

## APPENDIX DATED 5 SEPTEMBER 2022

**THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.**

**If you are in any doubt about its contents or the action you should take, you should consult your bank manager, stockbroker, solicitor, accountant or other professional adviser immediately.**

Capitalised terms appearing on the cover of this Appendix have the same meanings as defined herein.

This appendix (“**Appendix**”) is circulated to the shareholders of HC Surgical Specialists Limited (the “**Company**”), together with the Company’s annual report for the financial year ended 31 May 2022 (“**Annual Report**”). The notice of the Annual General Meeting and the accompanying proxy form are enclosed with the Annual Report.

If you have sold or transferred all your ordinary shares in the share capital of the Company represented by physical share certificate(s), you should immediately forward this Appendix, the notice of the Annual General Meeting and the accompanying proxy form to the purchaser or the transferee or to the bank, stockbroker or agent through whom the sale or the transfer was effected, for onward transmission to the purchaser or the transferee.

This Appendix 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 Appendix has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this Appendix, including the correctness of any of the statements or opinions made or reports contained in this Appendix.

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.



## **HC Surgical Specialists Limited**

(Incorporated in the Republic of Singapore)  
(Company Registration No. 201533429G)

### **APPENDIX TO SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE**

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## DEFINITIONS

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In this Appendix, the following definitions shall apply throughout unless the context otherwise requires or otherwise stated:

“ACRA”	Accounting and Corporate Regulatory Authority
“Act” or “Companies Act”	Companies Act 1967 of Singapore, as amended, modified or supplemented from time to time
“AGM”	The annual general meeting of the Company
“Annual Report”	The annual report of the Company for FY2022
“Appendix”	This Appendix to Shareholders dated 5 September 2022 in respect of the proposed renewal of the Share Buy-Back Mandate
“Associate”	<p>(a) in relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:</p> <ul style="list-style-type: none"><li>(i) his immediate family;</li><li>(ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and</li><li>(iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more</li></ul> <p>(b) in relation to a Substantial Shareholder or Controlling Shareholder (being a company) means any company which is its subsidiary or holding company or is a subsidiary of any such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more</p>
“Board of Directors” or “Board”	The board of directors of the Company for the time being
“Catalist”	The Catalist of the SGX-ST
“Catalist Rules”	Section B: Rules of Catalist of the Listing Manual of the SGX-ST as amended, supplemented or modified from time to time
“CDP”	The Central Depository (Pte) Limited
“Company”	HC Surgical Specialists Limited
“Constitution”	The constitution of the Company, as amended, supplemented or modified from time to time
“Control”	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the Company

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## DEFINITIONS

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“Controlling Shareholder”	A person who:  (a) holds directly or indirectly 15% or more of the nominal amount of all voting shares in the Company; or  (b) in fact exercises Control over the Company
“Directors”	The directors of the Company for the time being
“Dr. Heah”	Dr. Heah Sieu Min, the Executive Director and Chief Executive Officer of the Company
“EPS”	Earnings per Share
“FY”	Financial year of the Company ended or ending 31 May (as the case may be)
“Group”	The Company and its subsidiaries
“Latest Practicable Date”	29 August 2022, being the latest practicable date prior to the printing of this Appendix
“Market Day”	A day on which SGX-ST is open for securities trading
“NAV”	Net asset value
“NTA”	Net tangible assets
“Proxy Deadline”	2.00 p.m. on 24 September 2022 (being at least 72 hours before the time appointed for holding the AGM)
“Relevant Period”	The period commencing from the date on which the AGM was held and expiring on the date the next AGM is held or is required by law to be held, or the date on which the Share buy-backs are carried out to the full extent mandated, or the date on which the authority conferred in the Share Buy-Back Mandate is varied or revoked by the Shareholders in a general meeting, whichever is earliest
“Securities Account”	The securities account maintained by a Depositor with CDP (but does not include a securities sub-account)
“SFA” or “Securities and Futures Act”	The Securities and Futures Act 2001, as amended or modified from time to time
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Share(s)”	Ordinary share(s) in the share capital of the Company
“Shareholders”	The registered holders of the Shares in the register of members of the Company, except where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context so admits, mean the Depositors whose Securities Accounts are credited with such Shares

