follows:-

NAME OF COMPANY	EFFECTIVE EQUITY INTEREST HELD BY THE COMPANY		COST OF INVESTMENT	
	2002 %	2001 %	2002 \$'000	2001 \$'000
Raffles Hospital Pte Ltd	100	100	2,257	2,257
Raffles Diagnostica Pte Ltd	100	100	1,733	1,733
Raffles Medical Properties Pte Ltd	100	100	1,227	1,227
Raffles International Medical Assistance Pte Ltd	100	100	200	200
Raffles Medical Management Pte Ltd	100	100	- *	- *
Raffles SurgiCentre Pte Ltd	100	100	- †	- †
Raffles Medical International Pte Ltd and its subsidiary:-	100	100	500	500
- Raffles Medical Group (Hong Kong) Limited and its subsidiary:-	100	100	-	-
- Coors Consultants Limited	100	100	-	-
			<u>5,917</u>	<u>5,917</u>

\* denotes \$3,000

† denotes \$2



## 4. INTEREST IN SUBSIDIARIES (Cont'd)

The principal activities and place of business and country of incorporation of the subsidiaries are as follows:-

NAME OF COMPANY	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION/ PLACE OF BUSINESS
* Raffles Hospital Pte Ltd	Provision of general and specialised medical services and operation of a hospital.	Singapore
* Raffles Diagnostica Pte Ltd	Operation of imaging centre and medical laboratories.	Singapore
* Raffles Medical Properties Pte Ltd	Investment holding company.	Singapore
* Raffles International Medical Assistance Pte Ltd	Provision of medical evacuation and repatriation and provision of medical advisory services (currently dormant).	Singapore
* Raffles Medical Management Pte Ltd	Provision of business management and consultancy services (currently dormant).	Singapore
* Raffles SurgiCentre Pte Ltd	Provision of general and specialised medical services and operation of a hospital (currently dormant).	Singapore
* Raffles Medical International Pte Ltd	Investment holding company.	Singapore
# Raffles Medical Group (Hong Kong) Limited	Operation of medical clinics and provision of medical and dental treatment services.	Hong Kong
# Coors Consultants Limited	Provision of management services to medical practitioners and the trading of medicine on an indent basis (currently dormant).	Hong Kong
* Audited by KPMG Singapore		
# Audited by another member firm of KPMG International		

## 5. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	THE GROUP	
	2002 \$'000	2001 \$'000
Investment at cost:-		
Ordinary shares	4,800	4,800
Redeemable preference shares	51,570	51,570
Share of post-acquisition losses	(6,775)	(6,695)
	<u>49,595</u>	<u>49,675</u>

Details of the jointly controlled entities are as follows:-

NAME OF JOINT VENTURE COMPANY	PRINCIPAL ACTIVITIES	PLACE OF INCORPORATION AND BUSINESS	EFFECTIVE EQUITY HELD BY THE GROUP	
			2002	2001
* Raffles Kaiser Permanente Healthcare Pte Ltd	Provision of healthcare consultancy services (currently dormant)	Singapore	50%	50%
* CapitaLand-Raffles Properties Pte Ltd (formerly known as Pidemco-Raffles Properties Pte Ltd)	Property owner	Singapore	50%	50%
* Audited by KPMG Singapore				

The Group's share of CapitaLand-Raffles Properties Pte Ltd's results, assets and liabilities are as follows:-

	THE GROUP	
	2002 \$'000	2001 \$'000
<b>Results</b>		
Revenue	1,695	955
Expenses	(1,775)	(1,283)
Revaluation deficit on investment property	-	(6,259)
Loss before taxation	<u>(80)</u>	<u>(6,587)</u>
Income Tax Expense	-	-
Net loss after taxation	<u>(80)</u>	<u>(6,587)</u>
<b>Assets and liabilities</b>		
Investment property	95,000	95,000
Current assets	1,473	882
Current liabilities	(2,973)	(4,349)
Non-current liabilities (bank loans)	<u>(43,905)</u>	<u>(41,858)</u>

One of the jointly controlled entities, Raffles Kaiser Permanente Healthcare Pte Ltd, has ceased operations in 1999 and is currently dormant.

## 6. UNQUOTED EQUITY INVESTMENT

		THE GROUP AND THE COMPANY	
	NOTE	2002 \$'000	2001 \$'000
Unquoted shares, at cost		700	700
Less:			
Write down of investment	24	(700)	(700)
		<u>-</u>	<u>-</u>

## 7. INTANGIBLE ASSETS

		THE GROUP	
	NOTE	2002 \$'000	2001 \$'000
Assignment fees		690	1,270
Less:			
Write down of assignment fees	24	-	(580)
		<u>690</u>	<u>690</u>
Less:			
Amortisation			
At 1 January		168	110
Amortisation charge for the year		58	58
At 31 December		226	168
		<u>464</u>	<u>522</u>

## 8. DEFERRED TAX

Movements in deferred tax assets and liabilities during the year are as follows:

	AT 1 JAN 2002 \$'000	CHARGED/ (CREDITED) TO PROFIT AND LOSS ACCOUNT (NOTE 25) \$'000	AT 31 DEC 2002 \$'000
<b>The Group</b>			
<b>Deferred tax liabilities</b>			
Property, plant and equipment	1,614	303	1,917
<b>Deferred tax assets</b>			
Unutilised tax losses carried forward	(1,565)	(22)	(1,587)
Unabsorbed wear and tear allowances	(766)	(547)	(1,313)
Other temporary differences	(415)	55	(360)
	<u>(2,746)</u>	<u>(514)</u>	<u>(3,260)</u>
<b>The Company</b>			
<b>Deferred tax liabilities</b>			
Property, plant and equipment	504	(61)	443
<b>Deferred tax assets</b>			
Other temporary differences	<u>(165)</u>	<u>(57)</u>	<u>(222)</u>

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority. The following amounts, determined after appropriate offsetting are as follows:

	THE GROUP		THE COMPANY	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Deferred tax liabilities	(681)	(637)	(221)	(339)
Deferred tax assets	2,024	1,769	-	-
	<u>1,343</u>	<u>1,132</u>	<u>(221)</u>	<u>(339)</u>

## 9. INVESTMENT IN COMMERCIAL NOTES

	THE GROUP AND THE COMPANY	
	2002 \$'000	2001 \$'000
Current investment - at market value		
Investment in commercial notes	19,250	-

The investment in commercial notes have an effective interest rate of 1.69% and are reprisable every 3 months.

