HC SURGICAL SPECIALISTS LIMITED
Incorporated in the Republic of Singapore
Registration No. 201533429G

RESPONSE TO QUESTIONS FROM SECURITIES INVESTORS ASSOCIATION (SINGAPORE) AND A SHAREHOLDER IN RESPECT OF THE COMPANY'S ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 MAY 2026

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*Unless otherwise defined, all terms and references used herein shall bear the same meanings ascribed to them in the annual report issued to shareholders on 14 September 2026 (the "**Annual Report**").*

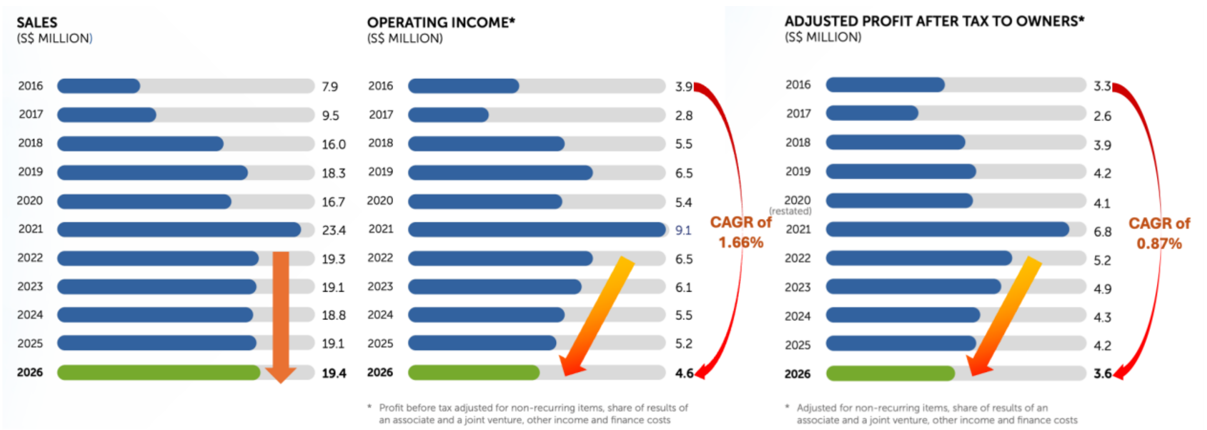
The Board of Directors (the "**Board**") of HC Surgical Specialists Limited (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the questions raised by the Securities Investors Association (Singapore) ("**SIAS**") and a shareholder relating to the Company's Annual Report for the financial year ended 31 May 2026 ("**FY2026**"). The Company has made some editorial amendments to the questions received from the shareholder to ensure that the questions are clear. For the avoidance of doubt, the editorial amendments do not change the meaning of the questions from the shareholder.

The Company wishes to provide its responses to the questions as follows: -

__Question 1 from SIAS:__

As noted in the CEO's statement to shareholders, the Company is celebrating its 10th anniversary this year. From its origin as a specialist colorectal and endoscopy practice, the Group has evolved into a multidisciplinary specialist healthcare group, with an expanding network of clinics and specialists serving patients across Singapore.

Revenue remained relatively stable at S$19.4 million for the year, while operating income declined to S$4.6 million and adjusted profit after tax attributable to owners was S$3.6 million.



(Adapted from Company's annual report)

(i) How does management expect the group's growth strategy to translate into higher and sustainable earnings? Given that operating income and adjusted profit have declined steadily over the past five years despite the expansion of the group's network and capabilities, what are the key factors driving this decline, and what specific changes are expected to reverse the trend?

(ii) To help shareholders assess the underlying growth of the business, can management provide the Group's estimated market share in the colorectal and gastrointestinal specialist care segments in Singapore? In addition, will the Group track and disclose operating metrics such as patient volumes, patient visits, revenue per patient, clinic utilisation and specialist productivity, so that shareholders can assess whether network expansion is translating into genuine growth in demand and operating performance?

(iii) For each new clinic or acquisition, what return thresholds does the Board apply when committing capital, and how does it measure whether those investments have subsequently met expectations?

Company's responses:-

(i) Operating income and adjusted profit after tax figures excluded the share of results of associate, which included the orthopaedics business. The Company acquired 35.0% of Total Orthopaedics Pte. Ltd. ("**TOPL**") in FY2023 for a purchase consideration of S$2,467,000, with all three doctors commencing employment in FY2024 - Dr. Benjamin Seah in June 2023, Dr. Huang Yilun and Dr. Hamid Razak in April 2024. TOPL recorded profit after tax of S$1,228,000 in FY2025 and S$2,219,000 in FY2026, for its first 2 full years of operations with all three doctors on board. This represented a growth of approximately 181%. The Company's share of TOPL's profits was S$430,000 and S$777,000 for FY2025 and FY2026 respectively, representing an average return of 24% per year. If the share of TOPL's profits were included, operating income would have been S$5.6 million in FY2025 and S$5.4 million in FY2026; and adjusted profit after tax would have been S$4.6 million in FY2025 and S$4.4 million in FY2026.