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## DEFINITIONS

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“Share Buy-Back Mandate”	The general and unconditional mandate given by Shareholders to authorise the Directors to exercise all the powers of the Company to purchase or otherwise acquire issued Shares within the Relevant Period, in accordance with the terms set out in this Appendix, as well as the rules and regulations set forth in the Companies Act and the Catalist Rules
“SIC”	Securities Industry Council
“Sponsor”	Novus Corporate Finance Pte. Ltd.
“Substantial Shareholder”	A person (including a corporation) who holds, directly or indirectly, 5% or more of the total issued share capital of the Company
“Takeover Code”	The Singapore Code on Take-overs and Mergers, and all practice notes, rules and guidelines thereunder, as may from time to time be issued or amended
“Treasury Shares”	Issued Shares of the Company which have been purchased by the Company in circumstances which Section 76H of the Companies Act applies and since purchase, have been continuously held by the Company

### Currencies, Units and Others

“S\$” and “cents”	Singapore dollars and cents, respectively
“%” or “per cent.”	Per centum or percentage

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the same meanings ascribed to them respectively in Section 81SF of the SFA.

Words importing the singular shall, where applicable, include the plural and vice versa, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall, where applicable, include corporations.

Any reference in this Appendix to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted. Any word or term defined under the Companies Act, the SFA, the Catalist Rules or any statutory modification thereof and used in this Appendix shall, where applicable, have the meaning ascribed to it under the Companies Act, the SFA, the Catalist Rules or any statutory modification thereof, as the case may be, unless otherwise provided.

Any reference to a time of day in this Appendix shall be a reference to Singapore time, unless otherwise stated. Any discrepancies in this Appendix between the amounts listed and the total thereof are due to rounding. Accordingly, figures shown as totals in this Appendix may not be an arithmetic aggregation of the figures which precede them.

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## LETTER TO SHAREHOLDERS

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### Directors

Mr. Chong Weng Hoe	Non-executive Chairman and Independent Director
Dr. Heah Sieu Min	Executive Director and Chief Executive Officer
Dr. Chia Kok Hoong	Executive Director and Medical Director
Mr. Lim Chye Lai, Gjan	Non-Independent Non-executive Director
Mr. Ooi Seng Soon	Independent Non-executive Director

### Registered Office

80 Robinson Road  
#02-00 Singapore  
068898

5 September 2022

**To: The Shareholders of HC Surgical Specialists Limited**

Dear Shareholder,

### 1. INTRODUCTION

The Directors are proposing to seek Shareholders' approval at the forthcoming AGM to be held on 27 September 2022 (the "**2022 AGM**") for the proposed renewal of the Share Buy-Back Mandate.

The purpose of this Appendix is to provide Shareholders with information relating to, and to seek Shareholders' approval for, the proposed renewal of the Share Buy-Back Mandate to be tabled at the forthcoming 2022 AGM. The notice of the 2022 AGM is set out on pages 149 to 155 of the Annual Report.

The SGX-ST and Sponsor take no responsibility for the contents of this Appendix, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this Appendix.

### 2. THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

#### 2.1 Background

At the AGM of the Company held on 28 September 2021 (the "**2021 AGM**"), Shareholders had approved the renewal of the Share Buy-Back Mandate to enable the Company to purchase or otherwise acquire its issued Shares. The rationale for, and the authority and limitations on, the Share Buy-Back Mandate were set out in the Appendix to the Notice of AGM dated 6 September 2021 in relation to the 2021 AGM.

The existing Share Buy-Back Mandate will, unless renewed, expire on the date of the forthcoming 2022 AGM. Accordingly, Shareholders' approval is being sought for the renewal of the Share Buy-Back Mandate at the 2022 AGM.