## 10. TRADE AND OTHER RECEIVABLES

	NOTE	THE GROUP		THE COMPANY	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Trade receivables	11	11,004	11,920	8,232	7,380
Deposits, prepayments and other receivables	12	1,963	2,763	1,208	1,291
Amounts due from:-					
Subsidiaries:					
- trade		-	-	15,679	9,781
- non-trade	16	-	-	-	6,206
Jointly controlled entity:					
- non-trade (see note below)		75	265	-	261
Related parties:					
- trade		30	44	30	44
		13,072	14,992	25,149	24,963

The amount due from a jointly controlled entity is unsecured, interest free and has no fixed terms of repayment.

## 11. TRADE RECEIVABLES

	NOTE	THE GROUP		THE COMPANY	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Trade receivables		12,650	13,650	9,319	8,053
Less:					
Allowance for doubtful receivables:-					
At 1 January		1,730	1,116	673	520
Allowance made during the year	23	290	815	482	304
Allowance used during the year		(374)	(201)	(68)	(151)
At 31 December		(1,646)	(1,730)	(1,087)	(673)
		11,004	11,920	8,232	7,380

## 12. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Deposits	1,037	1,223	619	505
Prepayments	213	433	108	192
Non-trade receivables	143	212	87	31
Loans to directors (see note below)				
- Directors of subsidiaries	83	553	-	-
Staff loan	487	342	394	563
	<u>1,963</u>	<u>2,763</u>	<u>1,208</u>	<u>1,291</u>

The loans to directors were granted in accordance with the Group's Loan Scheme for Executive Directors, approved by the shareholders at an Extraordinary General Meeting held on 29 October 1997.

## 13. CASH AND CASH EQUIVALENTS

	THE GROUP		THE COMPANY	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Fixed deposits	7,500	19,300	7,500	19,300
Cash and bank balances	1,430	845	367	505
	<u>8,930</u>	<u>20,145</u>	<u>7,867</u>	<u>19,805</u>
Bank overdraft (unsecured)	(172)	(1,625)	-	-
	<u>8,758</u>	<u>18,520</u>	<u>7,867</u>	<u>19,805</u>

The fixed deposits have an effective interest rate of 0.65% (2001: 2.06%) per annum.

The bank overdraft has an effective interest rate of 6.26% (2001: 6.19%) per annum.

## 14. TRADE AND OTHER PAYABLES

	NOTE	THE GROUP		THE COMPANY	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Trade payables		6,132	6,600	2,216	2,095
Other payables and accruals	15	11,590	8,831	6,575	3,652
Amounts due to:-					
Subsidiaries:					
- trade		-	-	138	147
- non-trade	16	-	-	714	710
Jointly controlled entity:					
- trade		-	3	-	-
Related parties:					
- trade		45	-	45	-
		<u>17,767</u>	<u>15,434</u>	<u>9,688</u>	<u>6,604</u>

## 15. OTHER PAYABLES AND ACCRUALS

	THE GROUP		THE COMPANY	
	2002	2001	2002	2001
	\$'000	\$'000	\$'000	\$'000
Accrued operating expenses	10,437	7,102	6,488	3,449
Non-trade creditors	1,153	1,729	87	203
	<u>11,590</u>	<u>8,831</u>	<u>6,575</u>	<u>3,652</u>

## 16. AMOUNTS DUE FROM/(TO) SUBSIDIARIES (NON-TRADE)

The non-trade amounts due from/(to) subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

## 17. DEFERRED INCOME

	THE GROUP		THE COMPANY	
	2002	2001	2002	2001
	\$'000	\$'000	\$'000	\$'000
At 1 January	2,006	2,261	1,948	1,901
Amount received/receivable during the year	8,348	9,240	8,095	9,240
Amount recognised as income during the year	(9,759)	(9,495)	(9,504)	(9,193)
At 31 December	<u>595</u>	<u>2,006</u>	<u>539</u>	<u>1,948</u>

## 18. INTEREST-BEARING LOANS AND BORROWINGS (UNSECURED)

	THE GROUP AND THE COMPANY	
	2002	2001
	\$'000	\$'000
Repayable within 12 months	<u>2,093</u>	<u>-</u>

The interest bearing loans have an effective interest rate of 3.53% per annum.

## 19. EMPLOYEE BENEFITS

	THE GROUP		THE COMPANY	
	2002	2001	2002	2001
	\$'000	\$'000	\$'000	\$'000
Defined contribution plan	1,961	1,548	894	712
Liability for short-term accumulating compensated absences	599	343	423	267
	<u>2,560</u>	<u>1,891</u>	<u>1,317</u>	<u>979</u>

## 19. EMPLOYEE BENEFITS (Cont'd)

### Equity compensation benefits

The Raffles Medical Group Employees' Share Option Scheme ("RMG 1997 Scheme") for the Company which was approved and adopted in 1997 was terminated on 31 October 2000. The termination of the RMG 1997 Scheme will not affect the subscription rights comprised in options granted pursuant to the RMG 1997 Scheme prior to the termination. Such options will continue to be exercisable in accordance with the rules of the RMG 1997 Scheme. On 31 October 2000, the shareholders of the Company approved the Raffles Medical Group (2000) Share Option Scheme ("RMG 2000 Scheme") at the Extraordinary General Meeting. Both the Schemes are administered by the Committee comprising three directors, Dr Loo Choon Yong, Prof Lim Pin and Assoc Prof Wee Beng Geok.

