

## HC SURGICAL SPECIALISTS LIMITED

Incorporated in the Republic of Singapore

Registration No. 201533429G

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### RESPONSE TO SGX QUERIES

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The Board of Directors (the “**Board**”) of HC Surgical Specialists Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) would like to announce its responses to the queries raised by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 27 January 2023 (“**SGX-ST Queries**”) in relation to the Company’s announcement made on 20 January 2023 titled “Amended Terms to the Proposed Acquisition of Julian Ong Endoscopy & Surgery Pte. Ltd.” (the “**Announcement**”) as follows:

*Unless otherwise defined, capitalised terms used in this announcement shall have the same meaning as that in the Announcement.*

#### Query 1

In view of Dr Julian Ong’s suspension from practicing during the Suspension Period, please update shareholders on how the operations of JOES will be affected, and who will be running it?

#### *Company’s response*

As set out in the Company’s Announcement, Dr Ong shall be employed as a marketing manager of the Company with effect from 1 February 2023. He will promote the Group’s business and encourage the general practitioners to refer patients to the Group’s centres, including the Ang Mo Kio endoscopy centre, which is managed under JOES. The Group’s other surgeons will also be operating at the Ang Mo Kio endoscopy centre.

In view that Dr Ong will continue to promote the Group’s business as aforementioned, and as announced in the Company’s announcement dated 2 December 2022 (“**2 December Announcement**”), the patients of Dr Ong will be transferred to the other five general surgeons of the Company to ensure continuity of their medical needs during the Suspension Period, as such, the Company does not expect the operations of JOES to be materially affected.

#### Query 2

Please elaborate on Dr Ong’s role as marketing manager and provide the Board’s / Nominating Committee’s (“**NC**”) consideration and assessment in appointing Dr Ong in this new role during his Suspension Period.

#### *Company’s response*

Dr Ong, as a marketing manager, shall promote the business of the Group, build and maintain cordial relationship with general practitioners and encourage them to refer patients to the Group, and liaise with insurance panels and other business partners to explore cooperation opportunities.

The Board and NC are of the view that it is in the interest of the Company that Dr Ong be appointed as marketing manager, after taking into consideration that (i) Dr Ong knows the business well, (ii) he already has an established network being in the healthcare industry for so many years, and (iii) Dr Ong has affirmed that he is fully committed to the Group and will continue to work hard for the Group.

### Query 3

The Company announced that that it is not in their interest to lose Dr Ong who is a skilled surgeon, and has appointed him as a marketing manager during his Suspension Period, and retained him as a Specialist Surgeon of the Group for a period of 11 years after his Suspension Period. Such employment period will be automatically renewed yearly thereafter.

- a) Please disclose the Board's/NC's consideration in arriving at the above employment terms, and explain how this is in the best interest of the Company.
- b) Please explain if the Group is dependent on Dr Ong to run JOES, now and going forward.

### *Company's response*

- a) The Board and NC are of the view that the longer employment terms will bind Dr Ong to work for the Company, which is in the best interest of the Company based on Dr Ong's past performance and his established network in the healthcare industry.
- b) As mentioned in the Company's responses to query 1 above, the Group has five other general surgeons who will look after JOES's patients, including Dr Ong's patients, to ensure continuity of their medical needs during the Suspension Period. Accordingly, the Group is not dependent on Dr Ong to run JOES. After the Suspension Period, Dr Ong shall have the responsibility to run JOES pursuant to the SPA and his employment terms.

### Query 4

Further to amendments made to the SPA in relation to the Company's proposed acquisition of the Balance Sale Shares in JOES, the Company has the discretion to exercise an option to purchase the Balance Sale Shares.

- a) How significant is contribution from JOES to the Group?
- b) JOES is currently a 70% owned subsidiary of the Company. What are the circumstances / considerations the Board expects to take into account in deciding whether to exercise the option to purchase the Balance Sale Shares?

### *Company's response*

- a) As set out in the 2 December Announcement, JOES contributed approximately 4.7% to the Group's revenue for the financial year ended 31 May 2022 ("FY2022"); and 0% to the Group's profit to shareholders for FY2022 as it incurred a loss of approximately S\$14,000.
- b) In deciding whether to exercise the Option to Purchase, the Board will consider several factors such as JOES's performance, cashflow needs, alternative investment and/or expansion opportunities before deciding on whether it is in the best interest of the Company to exercise the Option to Purchase.

## Query 5

Under the terms of the SPA, Dr Ong has granted the Company Put Options, requiring Dr Ong to repurchase the Company's stake in JOES (either 70% or 100%, depending on whether the Company exercises the Option to Purchase), should his employment be terminated for the period after the date of the SPA to Completion Date (being the completion of Proposed Acquisition of the Balance Sale Shares). It is further stated that the Option to Purchase is exercisable from 1 December 2025 to 30 November 2026.

- a) What are possible events that may lead to the termination of Dr Ong's employment?
- b) Please confirm if the Put Options will still be exercisable should Dr Ong be terminated after 30 November 2026? If not, why not?
- c) Apart from termination of Dr Ong's employment, are there other conditions / events under which the Company may exercise the Put Options?

### *Company's response*

- a) Dr Ong's employment may be terminated if he resigns or be terminated by the Company for cause, or in times of illness, incapacitation or death of Dr Ong.
- b) As set out in paragraph 5.2 of the Announcement, the Put Options will still be exercisable should Dr Ong's employment be terminated after 30 November 2026.
- c) As stated in paragraph 5 of the Announcement, the Put Options are only exercisable upon the termination of Dr Ong's employment.

The Board will provide further updates, as and when available, in accordance with the requirements of the Catalist Rules.

By Order of the Board

Dr. Heah Sieu Min  
Executive Director and Chief Executive Officer  
31 January 2023

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## **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 company 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 16 clinics located throughout Singapore.

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This announcement has been prepared by the Company and reviewed by the Company's sponsor, Novus Corporate Finance Pte. Ltd. (the "**Sponsor**"), in compliance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST 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.

The contact person for the Sponsor is Mr. Pong Chen Yih, Chief Operating Officer, at 7 Temasek Boulevard, #18-03B Suntec Tower 1, Singapore 038987, telephone (65) 6950 2188.