#### 2.2 Rationale for the Proposed Renewal of the Share Buy-Back Mandate

The Share Buy-Back Mandate will give the Company the flexibility to purchase or otherwise acquire its Shares if and when circumstances permit. The Directors believe that Share buy-backs would allow the Company and its Directors to better manage the Company's share capital structure, dividend payout and cash reserves. In addition, it also provides the Directors a mechanism to facilitate the return of surplus cash over and above the Company's ordinary capital requirements in an expedient and cost-efficient manner, and the opportunity to exercise control over the Company's share capital structure with a view to enhance the EPS and/or NAV per Share.

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## LETTER TO SHAREHOLDERS

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The Company has at present two share-based incentive schemes, namely the HCSS Performance Share Plan and the HCSS Employee Share Option Scheme (the “**Schemes**”). Share buy-backs by the Company will enable the Directors to utilise the Shares which are purchased or acquired and held as Treasury Shares to satisfy the Company’s obligation to furnish Shares to participants under these Schemes, thus giving the Company greater flexibility to manage and minimise the dilution impact (if any) arising from the Schemes by delivering existing Shares instead of issuing new Shares.

The Directors further believe that Share buy-backs by the Company will help mitigate short-term market volatility, offset the effects of short-term speculation and bolster Shareholders’ confidence.

If and when circumstances permit, the Directors will decide whether to effect the Share buy-backs via market purchases or off-market purchases, after taking into account the amount of surplus cash available, the prevailing market conditions and the most cost-effective and efficient approach. The Directors do not propose to carry out Share buy-backs to an extent that would, or in circumstances that might, result in a material adverse effect on the liquidity and/or the orderly trading of the Shares and/or the financial position of the Company or the Group.

### 3. TERMS OF THE SHARE BUY-BACK MANDATE

The authority and limitations placed on purchases and acquisitions of Shares by the Company under the Share Buy-Back Mandate are summarised below:

#### 3.1 Maximum Number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company.

The total number of Shares that may be purchased or acquired by the Company pursuant to the Share Buy-Back Mandate during the Relevant Period is limited to that number of Shares representing not more than 10% of the issued share capital of the Company, ascertained as at the date of the 2022 AGM at which the renewal of the Share Buy-Back Mandate is approved (the “**Approval Date**”), unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the total number of Shares of the Company shall be taken to be the total number of Shares of the company as altered. For purposes of calculating the percentage of issued Shares above, any of the Shares which are held as Treasury Shares and subsidiary holdings (if applicable) will be disregarded.

**For illustrative purposes only**, based on the existing issued and paid-up share capital of the Company as at the Latest Practicable Date of 148,892,230 Shares, excluding Treasury Shares and subsidiary holdings, and assuming that no further Shares are issued and no further Shares are purchased or acquired and held by the Company as Treasury Shares on or prior to the date of the forthcoming 2022 AGM, the Company may purchase or acquire up to 14,889,223 Shares (representing ten per cent. (10%) of the issued and paid-up share capital of the Company) pursuant to the Share Buy-Back Mandate.

As at Latest Practicable Date, 2,503,400 Shares are held by the Company as Treasury Shares and there are no subsidiary holdings.

(a) Where Shares purchased or acquired are held as Treasury Shares

As stated in section 4.2 of this Appendix below, the aggregate number of Shares held by the Company as Treasury Shares shall not at any time exceed 10% of the total number of Shares in issue at that time. On the basis of the aforesaid limit and that the Company holds 2,503,400 Shares as Treasury Shares as at the Latest Practicable Date, the maximum number of Shares which can be purchased or acquired by the Company and be held as Treasury Shares is 12,385,823 Shares, representing 8.32% of the total number of Shares in issue (excluding Treasury Shares and subsidiary holdings) as at the Latest Practicable Date.

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## LETTER TO SHAREHOLDERS

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- (b) Where Shares purchased or acquired are cancelled

The maximum number of Shares which can be purchased or acquired by the Company and cancelled is 14,889,223 Shares, representing 10% of the total number of Shares in issue (excluding Treasury Shares and subsidiary holdings) as at the Latest Practicable Date.