Other statutory information regarding the Schemes are set out below:-

#### RMG 1997 Scheme

- (i) The exercise price of the options is determined at the average closing price of the Company's shares on the Singapore Exchange Securities Trading Limited on the three business days immediately preceding the date of grant of such options.
- (ii) The options vest 1 year after the grant date.
- (iii) The options granted expire after 5 years from the grant date unless they are cancelled or have lapsed.

#### RMG 2000 Scheme

- (i) Subscription price:
  - (a) The exercise price of the options is determined at the average closing price of the Company's shares on the Singapore Exchange Securities Trading Limited on the three business days immediately preceding the date of grant of such options, or
  - (b) the discounted value of the share price determined under (a) above, provided that the maximum discount shall not exceed 20% of (a) above.
- (ii) The options vest on such date in respect of such proportion of the option amount as the Committee may prescribe but shall be no earlier than 1 year after the grant date for (i)(a) and 2 years after the grant date for (i)(b).
- (iii) The options granted expire after 10 years for employees and 5 years for non-employees from the grant date unless they are cancelled or have lapsed.



## 19. EMPLOYEE BENEFITS (Cont'd)

## Equity compensation benefits (Cont'd)

As at the end of the financial year, details of the options granted under the Scheme on the unissued ordinary shares of \$0.10 each of the Company were as follows:-

Movements of share options granted:-

DATE OF GRANT OF OPTIONS	EXERCISE PRICE	NUMBER OF OPTIONS OUTSTANDING 1 JAN 2002	OPTIONS GRANTED	OPTIONS EXERCISED	OPTIONS CANCELLED/ LAPSED	NUMBER OF OPTIONS OUTSTANDING 31 Dec 2002	PROCEEDS ON OPTIONS EXERCISE CREDITED CREDITED TO SHARE TO SHARE CAPITAL PREMIUM		MARKET PRICE OF SHARES AT DATE OF ISSUE PURSUANT TO THE SCHEME	EXERCISABLE PERIOD
18/5/1998	\$0.54	2,207,000	-	-	(35,900)	2,171,100	-	-	\$0.63 to \$0.64	18/5/99 to 17/5/03
9/3/2000	\$0.57	5,473,600	-	-	(73,000)	5,400,600	-	-	\$0.67 to \$0.68	9/3/01 to 8/3/05
15/2/2001	\$0.43	9,519,000	-	-	(506,000)	9,013,000	-	-	\$0.44	15/2/02 to 14/2/11
15/2/2001	\$0.43	610,000	-	-	-	610,000	-	-	\$0.44	15/2/03 to 14/2/11
15/2/2001	\$0.43	500,000	-	-	-	500,000	-	-	\$0.44	15/2/02 to 14/2/06
15/2/2001	\$0.43	50,000	-	-	-	50,000	-	-	\$0.44	15/2/03 to 14/2/06
8/4/2002	\$0.33	-	9,944,000	-	(874,000)	9,070,000	-	-	\$0.34	8/4/03 to 7/4/12
8/4/2002	\$0.33	-	1,726,000	-	-	1,726,000	-	-	\$0.34	8/4/04 to 7/4/12
8/4/2002	\$0.33	-	1,258,000	-	-	1,258,000	-	-	\$0.34	8/4/05 to 7/4/12
8/4/2002	\$0.33	-	680,000	-	-	680,000	-	-	\$0.34	8/4/03 to 7/4/07
8/4/2002	\$0.33	-	420,000	-	-	420,000	-	-	\$0.34	8/4/04 to 7/4/07
8/4/2002	\$0.33	-	120,000	-	-	120,000	-	-	\$0.34	8/4/05 to 7/4/07
		<u>18,359,600</u>	<u>14,148,000</u>	<u>-</u>	<u>(1,488,900)</u>	<u>31,018,700</u>	<u>-</u>	<u>-</u>		

## 19. EMPLOYEE BENEFITS (Cont'd)

## Equity compensation benefits (Cont'd)

Movements of share options vested:-

DATE OF GRANT OF OPTIONS	NUMBER OF OPTIONS VESTED 1 JAN 2002	NUMBER OF OPTIONS VESTED IN 2002	NUMBER OF OPTIONS EXERCISED IN 2002	NUMBER OF OPTIONS CANCELLED/ LAPSED IN 2002	NUMBER OF OPTIONS VESTED 31 DEC 2002	EXERCISABLE PERIOD
18/5/1998	2,207,000	-	-	(35,900)	2,171,100	18/5/99 to 17/5/03
9/3/2000	5,473,600	-	-	(73,000)	5,400,600	9/3/01 to 8/3/05
15/2/2001	-	9,519,000	-	(506,000)	9,013,000	15/2/02 to 14/2/11
15/2/2001	-	500,000	-	-	500,000	15/2/02 to 14/2/06
	<u>7,680,600</u>	<u>10,019,000</u>	<u>-</u>	<u>(614,900)</u>	<u>17,084,700</u>	

## 20. SHARE CAPITAL

	NO. OF SHARE '000	THE COMPANY 2002 \$'000	NO. OF SHARES '000	2001 \$'000
Authorised:				
500,000,000 ordinary shares of				
\$0.10 each	<u>500,000</u>	<u>50,000</u>	<u>500,000</u>	<u>50,000</u>
Issued and Paid-up Capital:				
386,619,999 ordinary shares of				
\$0.10 each fully paid	<u>386,620</u>	<u>38,662</u>	<u>386,620</u>	<u>38,662</u>

Unissued ordinary shares of \$0.10 each of the Company under options granted to eligible directors and employees under the Company's Employees' Share Option Schemes are disclosed in Note 19.