Since the COVID-19 pandemic in 2020 to the recent years of tariffs and ongoing wars, the pressing issue facing the healthcare industry has been the shortage of healthcare workers, and rising cost pressures on medical supplies, staff costs and rental. Despite the inflationary effects, healthcare service providers are also under pressure to keep fees low for the patients. The Group has been managing this balancing act by setting up endoscopy centres in the heartlands where rental is lower than hospitals and medical centres, diversifying its supply sources, implementing tighter cost controls, and working with insurance panels.

(ii) The Group does not maintain the statistics, as patients may be directed to other clinics depending on doctors' schedules, manpower or other considerations.

(iii) Endoscopy centres require a certain setup that conforms to the requirements of the Ministry of Health. For acquisitions, the Company usually looks for young surgeons from public hospitals who wish to enter private practice, and the returns from these surgeons will be in the range of 10% to 20% per year. The Company tracks the performance regularly.

<u>Question 2 from SIAS:</u>

As part of its expansion and growth strategy, the Group has acquired a number of specialist clinics and businesses, with acquisition consideration in excess of the identifiable net assets giving rise to goodwill. For example, goodwill arising from the acquisitions of Julian Ong Endoscopy & Surgery Pte. Ltd. (now known as KP Ong Endoscopy & Surgery, or "**KPO**"), Chirurgia Pte. Ltd. ("**Chirurgia**") and Medical L & C Services Pte. Ltd. ("**MLCS**") amounted to S$2.14 million, S$1.23 million and S$1.06 million respectively.

The goodwill relating to KPO has since been fully written off, while the goodwill relating to MLCS has also been impaired by approximately 40%, from $1.06 million to $640,000. KPO has reported losses in both FY2025 and FY2026 (page 107 of the Annual Report; Note 7 Investment in subsidiaries).

	Group		Key assumptions used for value-in-use calculations:			
	2026	2025	Revenue growth rates		Discount rate	
	$'000	$'000	2026	2025	2026	2025
Name of subsidiaries						
LAI BEC Pte. Ltd. (LBPL)	**815**	815	**2%**	2%	**11.1%**	10.9%
Medical L & C Services Pte. Ltd. (MLCS)	**640**	640	**3%**	4%	**10.8%**	10.4%
Medical Services @ Tampines Pte. Ltd. (MST)	**344**	344	**-15% to 2%**	2%	**10.5%**	10.9%
Jason Lim Endoscopy and Surgery Pte. Ltd. (JLES)	**828**	828	**5%**	5%	**11.1%**	10.7%
GMH Endoscopy & Surgery Pte. Ltd. (GMH)	**731**	731	**2%**	2%	**10.3%**	9.9%
Medistar Services Pte. Ltd. (MDS)	**36**	36	**2%**	-8% to 2%	**10.6%**	10.2%
Chirurgia Pte. Ltd. (Chirurgia)	**1,227**	–	**5%**	n.a.	**11.0%**	n.a.
	4,621	3,394				

(Adapted from Company's annual report)

The annual report states that the recoverable amounts of the relevant cash generating units ("**CGUs**") are particularly sensitive to the discount rate and revenue growth assumptions used in the value-in-use calculations, with the discount rate reflecting the current market assessment of the time value of money and risks specific to each CGU.

(i) Can management explain how the risks specific to each CGU are assessed and quantified for the purpose of determining the discount rate? What are the key factors that cause the discount rates to differ between CGUs, and how does management ensure that the rates appropriately reflect the risks of each individual business?

(ii) What are the specific operational and commercial assumptions underlying the significantly different revenue growth rates projected for certain endoscopy and surgery CGUs, such as Jason Lim Endoscopy and Surgery Pte. Ltd. ("**JLES**") versus GMH Endoscopy & Surgery Pte. Ltd. ("**GMH**")? How do the projected growth rates compare with the respective businesses' historical performance?

The annual report also states in Note 13 on derivative financial instruments that management is considering whether to exercise its option to acquire the remaining 30% interest in KPO at a valuation equivalent to ten times audited profit after tax for the one-year period from 1 December 2024 to 30 November 2025. The option expires on 30 November 2026.

(iii) How is the Board assessing whether to exercise the option to acquire the remaining 30% of KPO? What financial and strategic criteria and framework will the Board apply in making this decision, and if KPO's audited profit after tax for the relevant period is negative, how will the exercise price be determined under the option arrangement?

Company's responses:-

(i) Individual CGU centric risks were assessed based on the industry and country risk that the CGU operated in. As all the CGUs operated in Singapore and in related business, hence there were no material differences for the different CGUs.

(ii) Revenue growth rates are based on past historical trends and average growth rates of the industry.

