Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Email: admin@sias.org.sg
www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

Issuer: HC Surgical Specialists Limited

Stock code: 1B1

Meeting details:
Date: 29 September 2026
Time: 2.00 p.m.
Venue: 5 Stevens Road, Raffles Room, Level 2 – Main Clubhouse, Tanglin Club, Singapore 257814

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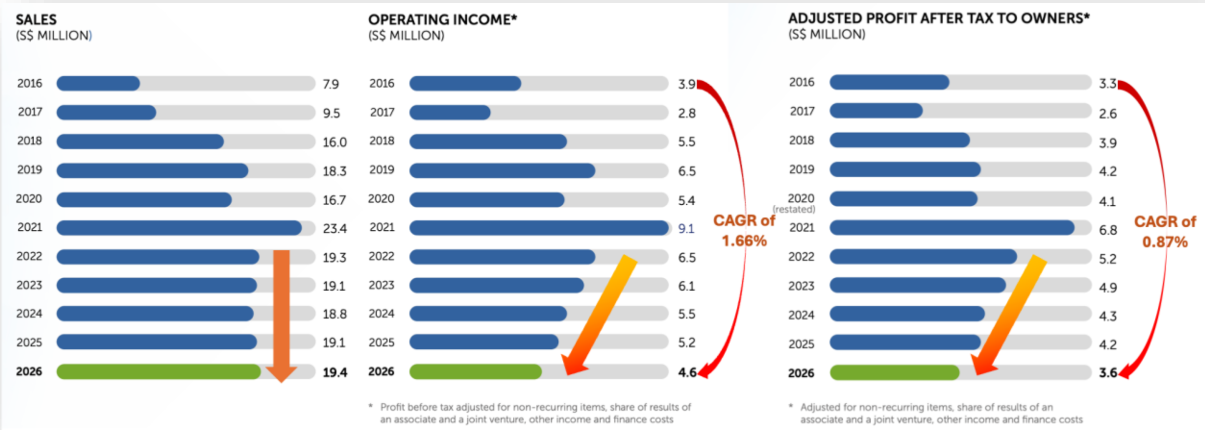
Q1. As noted in the CEO's statement to shareholders, the company is celebrating its 10th anniversary this year. From its origin as a specialist colorectal and endoscopy practice, the group has evolved into a multidisciplinary specialist healthcare group, with an expanding network of clinics and specialists serving patients across Singapore.

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



(Adapted from company 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?

Q2. 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

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KPO), Chirurgia Pte. Ltd. and Medical L & C Services Pte. Ltd. (MLCS) amounted to $2.14 million, $1.23 million and $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; 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 annual report)

The annual report states that the recoverable amounts of the relevant cash generating units (or 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

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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?

Q3. At the annual general meeting scheduled for 29 September 2026, the company is seeking shareholders' approval for the re-election of Mr Chong Weng Hoe, who retires pursuant to Regulation 97 of the company's constitution.

Mr Chong Weng Hoe 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 Weng Hoe 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 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 on the board for nine years, retired and did not seek re-election at the last AGM. Mr Chan Pengee, Adrian and Mr Lim Jun Xiong Steven were appointed as independent non-executive directors on 1 September 2025.

From the directors' profiles, Mr Chan Pengee, Adrian serves as the chairman of Hong Fok Corporation Limited, amongst other directorships, and Mr Lim Jun Xiong Steven 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 nominating committee 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?**

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