## 21. RESERVES

	THE GROUP		THE COMPANY	
	2002	2001	2002	2001
	\$'000	\$'000	\$'000	\$'000
Share premium	52,990	52,990	52,990	52,990
Exchange translation reserve	(269)	(592)	-	-
Accumulated profits	2,545	452	11,854	9,117
	<u>55,266</u>	<u>52,850</u>	<u>64,844</u>	<u>62,107</u>

The application of the share premium account is governed by Sections 69-69F of the Singapore Companies Act, Chapter 50.

The exchange translation reserve of the Group comprises all foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries.

	THE GROUP	
	2002	2001
	\$'000	\$'000
Retained profit comprises accumulated profits/(losses) retained in:		
The Company	11,854	9,117
Subsidiaries	(2,130)	(1,566)
Jointly controlled entity	(6,775)	(6,695)
Goodwill written off	(404)	(404)
	<u>2,545</u>	<u>452</u>

Goodwill written off relates to goodwill on consolidation arising from the acquisition of a subsidiary, Coors Consultants Limited, and goodwill arising from the acquisition of a medical practice, Dr Oram & Partners, in Hong Kong.

## 22. REVENUE

Revenue for the Group represents fees invoiced and earned in respect of services provided to third parties after eliminating inter-company transactions.

Revenue for the Company represents fees invoiced and earned in respect of services provided to third parties.

## 23. PROFIT FROM OPERATIONS

Profit from ordinary activities before taxation includes the following:-

	NOTE	THE GROUP		THE COMPANY	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
(a) Other income					
Gross dividend income from subsidiaries		-	-	75	175
Foreign exchange gain		-	405	-	-
Interest income from fixed deposits and commercial notes		298	550	298	550
Interest income from subsidiaries		-	-	36	-
		<u>298</u>	<u>955</u>	<u>409</u>	<u>725</u>
(b) Staff costs					
Wages and salaries		45,518	41,009	22,904	20,101
Contributions to defined contribution plans		4,226	3,818	2,293	2,043
Increase in liability for short-term accumulating compensated absences	19	256	193	156	117
		<u>50,000</u>	<u>45,020</u>	<u>25,353</u>	<u>22,261</u>
Number of employees as at 31 December		<u>918</u>	<u>957</u>	<u>499</u>	<u>512</u>
(c) Other operating expenses					
Allowances made for doubtful trade receivables (net)	11	290	815	482	304
Auditors' remuneration:-					
Auditors of the Company					
- KPMG Singapore		67	55	31	31
Other auditors		18	20	-	-
Bad debt written off		49	-	24	-
Foreign exchange loss		330	-	-	-
Non-audit fees paid to auditors of the Company		17	18	6	6
Property, plant and equipment written off		293	346	217	71
Rental expenses		6,770	6,100	2,873	3,003
Others		11,749	12,387	10,806	10,849
		<u>19,583</u>	<u>19,741</u>	<u>14,439</u>	<u>14,264</u>

## 23. PROFIT FROM OPERATIONS (Cont'd)

## (d) Directors' remuneration

Directors' remuneration is recognised in the following line items in the profit and loss accounts:-

	THE GROUP		THE COMPANY	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Staff costs:-				
- directors of the Company	1,154	992	1,154	697
- directors of the subsidiaries	2,320	1,759	-	-
Other operating expenses:-				
- directors of the Company	70	70	70	70
- directors of the subsidiaries	20	15	-	-
	<u>3,564</u>	<u>2,836</u>	<u>1,224</u>	<u>767</u>

## (e) Finance costs

Interest paid and payable on:-

Bank loans	36	38	36	-
Bank overdrafts	57	32	-	-
	<u>93</u>	<u>70</u>	<u>36</u>	<u>-</u>

## 24. WRITE DOWN OF INVESTMENT AND INTANGIBLE ASSETS

	NOTE	THE GROUP		THE COMPANY	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Write down of unquoted equity investment	6	-	700	-	700
Write down of intangible assets	7	-	580	-	-
		<u>-</u>	<u>1,280</u>	<u>-</u>	<u>700</u>

## 25. INCOME TAXES

	THE GROUP		THE COMPANY	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
<b>Current tax expense</b>				
Current year	1,842	1,556	1,584	1,420
Overprovision in prior years	(35)	(91)	-	-
	<u>1,807</u>	<u>1,465</u>	<u>1,584</u>	<u>1,420</u>
<b>Deferred tax expense</b>				
Movements in temporary differences	(259)	(1,111)	(83)	83
Reduction in tax rate	48	(31)	(35)	(19)
	<u>1,596</u>	<u>323</u>	<u>1,466</u>	<u>1,484</u>
<b>Reconciliation of effective tax rate</b>				
Profit/(Loss) from ordinary activities before taxation	<u>6,102</u>	<u>(7,185)</u>	<u>6,616</u>	<u>5,346</u>
Income tax using corporate tax rate of 22% (2001 : 24.5%)	1,342	(1,760)	1,456	1,310
Effect of different tax rates in other countries	84	31	-	-
Effect of reduction in tax rate on temporary differences	48	(31)	(35)	(19)
Expenses not deductible for tax purposes	100	2,185	25	210
Overprovision in respect of prior years	(35)	(91)	-	-
Others	57	(11)	20	(17)
	<u>1,596</u>	<u>323</u>	<u>1,466</u>	<u>1,484</u>

## 26. EARNINGS/(LOSS) PER SHARE

The basic earnings/(loss) per share is based on consolidated profit/(loss) after tax of \$4,506,000 (2001: loss of \$7,508,000) and 386,619,999 (2001: 386,619,999) shares.

