

HC SURGICAL SPECIALISTS LIMITED

Incorporated in the Republic of Singapore
Registration No. 201533429G

RESPONSE TO SGX QUERIES

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 4 August 2022 (“**SGX-ST Queries**”) in relation to the Company’s announcement made on 3 August 2022 relating to the Straits Times article of 3 August 2022 “SMC seeks longer suspension for 2 doctors for exploiting patient for sex” (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

Please elaborate the details of the findings of disciplinary tribunal of the Singapore Medical Council (“**SMC**”), including when it was concluded / when the Company and/ or Dr Julian Ong was notified of such findings. Please explain why an announcement was not made earlier.

Company’s response

In April 2022, the Board was informed by Dr Ong of the 8-month suspension by the disciplinary tribunal of SMC (“**DT Sentence**”) and that he was in the process of appealing against this DT Sentence (the “**Appeal**”).

The Board had a discussion and concluded that no announcement was required at that time based on the following grounds:-

- (i) The DT Sentence is classified by the SMC as “Private and Confidential” and it is important to allow due process to run its course until the Appeal is over;
- (ii) As the Appeal process is ongoing, the DT Sentence is not binding on Dr Ong till it is completed and as such is not a material development till its conclusion;
- (iii) Dr Ong is still allowed to continue his medical practice while the Appeal is ongoing subject to the stipulations imposed by the SMC for which he continues to comply with; and
- (iv) The Group’s business and operations were not affected from the time Dr Ong’s SMC complaint was first published in the Straits Time in April 2020 (refer to the table below). As the Group was constantly looking to grow its business, the Company also acquired Dr Goh Minghui, who commenced her employment in July 2020, to add to the pool of doctors in the Group.

S\$'000	Financial year ended 31 May 2020 (“FY2020”) (restated)	Financial year ended 31 May 2021 (“FY2021”)	Financial year ended 31 May 2022 (“FY2022”)
Group’s revenue	16,723	23,358	19,311
Group’s profit to owners of the parent	3,987	8,000	6,379

The table above shows the increase in the Group’s revenue from approximately S\$16,723,000 in FY2020 to approximately S\$19,311,000 in FY2022; and profit to owners of the parent increased from approximately S\$3,987,000 in FY2020 to approximately S\$6,379,000 in FY2022. FY2021 was an exceptional year as the Group experienced pent-up demand for its medical services after the circuit breaker measures were lifted on 2 June 2020.

The Group had already made impairment for goodwill on Dr Ong’s company, Julian Ong Endoscopy & Surgery Pte. Ltd. (“JOES”) of S\$722,000 in FY2020 and S\$745,000 in FY2022, representing less than 5% of the Group’s revenue for the respective financial years, in accordance with applicable accounting policies as disclosed in its financial statements.

In addition, as announced on 31 December 2020, the Company had signed a revised sale and purchase agreement with Dr Ong to amend the terms relating to the acquisition of the remaining 30% equity interest in JOES, pending the outcome of the SMC investigation, to protect the Company’s interests. Please refer to the announcement dated 31 December 2020 for more details.

Query 2

Please provide the Board’s and Nominating Committee’s (“NC”) assessment and justification on suitability of Dr Julian Ong to remain as one of the key doctors of the Group.

Company’s response

Dr Ong is one of the surgeons of the Group and does not hold any executive responsibilities nor is he an executive officer of the Group. He operates as any other surgeon employed by the Group, similar to other surgeons which the Group employs and invested in.

Notwithstanding the above, the Board and NC note that Dr Ong’s professional conduct as a specialist of the Group has not previously been affected by his personal conduct. The Board would like to reiterate that prior to the complaint lodged with SMC, neither Dr Ong nor the Company had received any complaints in respect of Dr Ong’s conduct or the medical services he provided, and patients were generally satisfied with his professionalism.

Accordingly, in view that the Appeal is ongoing and not concluded, as of to-date, the Board and NC have determined that notwithstanding his personal indiscretions, Dr Ong is a surgeon who has continued to provide quality medical services to his patients and continues to do so.

Query 3

What is the impact of the SMC findings on the Group’s operations and financials?

Company's response

As the Appeal has not been concluded and Dr Ong is still allowed to continue his medical practice, there is no impact on the Group's operations and financials as a result of the SMC findings.

Please also refer to the response to Query 1 in relation to the Group's prudence in relation to its investment in JOES.

Query 4

Please disclose any other material information that the shareholders should be aware of.

Company's response

The Board is of the view that there is no other material information that the shareholders should be aware of pending the Appeal outcome.

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
5 August 2022

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.

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.