### 3.2 Duration of Authority

Purchases or acquisitions of Shares may be made during the Relevant Period, at any time and from time to time, on and from the Approval Date, up to the earlier of:

- (a) the conclusion of the next AGM or the date by which such AGM is required by law to be held; or
- (b) the date on which the Share buy-backs are carried out to the full extent mandated; or
- (c) the date on which the authority conferred in the Share Buy-Back Mandate is varied or revoked by the Shareholders in a general meeting.

The authority conferred by the Share Buy-Back Mandate to purchase or acquire Shares may be renewed at each AGM or any other general meeting of the Company.

### 3.3 Manner of Purchase of Shares

Purchases of Shares may be made by way of:

- (a) a market purchase ("**Market Purchase**"), transacted on the SGX-ST through the ready market and which may be transacted through one or more duly licensed stock brokers appointed by the Company for the purpose; and/ or
- (b) an off-market purchase ("**Off-Market Purchase**"), effected otherwise than on the SGX-ST pursuant to an equal access scheme in accordance with Section 76C of the Companies Act,

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and the Catalist Rules as may for the time being be applicable, be and is hereby authorized and approved generally and unconditionally.

The Directors may impose such terms and conditions which are not inconsistent with the Share Buy-Back Mandate, the Catalist Rules, Constitution and the Companies Act as they consider fit in the interest of the Company in connection with or in relation to any equal access scheme(s).

An Off-Market Purchase must also satisfy all the following conditions under the Companies Act:

- (a) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (b) all of those persons shall be given a reasonable opportunity to accept the offers made to them; and
- (c) the terms of all the offers shall be the same, except that there shall be disregarded, where applicable:
  - (i) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements;
  - (ii) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid (if applicable); and



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## LETTER TO SHAREHOLDERS

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- (iii) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

In addition, Rule 870 of the Catalist Rules provides that, in making an Off-Market Purchase in accordance with any equal access scheme(s), the Company must issue an offer document to all Shareholders, which must contain at least the following information:

- (a) the terms and conditions of the offer;
- (b) the period and procedures for acceptances;
- (c) the reasons for the proposed Share buy-back;
- (d) the consequences, if any, of the Share buy-backs by the Company that will arise under the Takeover Code or other applicable take-over rules;
- (e) whether the Share buy-backs, if made, would have any effect on the listing of the Shares on the SGX-ST;
- (f) details of any Share buy-backs made by the Company in the previous 12 months (whether by way of Market Purchases or Off-Market Purchases in accordance with an equal access scheme), setting out the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and
- (g) whether the Shares purchased by the Company will be cancelled or kept as Treasury Shares.

### 3.4 Maximum Purchase Price

The purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) to be paid for the Shares will be determined by the Directors. However, the purchase price to be paid for the Shares must not exceed:

- (a) in the case of a Market Purchase, 105% of the Average Closing Price (as defined hereinafter); and
- (b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price (as defined hereinafter),

(the "**Maximum Price**") in either case, excluding related expenses of the purchase.

For the above purposes:

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last five (5) Market Days, on which transactions in the Shares were recorded, before the day on which the purchase or acquisition of shares was made, or as the case may be, before the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs during the relevant five (5) Market Days period and the day on which the purchases are made.

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

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## LETTER TO SHAREHOLDERS

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### 4. STATUS OF PURCHASED SHARES UNDER THE SHARE BUY-BACK MANDATE

At the time of each purchase of Shares by the Company, the Directors will decide whether the Shares purchased will be cancelled or kept as Treasury Shares, or partly cancelled and partly kept as Treasury Shares, depending on the needs of the Company at that time.

#### 4.1 Cancellation

A Share purchased or acquired by the Company is, unless held as a Treasury Share in accordance with the Companies Act, treated as cancelled immediately on purchase or acquisition. On such cancellation, all rights and privileges attached to the Share will expire on cancellation.

The total number of issued Shares will be diminished by the number of Shares which are purchased or acquired and cancelled by the Company. All Shares purchased and cancelled by the Company will be automatically delisted by the SGX-ST, and (where applicable) all certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following the settlement of any such purchase or cancellation.