The fully diluted earnings/(loss) per share is the same as the basic earnings/(loss) per share as the exercise of the share options is anti-dilutive and will result in an increase/decrease in the earnings/(loss) per share.

## 27. CHANGES IN ACCOUNTING POLICIES

Four new or revised accounting standards became effective for the year ended 31 December 2002.

SAS 12 (2001) - *Income Taxes* requires the tax effect of temporary differences to be recognised in the financial statements unless the reversal of those temporary differences are not probable. The adoption of SAS 12 (2001) resulted in the Group recognising temporary differences arising from mainly unutilised tax losses of certain subsidiaries. This change in accounting policy has been accounted for by restating comparatives and adjusting the opening balance of accumulated profits at 1 January 2001.

This change in accounting policy, applied retrospectively, has the following impact (net of tax) on profit/(loss) for the year:

	THE GROUP		THE COMPANY	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Net profit before change in accounting policy	4,251	(8,718)	5,150	3,862
Effect of adopting SAS 12 (2001)	255	1,210	-	-
Net profit/(Loss) for the year	<u>4,506</u>	<u>(7,508)</u>	<u>5,150</u>	<u>3,862</u>

There were no impact on the financial statements of the prior and current periods arising from SAS 38 – *Financial Reporting in Hyperinflationary Economies*, SAS 39 – *Agriculture* and the limited revisions to SAS 17 (2001) – *Employee Benefits* coming into effect.

## 28. OPERATING LEASE COMMITMENTS

At 31 December 2002, the Group and the Company have commitments for future minimum lease payments under non-cancellable operating leases as follows:-

	THE GROUP		THE COMPANY	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Payable:-				
Within 1 year	6,539	4,851	1,874	1,203
After 1 year but within 5 years	21,042	22,670	2,164	834
After 5 years	<u>-</u>	<u>1,518</u>	<u>-</u>	<u>-</u>

The leases typically run for an initial period of three to six years, with an option to renew the lease after that date. For renewed leases, the lease payments are determined based on the prevailing market rent at the point of renewal.

## 29. SIGNIFICANT RELATED PARTIES TRANSACTIONS

For the purpose of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

During the year, there were the following significant related party transactions carried out on terms agreed between the parties:-

	THE GROUP		THE COMPANY	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Rental expenses paid to companies in which a director has a substantial interest	95	425	-	30
Purchase of fixed assets from a company in which a director has a substantial interest	-	546	-	546

## 30. FINANCIAL INSTRUMENTS

### (a) Financial risk management objectives and policies

The Group is exposed to credit risk, interest rate risk and foreign currency risk which arises in the normal course of the Group's business. The Group has risk management policies and guidelines which set out its overall business strategies, its tolerance for risk and its general risk management philosophy.

### (b) Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring credit over the recommended limit set by management.

### (c) Interest rate risk

The Group's exposure to interest rate risk relates primarily to bank facilities and commercial papers with financial institutions.

### (d) Foreign currency risk

In respect of other monetary assets and liabilities held in currencies other than in Singapore dollars, the Group ensures that the net exposure to currency fluctuation is kept to an acceptable level.



### 30. FINANCIAL INSTRUMENTS (Cont'd)

#### (e) Fair value

##### Recognised financial instruments

The face value less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents and trade and other payables, bank overdrafts, and interest bearing loans and borrowings) are assumed to approximate their fair values.

The market value of investment in commercial notes as disclosed in Note 9 represent their fair value.

It is not practical to estimate the fair values of unquoted investments because of a lack of quoted market prices and the difficulty of obtaining a reliable or similar financial instrument for any comparison or estimation to be made. Management believes that the carrying amounts recorded at balance sheet date reflect the corresponding fair value.

The non-trade balances with subsidiaries and a jointly controlled entity are unsecured and have no fixed terms of repayment. The fair value of these balances cannot be practically determined as there are no fixed terms of repayment to ascertain the future cash flows reliably.

### 31. CONTINGENT LIABILITIES (SECURED)

As at 31 December 2002, the Company has given to banks guarantees (secured) amounting to \$43,905,000 (2001: \$43,484,000) in respect of credit facilities extended to its subsidiaries and a jointly controlled entity.

### 32. SEGMENT REPORTING

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

## 32. SEGMENT REPORTING (Cont'd)

## Business Segments

The Group comprises the following main business segments:-

Healthcare : The operations of medical clinics and other general and specialised medical services and the operation of a hospital.

Diagnostic : The business of medical laboratory and imaging centre.

Investment Holding : The investment in a jointly controlled entity and unquoted equity investment.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of the customers. Segment assets are based on the geographical location of the assets.

