RAFFLES MEDICAL GROUP LTD
(*Co Reg No. 198901967K)*

32ND ANNUAL GENERAL MEETING
RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS

The Board of Directors and Management would like to thank all shareholders who have submitted their questions in advance of our Annual General Meeting (**AGM**) to be held virtually via “live” audio-visual webcast and “live” audio-only stream at 3:30 p.m. on 26 April 2021.

We have consolidated the most frequently asked questions into a few key topics below.

A. Strategy & Outlook

B. Financials & Capital Structure

C. China Updates

D. Share-based Incentive Schemes

Please refer to our responses to these substantial and relevant questions in the following pages. Due to the overlapping questions received, we apologise that we are unable to respond to each of them individually and have condensed multiple similar questions under each topic.

Please refer to all AGM related documents at the following website:
https://www.rafflesmedicalgroup.com/investor-relations/upcoming-events/annual-general-meeting

Following the conclusion of the AGM, the voting results of the AGM will be uploaded on SGXNet and the Company’s website.

By Order of the Board

Kimmy Goh
Company Secretary
25 April 2021

RafflesMedicalGroup
Your Trusted Partner for Health

32nd Annual General Meeting – Questions & Answers

A. Strategy & Outlook

Group

a. What is the outlook for *RafflesMedicalGroup* (RMG) in the near future?

RMG's Response:

(i) While local patient numbers at our Singapore operations gradually return to normal, foreign patients seeking treatment in Singapore still remain constrained by travel restrictions, imposed since the onset of COVID-19.

(ii) In Singapore, the Group continues to support the Government's COVID-19 initiatives like air border screening, swabbing arriving air travellers, and performing COVID-19 polymerase chain reaction (PCR) and serology testing. The Group is also supporting the Government's COVID-19 vaccination initiatives with more than 14 dedicated vaccination centres.

(iii) As COVID-19 continues to disrupt traditional business models, we will continue to develop and invest in our digital platform, ***RafflesConnect***, to complement our clinical practices. ***RafflesConnect***, our telemedicine portal, has expanded its reach to our foreign patients who can now access our doctors and specialists via teleconsultation from their home country. This offers them the comfort of being able to continue their consultation with their regular doctor and specialist despite border restrictions.

(iv) While we remain hopeful that all our operations will return substantially to normal sometime in 2021, certain cities where we have operations, may still be affected by sporadic outbreaks and localised lockdowns as the world continues to grapple with COVID-19. Despite these challenges, we will continue to focus on providing quality care to our local patients who seek better healthcare across multiple geographies. COVID-19 vaccinations have begun in some of the geographies we operate in. This should improve the outlook for these economies.

(v) Based on current conditions, and barring unforeseen circumstances, including the worsening of the COVID-19 situation in the geographies in which the Group operates, the Directors expect the Group to remain profitable in 2021.

b. 2020 financial results were greatly supported by government grants due to the COVID-19 pandemic. As this tapers off in the current year, is the group's current year performance expected to take a hit.

RMG's Response:

The bulk of government grants were received in the first half of FY2020. The timely governmental support enabled the Group to retain all its staff and avoided any retrenchment during the Circuit Breaker in the months of April and May 2020, especially when some of the Group's clinical services had to suspend operations and local patients deferred elective surgeries. Local patient numbers have, since post Circuit Breaker gradually returned to normality as reflected in the Group's 2H2020 results.

c. Key man and succession planning. Dr Loo has been the key man behind RMG's success. Could the Board share whether the Company has a succession plan in place to ensure an eventual smooth transition to the next leader?

RMG's Response:

(i) The Group has been continually strengthening its medical and management bench strength with senior hires, in particular for its China operations and Singapore HQ. It has also been proactively looking out for and recruiting new talents to supplement and enhance its talent pool to lead the Group well into the future.

(ii) The Board is actively involved in the Group's talent development, management, and succession planning to ensure these keep pace with its growth ambitions.

Technology

d. Will the advent of telemedicine precipitate any rationalisation of RMG's physical clinics?

RMG's Response:

(i) RMG launched teleconsultation with Dr World in January 2019. When the COVID-19 pandemic reared its ugly head, the Group was well ready to serve its patients and corporate clients with teleconsultation and medication delivery. During the Circuit Breaker, teleconsultation rose multiple folds.

Unfortunately, telemedicine has its limitations and is at best a complementary service to our clinics and hospitals. There is no plan to rationalise the Group's physical clinics.

(ii) We have also extended our telemedicine out-reach to our overseas patients and will continue to expand our telemedicine service offerings to complement our Group's medical services.

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B. Financials & Capital Structure

a. If there are no major capex in the immediate future, will the Board consider raising dividend gradually?

RMG's Response:

(i) The Board has recently announced that it is adopting a holistic capital management framework that recognises that the Group is in a growth phase, its gearing is low, and there is an intention to grow earnings on a per share basis. Guided by this principle, the Board proposes to consolidate its interim and final dividends into an annual core dividend of up to half its average sustainable Profit After Tax and Minority Interests (PATMI). Where appropriate, after considering the payment of core dividend, share buybacks, the financial resources needed for continued growth and the gearing level of the Group, the Board may consider paying progressively higher dividend.