#### 4.2 Treasury Shares

Under the Companies Act, a company may hold Shares purchased or acquired as Treasury Shares provided that:

(a) **Maximum Holdings**

The number of Shares held as Treasury Shares cannot at any time exceed 10% of the total number of issued Shares. Any Shares in excess of this limit shall be disposed of or cancelled in accordance with the applicable provisions of the Companies Act.

(b) **Voting and Other Rights**

The Company cannot exercise any right in respect of Treasury Shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the Treasury Shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of Treasury Shares. However, the allotment of Shares as fully paid bonus shares in respect of Treasury Shares is allowed. A subdivision of any Treasury Shares into Treasury Shares of a larger amount, or consolidation of any Treasury Shares into Treasury Shares of a smaller amount, is also allowed so long as the total value of the Treasury Shares after the subdivision or consolidation is the same as before.

(c) **Disposal and Cancellation**

Where Shares are held as Treasury Shares, the Company may at any time:

- (i) sell the Treasury Shares for cash;
- (ii) transfer the Treasury Shares for the purposes of, or pursuant to any share schemes of the Company, whether for employees, directors or other persons;
- (iii) transfer the Treasury Shares as consideration for the acquisition of Shares in, or assets of, another company or assets of a person;
- (iv) cancel the Treasury Shares; or
- (v) sell, transfer or otherwise use the Treasury Shares for such other purposes as may be prescribed by the Minister for Finance of Singapore.

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## LETTER TO SHAREHOLDERS

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### 4.3 Requirements of Catalist Rules

The Company, upon undertaking any sale, transfer, cancellation and/or use of Treasury Shares, will comply with Rule 704(31) of the Catalist Rules, which provides that an issuer must make an immediate announcement thereof, stating the following:

- (a) date of the sale, transfer, cancellation and/or use;
- (b) purpose of such sale, transfer, cancellation and/or use;
- (c) number of Treasury Shares sold, transferred, cancelled and/or used;
- (d) number of Treasury Shares before and after such sale, transfer, cancellation and/or use;
- (e) percentage of the number of Treasury Shares against the total number of shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and
- (f) value of the Treasury Shares if they are used for a sale or transfer, or cancelled.

### 5. SOURCE OF FUNDS FOR SHARE BUY-BACKS

The Company may only apply funds for the Share Buy-Back Mandate in accordance with the Companies Act, Constitution and the applicable laws in Singapore. The Company may not buy Shares for a consideration other than cash or, in the case of a Market Purchase, for settlement otherwise than in accordance with the Catalist Rules. As stated in the Companies Act, the Share buy-back may be made out of the Company's profits or capital so long as the Company is solvent.

Pursuant to Section 76F(4) of the Companies Act, the Company is solvent if:

- (a) there is no ground on which the company could be found to be unable to pay its debts;
- (b) if:
  - (i) it is intended to commence winding up of the company within the period of 12 months immediately after the date of the payment, the company will be able to pay its debts in full within the period of 12 months after the date of commencement of the winding up; or
  - (ii) it is not intended to commence winding up, the company will be able to pay its debts as they fall due during the period of 12 months immediately after the date of the payment; and
- (c) the value of the company's assets is not less than the value of its liabilities (including contingent liabilities) and will not, after the proposed purchase, acquisition, variation or release (as the case may be), become less than the value of its liabilities (including contingent liabilities).

In determining whether the Company is solvent, the Directors must have regard to the most recently audited financial statements, other relevant circumstances, and may rely on valuations or estimates of assets or liabilities. In determining the value of contingent liabilities, the Directors may take into account the likelihood of the contingency occurring, as well as any counter-claims by the Company.