## (a) Business Segments

	HEALTHCARE \$'000	DIAGNOSTICS \$'000	INVESTMENT HOLDINGS \$'000	ELIMINATIONS \$'000	CONSO- LIDATED \$'000
2002					
Revenue and expenses					
Total revenue from external customers	87,669	328	-	-	87,997
Inter-segment revenue	2,951	5,537	-	(8,488)	-
	<u>90,620</u>	<u>5,865</u>	<u>-</u>	<u>(8,488)</u>	<u>87,997</u>
Segment results	<u>4,701</u>	<u>1,574</u>	<u>-</u>	<u>-</u>	<u>6,275</u>
Finance costs					(93)
Share of loss in a jointly controlled entity	-	-	(80)	-	(80)
Income Tax Expense					(1,596)
Net profit for the year					<u>4,506</u>
Other segmental information					
Capital expenditure	<u>3,028</u>	<u>265</u>	<u>-</u>	<u>-</u>	<u>3,293</u>
Depreciation expense	<u>2,905</u>	<u>415</u>	<u>-</u>	<u>-</u>	<u>3,320</u>
Amortisation expense	<u>58</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58</u>
Other non-cash expenses	<u>578</u>	<u>5</u>	<u>-</u>	<u>-</u>	<u>583</u>

## 32. SEGMENT REPORTING (Cont'd)

## (a) Business Segments (Cont'd)

	HEALTHCARE \$'000	DIAGNOSTICS \$'000	INVESTMENT HOLDINGS \$'000	ELIMINATIONS \$'000	CONSO- LIDATED \$'000
2001					
Revenue and expenses					
Total revenue from external customers	76,213	91	-	-	76,304
Inter-segment revenue	3,119	4,660	-	(7,779)	-
	<u>79,332</u>	<u>4,751</u>	<u>-</u>	<u>(7,779)</u>	<u>76,304</u>
Segment results	<u>(1,555)</u>	<u>1,027</u>	<u>-</u>	<u>-</u>	<u>(528)</u>
Finance costs					(70)
Share of loss in a jointly controlled entity	-	-	(6,587)	-	(6,587)
Income tax expense					(323)
Net loss for the year					<u>(7,508)</u>
Other segmental information					
Capital expenditure	<u>9,263</u>	<u>3,551</u>	<u>-</u>	<u>-</u>	<u>12,814</u>
Depreciation expense	<u>2,251</u>	<u>219</u>	<u>-</u>	<u>-</u>	<u>2,470</u>
Amortisation expense	<u>58</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58</u>
Other non-cash expenses	<u>2,870</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,870</u>
2002					
Assets and Liabilities					
Segment assets	58,663	9,426	-	-	68,089
Interest in jointly controlled entity	-	-	49,595	-	49,595
Deferred tax assets					2,024
Total assets					<u>119,708</u>
Segment liabilities	20,200	2,987	-	-	23,187
Current and deferred tax liabilities					2,593
Total liabilities					<u>25,780</u>

## 32. SEGMENT REPORTING (Cont'd)

## (a) Business Segments (Cont'd)

	HEALTHCARE \$'000	DIAGNOSTICS \$'000	INVESTMENT HOLDINGS \$'000	ELIMINATIONS \$'000	CONSO- LIDATED \$'000
2001					
Assets and Liabilities					
Segment assets	55,095	8,156	-	-	63,251
Interest in jointly controlled entity	-	-	49,675	-	49,675
Deferred tax assets					1,769
Total assets					114,695
Segment liabilities	17,725	3,231	-	-	20,956
Current and deferred tax liabilities					2,227
Total liabilities					23,183

## (b) Geographical Segments

	SINGAPORE \$'000	HONG KONG \$'000	CONSOLIDATED \$'000
2002			
Total revenue from external customers	84,372	3,625	87,997
Segment assets	66,584	1,505	68,089
Capital expenditure	3,232	61	3,293
2001			
Total revenue from external customers	70,877	5,427	76,304
Segment assets	60,947	2,304	63,251
Capital expenditure	12,595	219	12,814

## 33. COMPARATIVE INFORMATION

Comparatives in the financial statements have been changed from the previous year due to the adoption of the requirements of the new / revised accounting standards stated in note 27.

Additional Information

31 DECEMBER 2002

1. DIRECTORS' REMUNERATION

The following information relates to remuneration of directors of Raffles Medical Group Ltd:-

Remuneration Bands	NUMBER OF DIRECTORS	
	2002	2001
\$500,000 and above	1	1
\$250,000 - \$499,999	-	-
Below \$250,000	4	4
	<u>5</u>	<u>5</u>

# Shareholdings Statistics AS AT 11 APRIL 2003

## SHARE CAPITAL

Authorized Share Capital	:	\$50,000,000
Issued and Fully Paid-up Capital	:	\$38,619,999
Number of Shareholders	:	9,441
Class of Shares	:	Ordinary shares of \$0.10 each fully paid
Voting Rights	:	One vote per share

## SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 11 April 2003, about 33.50% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual issued by SGX-ST is complied with.

## ANALYSIS OF SHAREHOLDINGS

RANGE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 999	31	0.33	14,410	0.00
1,000 - 10,000	7,610	80.60	28,689,990	7.42
10,001 - 1,000,000	1,786	18.92	61,045,556	15.79
1,000,001 and above	14	0.15	296,870,043	76.79
	<u>9,441</u>	<u>100.00</u>	<u>386,619,999</u>	<u>100.00</u>

## SUBSTANTIAL SHAREHOLDINGS

	DIRECT INTEREST AS AT 11 APRIL 2003	PERCENTAGE OF ISSUED SHARES	DEEMED INTEREST AS AT 11 APRIL 2003	PERCENTAGE OF ISSUED SHARES
Dr Loo Choon Yong	50,841,999	13.15	206,157,000	53.32
Raffles Medical Holdings Pte Ltd	205,907,000	53.26	-	-