(iii) If KPO's profit after tax for the relevant period is negative, the exercise price is S$1, as set out in the sale and purchase agreement. However, the Board is also assessing the performance of KPO and the future financial impact of exercising the option. Should the Company acquire the remaining 30% of KPO, it will be beneficial if KPO continues to make steady profits. On the other hand, if the Company does not exercise the option, Dr. Ong will be further motivated to grow the business of KPO due to his 30% shareholding, which will also align his interests with the Company's interests.

Question 3 from SIAS:

At the annual general meeting (the "**AGM**") scheduled for 29 September 2026, the Company is seeking shareholders' approval for the re-election of Mr Chong Weng Hoe ("**Mr. Chong**"), who retires pursuant to Regulation 97 of the Company's constitution.

Mr. Chong was appointed as non-executive chairman and independent director on 28 September 2016, stepped down from the chairmanship on 25 September 2025 and was re-designated as a non-independent non-executive director. According to the director's profile, he also sits on the boards of other SGX-listed companies, including Hong Fok Corporation Ltd, Baker Technology Limited and Bund Center Investment Ltd.

(i) Following the director's re-designation as a non-independent non-executive director after nine years as an independent director and chairman, could Mr. Chong explain the specific role and contribution he believes he can continue to make to the Board, especially in the areas of board effectiveness and value creation for shareholders?

(ii) How did the nominating committee ("**NC**") assess whether the director's long tenure and former chairmanship could affect board dynamics or the willingness of other directors to challenge established views?

(iii) How does the Board assess the incremental value of retaining the director's experience against the need for board renewal and fresh perspectives, particularly in terms of medical and healthcare expertise?

Two directors, namely Mr. Lim Chye Lai, Gjan and Mr. Ooi Seng Soon, who had each served the Board for nine years, retired and did not seek re-election at the last AGM. Mr. Chan Pengee, Adrian ("**Mr. Chan**") and Mr. Lim Jun Xiong Steven ("**Mr. Lim**") were appointed as independent non-executive directors on 1 September 2025.

From the directors' profiles, Mr. Chan serves as the chairman of Hong Fok Corporation Limited, amongst other directorships, and Mr. Lim is also a director of Baker Technology Limited and had stepped down in recent years from other board appointments in Bund Center Investment Ltd and Hong Fok Corporation Limited.

(iv) Could the Board or NC elaborate on the process used to identify and assess candidates for the recent board refresh? In particular, how broad and robust was the search, and what steps were taken to identify candidates with different industry experience (particularly in healthcare), perspectives, skill sets and diversity, and to avoid groupthink and excessive familiarity among board members?

Company's responses:-

(i) Having Mr. Chong remaining on the board is beneficial in providing information on the Group's strategic direction, governance practices, business and organisation structure to the new directors from an independent director's point of view. He is able to assist the new directors to familiarise themselves with the healthcare industry faster, so that the Board can function more efficiently and effectively.

(ii) The NC appreciates the input from Mr. Chong which allows the Board to get up to speed with the current affairs of the Group, so as to facilitate the effective discharge of its duties. All directors are professional seasoned directors, who will discharge their duties and responsibilities in the interests of the Group.

(iii) The Board holds the same view as the NC above.

(iv) The Board and NC had, since a number of years ago, determined that the Company would, in its search for a director, seek out candidates with legal backgrounds, finance backgrounds, in addition to fielding female candidates, in line with the Company's board diversity policy. In the recent board refresh, the Board tapped on the contacts, networks and resources of the board members and professional advisers. A meeting was set up with the shortlisted candidates to assess their suitability and to ensure that the candidates are aware of the expectations and the level of commitment required, before the most suitable candidates were appointed.

<u>Question 4 from Shareholder:</u>

Please refer to Page 122 to 123 of the Annual Report on "Capital Reserve" and "Retained Earnings". The capital reserves accumulated seems to be growing as big as the retained earnings, i.e., eroding the retained earnings.

(i) Is the Company making losses in these specific capital reserves?
(ii) Will the capital reserves be bigger than the retained earnings and even share capital?
(iii) Who oversees the utilisation of the capital reserves?

Company's responses:-

Capital reserves are not losses. It is the difference between the consideration paid and the carrying amount of the non-controlling interests acquired without a change in control. What is more important is the retained earnings and total equity position, which was S$24 million and S$20 million respectively as at 31 May 2026. These positions show that the Group is in a healthy position.

By Order of the Board

Dr. Heah Sieu Min
Executive Director and Chief Executive Officer
23 September 2026

About HC Surgical Specialists Limited

HC Surgical Specialists Limited (the "**Company**") was incorporated on 1 September 2015 in Singapore and listed on the Catalist of the Singapore Exchange Securities Trading Limited on 3 November 2016. The Company, its subsidiaries and associated companies are a medical services group primarily engaged in the provision of endoscopic procedures, including gastroscopies and colonoscopies, and general surgery services with a focus on colorectal procedures across a network of 19 clinics located throughout Singapore.

This announcement has been reviewed by the Company's sponsor, Novus Corporate Finance Pte. Ltd. (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**Exchange**") and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.

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