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## LETTER TO SHAREHOLDERS

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When Shares are purchased or acquired, and cancelled:

- (a) if the Shares are purchased or acquired entirely out of the capital of the Company, the Company shall reduce the amount of its share capital by the total amount of the purchase price paid by the Company for the Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax, clearance fees and other related expenses) (the “**Purchase Price**”) and the amount available for the distribution of dividends by the Company will not be reduced;
- (b) if the Shares are purchased or acquired entirely out of profits of the Company, the Company shall reduce the amount of its profits and the amount available for distribution of dividends by the Purchase Price; or
- (c) where the Shares are purchased or acquired out of both the capital and the profits of the Company, the Company shall reduce the amount of its share capital and profits proportionately by the Purchase Price.

The Company may use internal resources and/or external borrowings to finance purchases and acquisitions of its Shares pursuant to the Share Buy-Back Mandate.

The Directors do not propose to exercise the Share Buy-Back Mandate in a manner and to such extent that the liquidity and capital adequacy position of the Company and the Group would be materially adversely affected.

### 6. TAKE-OVER IMPLICATIONS UNDER THE TAKEOVER CODE

#### 6.1 Appendix 2 of the Takeover Code

Appendix 2 of the Takeover Code contains the Share Buy-Back Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

#### 6.2 Obligation to make a take-over offer

Rule 14 of the Takeover Code (“**Rule 14**”) requires, *inter alia*, that except with the consent of the SIC, where:

- (a) any person acquires, whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30% or more of the voting rights of a company; or
- (b) any person who, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights and such person, or any person acting in concert with him, acquires in any period of six (6) months additional shares carrying more than 1% of the voting rights,

such person shall extend offers immediately, on the basis set out in Rule 14 to the holders of any class of shares in the capital which carries votes and in which such person or persons acting in concert with him hold shares. In addition to such person, each of the principal members of the group of persons acting in concert with him may, according to the circumstances of the case, have the obligation to extend an offer.

In calculating the percentages of voting rights of such person and their concert parties, Treasury Shares shall be excluded.

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## LETTER TO SHAREHOLDERS

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### 6.3 Persons acting in concert

Persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal) co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of that company.

Unless the contrary is established, the following persons, *inter alia*, will be presumed to be acting in concert, namely, (a) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts) and (b) a company, its parent company, subsidiaries and fellow subsidiaries, and their associated companies and companies of which such companies are associated companies, all with each other. For this purpose, ownership or control of 20% but not more than 50% of the voting rights of a company will be regarded as the test of associated company status.

Consequently, a Director and persons acting in concert (as such term is defined in the Takeover Code) with him could, depending on the level of increase in his/her or their interest in the Company, become obliged to make a mandatory offer in accordance with Rule 14 as a result of the Company's buy-back of Shares.

Unless exempted, Directors of the Company and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or if the voting rights of such Directors and their concert parties fall between 30% and 50% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by 1% in any period of six (6) months.

Further details of the interests of the Directors and Substantial Shareholders of the Company in the Shares of the Company as at the Latest Practicable Date are set out in Section 13 of this Appendix.

### 6.4 Effect of Rule 14 and Appendix 2 of the Takeover Code

In general terms, the effect of Rule 14 and Appendix 2 of the Takeover Code is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a mandatory take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring Shares:

- (a) the voting rights of such Directors and persons acting in concert with them would increase to 30% or more; or
- (b) in the event that such Directors and persons acting in concert with them hold between 30% and 50% of the Company's voting rights, if the voting rights of such Directors and persons acting in concert with them would increase by more than 1% in any period of six (6) months.

Under Appendix 2 of the Takeover Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares:

- (i) the voting rights of such Shareholder would increase to 30% or more; or
- (ii) if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six (6) months.

Such Shareholder need not abstain from voting in respect of the ordinary resolution authorising the renewal of the Share Buy-Back Mandate.

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## LETTER TO SHAREHOLDERS

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**Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Takeover Code as a result of any purchase or acquisition of Shares by the Company should consult their professional advisers and/or SIC and/or other relevant authorities at the earliest opportunity.**

### 6.5 Application of the Takeover Code

As at the Latest Practicable Date, the details of the shareholdings of the Directors and Substantial Shareholders of the Company are set out in Section 13 below.