## MAJOR SHAREHOLDERS LIST AS AT 11 APRIL 2003

S/No.	NAME	SHARES HELD	%
1	RAFFLES MEDICAL HOLDINGS PTE LTD	125,907,000	32.57
2	OVERSEAS UNION BANK NOMINEES PTE LTD	80,000,000	20.69
3	DBS NOMINEES PTE LTD	47,546,667	12.30
4	UNITED OVERSEAS BANK NOMINEES PTE LTD	13,939,300	3.61
5	LOO CHOON YONG	13,709,432	3.55
6	OVERSEAS CHINESE BANK NOMINEES PTE LTD	4,735,400	1.22
7	YII HEE SENG	1,737,000	0.45
8	UOB KAY HIAN PTE LTD	1,630,144	0.42
9	YANG CHING YU	1,560,000	0.40
10	GOH AH HOE	1,450,000	0.38
11	SHEK CHEE KEONG	1,356,000	0.35
12	KWOK WAI LING	1,142,000	0.30
13	TEH LIM SONG	1,095,000	0.28
14	HONG LEONG FINANCE NOMINEES PTE LTD	1,062,100	0.27
15	KIM ENG ONG ASIA SECURITIES PTE LTD	792,000	0.20
16	OCBC SECURITIES PRIVATE LTD	666,100	0.17
17	CHUA CHE HOO	650,000	0.17
18	CHIN CHAI DEVELOPMENT PTE LTD	645,000	0.17
19	SBS NOMINEES PTE LTD	632,500	0.16
20	LIM HOCK SAN	582,000	0.15
		<u>300,837,643</u>	<u>77.81</u>

# Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 14th Annual General Meeting of the Company will be held at Bugis Vault 1 & 2, Level 1, **Hotel Inter-Continental**, 80 Middle Road Singapore 188966 on Tuesday, 27 May 2003 at 9.30am to transact the following business:

## AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Accounts and the Auditors' Report thereon for the year ended 31 December 2002. (Resolution 1)
2. To approve the payment of a first and final dividend of 10% less tax for the year ended 31 December 2002. (Resolution 2)
3. To approve the payment of a special dividend of 10% less tax for the year ended 31 December 2002. (Resolution 3)
4. To approve Directors' fees (\$70,000) for the year ended 31 December 2002 (2001 : \$71,698). (Resolution 4)
5. To re-elect the following Directors who are retiring under Article 97 of the Articles of Association of the Company:
  - 5.1 Mr Tan Soo Nan  
subject to his re-election, Mr Tan Soo Nan who is an Independent Director for the purpose of Clause 704 (8) of the Listing Manual of the Singapore Exchange will be reappointed as Chairman of the Audit Committee. (Resolution 5)
  - 5.2 Dr David Lawrence (Resolution 6)
6. To re-appoint KPMG as Auditors and authorise Directors to fix their remuneration. (Resolution 7)

## AS SPECIAL BUSINESS

7. To consider and, if thought fit, pass the following Ordinary Resolutions: (Resolution 8)  
RESOLVED that:  
the Directors be and hereby authorised pursuant to the provisions of Section 161 of the Companies Act, Cap. 50 to allot and issue such of the unissued shares of the Company on such terms and conditions and with such rights or restrictions as they may deem fit PROVIDED ALWAYS THAT:
  - (i) the aggregate number of shares to be issued pursuant to this Resolution does not exceed fifty percent (50%) of the issued share capital of the Company, for the time being and
  - (ii) the aggregate number of shares issued other than on a pro-rata basis to the existing shareholders does not exceed twenty percent (20%) of the issued share capital of the Company for the time being and
 that such authority shall continue in force until the conclusion of the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.
8. the Directors of the Company be and are hereby authorised to offer and grant options in accordance with the provisions of the Raffles Medical Group (2000) Share Option Scheme (the "Scheme") and to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of such options under the Scheme, provided that the aggregate number of shares to be issued pursuant to the Scheme shall not exceed 15 percent of the total issued share capital of the Company from time to time. (Resolution 9)

**AS SPECIAL BUSINESS** (Cont'd)

9. To transact any other business which may be properly transacted at an Annual General Meeting.

NOTICE IS ALSO HEREBY GIVEN that the Transfer Books and Register of Members of the Company will be closed on 5th June 2003, for the preparation of dividend warrants. Duly completed transfers received by the Company's Register, M&C Services Private Limited, 138 Robinson Road, #17-00 The Corporate Office, Singapore 068906, up to the close of the business at 5.00 p.m. on 4th June 2003 be registered to determine shareholders' entitlement to the proposed dividend. The proposed first and final dividend if approved at the Annual General Meeting will be paid on 17 June 2003.

**BY ORDER OF THE BOARD**

Moiz Tyebally  
COMPANY SECRETARY  
SINGAPORE, 6 MAY 2003

**Notes:**

An ordinary shareholder entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and to vote in his stead. An ordinary shareholder of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf.

A proxy need not be a member of the Company.

The instrument appointing a proxy must be deposited at the Company's Office at 585 North Bridge Road, Raffles Hospital #11-00, Singapore 188770, at least 48 hours before the time for holding the Meeting.



# Proxy Form

**IMPORTANT**

1. For investors who have used their CPF monies to buy Raffles Medical Group Ltd ☐ shares, Annual Report is forwarded to them at the request of their CPF Approved ☐ Nominee and is sent solely FOR INFORMATION ONLY.
2. ☐ This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all ☐ intents and purposes if used or purported to be used by them.

I/We \_\_\_\_\_

of \_\_\_\_\_

being a member/member of the abovementioned Company hereby appoint

NAME	ADDRESS	NRIC/PASSPORT NUMBER	PROPORTION OF SHAREHOLDINGS (%)

ADD/OR (DELETE AS APPROPRIATE)

--	--	--	--

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf, and if necessary, to demand a poll, at the Annual General Meeting of the Company to be held on Tuesday, 27 May 2003 at 9.30 am and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish to vote (s) to be cast for or against the Ordinary Resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matters arising at the Annual General Meeting).