(ii) For the transition year FY2021, and barring unforeseen circumstances, the Group expects to pay a total core and special dividend of not less than 2.5 cents per share**.**

b. Please explain Finance Costs and Trade & Other Receivables increase year-on-year.

RMG's Response:

(i) The year-on-year increase in Finance Costs reflected the full year impact of interest on loan to finance ***RafflesHospitalChongqing*** development.

(ii) Trade and other receivables increased mainly due to the increase in trade receivables arising from COVID-19 projects. More than 98.6% of the Trade Receivables are less than 1 year. Other Receivables included amount relating to government grant – Job Support Scheme (JSS) that became receivable.

c. Insurance Contract Provisions - What are these provisions as the numbers remain high?

RMG's Response:

(i) Insurance contract provisions increased mainly due to higher provision for unearned premiums resulting from billings for premium from the Group's insurance business.

C. China Updates

a. **Progress update on *RafflesHospitalChongqing* (RHCQ), *RafflesHospitalBeijing* (RHBJ) and *RafflesHospitalShanghai* (RHSH):**

1. **Are losses proceeding as expected?**
2. **Could the Company share some insights as to what went well, what went unexpected and what are some of the expected challenges ahead?**
3. **Please provide update on China operations.**
4. **Please comment on the acceptance of RMG by the local Chinese.**
5. **When is the China operation expected to breakeven?**
6. **Has patient volume improved a lot since RHCQ got included in their healthcare insurance scheme? What kind of patient volume is required before the hospital can break even?**

b. **Does RMG plan to stop and consolidate for the time being to bring its 3 China hospitals up to speed first, or going ahead with further expansion, either by building or upgrading suitable clinics or acquire other hospitals?**

RMG's Response:

(i) As previously disclosed, Covid-19 had indeed set us back by a year in terms of our existing hospital operations in Chongqing and delayed the opening of others, namely RHBJ and RHSH.

(ii) **Milestone achievements in China in FY2020:**

***RafflesHospitalChongqing* (RHCQ)**

- Despite a challenging start to the year posed by COVID-19, which severely curtailed RHCQ's operations during 1H2020, business returned to normal in the second half 2020.
- RHCQ was accepted as a Yibao (China's social health insurance programme) accredited hospital in early 2020.
- RHCQ grew its obstetrics & gynaecology services and delivered many more babies than preceding year, as well as expanding its services to include confinement and post-natal services.
- RHCQ operated with markedly improved patient loads from a year ago after the COVID-19 situation improved in China. RHCQ patients are predominantly local Chinese.
- For RHCQ, we originally estimated that we will achieve breakeven EBITDA in 3 years, but the pandemic has set us back by a year. As such, we expect to achieve break even EBITDA in about 4 years.

***RafflesHospitalBeijing* (RHBJ)**

- RHBJ opened its doors to receive patients in 4Q2020. Since opening, the 21-bed RHBJ had been well received by our existing and new patients seeking inpatient and surgical services in Beijing.

***RafflesHospitalShanghai* (RHSH)**

- Covid-19 caused a multitude of delays to the opening of RHSH. Construction and renovation work stopped at a critical juncture and had to be restarted post lock-down. Fitting out works at RHSH and installation and commissioning of major medical equipment are nearing completion. We are targeting to get RHSH ready to receive our first patient soon.

D. Share-based Incentive Schemes

a. Regarding Resolution 9, is there a real intention to issue new shares, and if so, what is the purpose for raising new capital? The company is seeking approval to issue up to 50% of shares outstanding in new shares, which is not a small amount.

<u>**RMG's Response:**</u>

(i) This resolution, if passed:

- Authorises the Directors of the Company to allot and issue shares and/or convertible securities in the Company, up to an amount not exceeding 50% of the total number of issued shares in the capital of the Company, by way of a "rights/pro-rata issue", which preserves the right of existing shareholders to proportionately subscribe for their share of the rights issue, thus preserving their rights.

- Authorises the Directors of the Company to issue non-pro rata (non-rights) shares of up to 20% of the total number of issued shares of the Company, commonly known as private placement of shares.

(ii) This is a general mandate which the Company seeks annually but only exercised once in the last 15 years. It enables the Company to raise capital at short notice to fund investments, which becomes available.

(iii) The Directors last exercised this mandate in June 2007, to enable the Group to acquire the other 50% of the ***RafflesHospital*** building from CapitaLand when the opportunity arose. This gave the Group full flexibility to achieve better operating efficiency by improving and altering the use of various parts of ***RafflesHospital*** and enabled the Group to grow to what it is today.

b. Regarding Resolution 11, share buyback mandate, the company is seeking approval to buy up to 10% of the company. Is there a maximum price that the company has set? Based on current share price, 10% of issued shares works out to ~S$200m, which is almost the entire cash balance as of Dec. Therefore, is RMG planning to fund the share buyback and whether that might involve borrowing money to fund share buyback.

<u>**RMG's Response:**</u>

The Group had adopted a holistic capital management framework that recognises that the Group is in a growth phase, its gearing is low, and there is an intention to grow earnings on a per share basis. Share buybacks will be considered within this framework after taking into consideration, the payment of core dividend, the financial resources needed for continued growth and the gearing level of the Group in the longer term. The authority is to buy up to 10%. The Group will repurchase its stocks judiciously in a manner so as to leave enough cash to support and expand the Group's operations.