No.		FOR	AGAINST☐
<b>ORDINARY BUSINESS☐</b>			
1☐	Adoption of Report and Accounts☐ (Resolution 1)☐		
2☐	Declaration of Dividend☐ (Resolution 2)☐		
3☐	Declaration of Special Dividend☐ (Resolution 3)☐		
4☐	Approval of Directors' Fee☐ (Resolution 4)☐		
5☐	Re-election of the following Directors in accordance with☐ Article 97 of the Articles of Association of Company☐		
	5.1 Mr Tan Soo Nan☐ (Resolution 5)☐		
	5.2 Dr David Lawrence☐ (Resolution 6)☐		
6☐	Re-appointment of KPMG as Auditors☐ (Resolution 7)☐		
<b>SPECIAL BUSINESS☐</b>			
7☐	Authority to issue shares up to 50% of issued capital☐ (Resolution 8) ☐		
8☐	Authority to offer Raffles Medical Group (2000) Share Option Scheme ☐ (Resolution 9)		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2003

Total Number of  
Shares Held

\_\_\_\_\_  
Signature(s) of Member(s) or Common Seal

FOLD THIS FLAP FOR SEALING

Please  
Affix  
Stamp  
Here

The Company Secretary  
Raffles Medical Group Ltd  
585 North Bridge Road  
#11-00 Raffles Hospital  
Singapore 188770

2ND FOLD HERE

**NOTES TO PROXY FORM:**

A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. Such proxy need not be a member of the Company. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.

The instrument appointing a proxy or proxies (together with the power of attorney, if any, under which it is signed or a notarially certified copy thereof) must be deposited at the registered office of the Company at 585 North Bridge Road, #11-00 Raffles Hospital, Singapore 188770 not later than 48 hours before the time appointed for the Annual General Meeting.

A corporation which is a member may authorise by a resolution of its directors or other governing body such person as it thinks fit to act as its representative at the 14th Annual General Meeting, in accordance with Section 161 of the Companies Act, Cap. 50 of Singapore.

3RD FOLD HERE

Please inset the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50 of Singapore), you should insert that number of shares. If you have share registered in your name in the Register of Members, you should insert the number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members.

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specific in the instrument appointing a proxy or proxies. In addition, in the case of members whose shares are entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited ("CDP") to the Company.

# Raffles Hospital



Comprehensive specialist services combined with the most advanced medical technology and dedicated patient care

- 24 Hour Walk-In Clinic and Accident & Emergency

- Raffles Specialist Centre

- |                              |                                    |                           |
|------------------------------|------------------------------------|---------------------------|
| - Raffles Aesthetics Centre  | - Raffles DentiCare                | - Raffles Japanese Clinic |
| - Raffles Cancer Centre      | - Raffles Eye & ENT Centre         | - Raffles Surgery Centre  |
| - Raffles Children's Centre  | - Raffles Heart Centre             | - Raffles Women's Centre  |
| - Raffles Counselling Centre | - Raffles Internal Medicine Centre |                           |

**Contact us at 24 Hour Appointments Hotline: 6311 1222 • Fax: 6311 2136**  
**Email: [specialist@raffleshospital.com](mailto:specialist@raffleshospital.com)**



**RafflesMedicalGroup**

## A Gift For Our Shareholders

**10% off\* Outpatient Medical Services**

TERMS AND CONDITIONS OVERLEAF

# RafflesAestheticsCentre

Unveil a Beautiful New You!

## Photo Rejuvenation (IPL)

corrects skin imperfections such as fine wrinkles, enlarged pores, freckles and skin pigmentation

## Chemical Skin Peel

removes the superficial outer layer of the skin to reveal younger and fresher looking skin

## Botox Treatment

softens and removes wrinkles such as frown lines, laugh lines, crow's feet and forehead wrinkles

## Laser Treatment with Q-Switch Nd: YAG

effective for removal of benign pigmented lesions, removal of tattoos of multiple colours and of vascular lesions

## Iontophoresis Skin Whitening Treatment

up to 400% better penetration that helps to improve skin elasticity and reduce pigmentation

## Aesthetic (Cosmetic) Surgery

- Facelift
- Tummy Tuck
- Eyelid Surgery
- Liposuction
- Nose Reshaping
- Breast Augmentation

# RafflesHealthScreeners

Your One-Stop Health Screening Centre

Choose from our comprehensive range of packages that suit your individual needs.

- Raffles Lifestyle / Raffles Ladies Lifestyle
- Raffles Executive / Raffles Ladies Executive
- Raffles Deluxe / Raffles Ladies Deluxe
- Raffles Elite / Raffles Ladies Elite

# RafflesDentiCare

Smile with Confidence!

## Specialist Dental Services

### Orthodontics

Use of braces and mouth appliances to correct crooked teeth, tooth crowding and bite discrepancy

### Prosthodontics

Restores normal function of chewing and speech due to loss of teeth and dental tissues e.g. crowns, bridges, dentures and dental implants

### Oral & Maxillofacial Surgery

Deals with dental trauma and diseases involving the face and oral tissues

### Endodontics

Treatment to save diseased teeth from extraction and promote healing

### Periodontics

Deals with serious gum and bone loss due to gum disease.

### Pedodontics

Child dentistry and management of children with special dental needs.

For more information or to make an appointment, please call our  
24 Hour Appointments Hotline at Tel : 6311 1222 or Fax : 6311 2136  
Email: [specialist@raffleshospital.com](mailto:specialist@raffleshospital.com)

## TERMS AND CONDITIONS

- This voucher is valid for outpatient services at all Raffles Medical Group Clinics and Raffles Hospital.
  - Please present the voucher before payment is made.
  - Discount is not valid for promotional or special packages.
- This voucher is non-accumulative and cannot be combined with other vouchers.
  - This voucher is not exchangeable for cash and not for sale.
  - Voucher is valid till 30 June 2004.
- Raffles Medical Group reserves the right to amend this offer without prior notice.