As at the Latest Practicable Date, Dr. Heah, the Executive Director and Chief Executive Officer of the Company, holds 63,988,980 Shares in the Company representing 42.98% of the total number of issued Shares (excluding Treasury Shares) of the Company.

Assuming that there is no change in the number of Shares held or deemed to be held by Dr. Heah and parties acting in concert with him (collectively the “**Relevant Parties**”), the purchase or acquisition by the Company of the maximum limit of 10% of the issued Shares of the Company (excluding Treasury Shares and any subsidiary holdings) will result in an increase in the aggregate shareholding interest of the Relevant Parties by more than 1% in any period of six (6) months, to approximately 47.75% of the total number of issued Shares (excluding Treasury Shares). Accordingly, the Relevant Parties will be required to make a general offer under Rule 14.

### 6.6 Conditions for exemption from having to make a general offer under Rule 14 of the Takeover Code

Pursuant to Section 3(a) of Appendix 2 of the Takeover Code, the Relevant Parties will be exempted from the requirement to make a general offer under Rule 14 as a result of any Share buy-back carried out by the Company pursuant to the Share Buy-Back Mandate, subject to the following conditions:

- (a) the circular to Shareholders seeking their approval for the Share Buy-Back Mandate will contain:
  - (i) advice to the effect that by voting in favour of the resolution to approve the Share Buy-Back Mandate, Shareholders are waiving their rights to a general offer at the required price from the Relevant Parties; and
  - (ii) the names and voting rights of the Relevant Parties as at the time of the resolution and after the Company exercises the power under the Share Buy-Back Mandate;
- (b) the resolution to authorise the Share Buy-Back Mandate is approved by a majority of Shareholders who are present and voting at the AGM on a poll who could not become obliged to make an offer as a result of the Share buy-back;
- (c) the Relevant Parties will abstain from voting for and/or recommending Shareholders to vote in favour of the resolution to approve the Share Buy-Back Mandate;
- (d) within seven (7) days after the passing of the resolution to approve the Share Buy-Back Mandate, Dr. Heah submits to the SIC a duly signed form as prescribed by the SIC;

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## LETTER TO SHAREHOLDERS

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(e) the Relevant Parties have not acquired and will not acquire any Shares between the date on which they know that the announcement of the Share Buy-Back Mandate is imminent and the earlier of:

- (i) the date on which the authority of the Share Buy-Back Mandate expires; and
- (ii) the date on which the Company announces it has bought back such number of Shares as authorised by the Share Buy-Back Mandate or it has decided to cease buying back its Shares, as the case may be,

if such acquisitions, taken together with the buyback would cause their aggregate voting rights to increase to 30% or more; and

(f) the Relevant Parties, together holding between 30% and 50% of the Company's voting rights, have not acquired and will not acquire any Shares between the date on which they know that the announcement of the Share Buy-Back Mandate is imminent and the earlier of:

- (i) the date on which the authority of the Share Buy-Back Mandate expires; and
- (ii) the date on which the Company announces it has bought back such number of Shares as authorised by the Share Buy-Back Mandate or it has decided to cease the buying back its Shares, as the case may be,

if such acquisitions, taken together with the buyback, would cause their aggregate voting rights to increase by more than 1% in the preceding six (6) months.

It follows that, if the aggregate voting rights held by the Relevant Parties increase by more than 1% solely as a result of the Company's buy-back of Shares under the Share Buy-Back Mandate, and none of them has acquired any Shares during the relevant six (6) month period, then the Relevant Parties would be eligible for SIC's exemption from the requirement to make a general offer under Rule 14, or where such exemption had been granted, would continue to enjoy the exemption.

If the Company ceases to buy-back Shares pursuant to the Share Buy-Back Mandate and the increase in the aggregate voting rights held by the Relevant Parties as a result of the relevant buy-back of Shares at such time is less than 1% in any six (6) month period, the Relevant Parties may acquire further voting rights in the Company. However, any increase in their percentage voting rights as a result of the buy-back of Shares pursuant to the Share Buy-Back Mandate will be taken into account together with any voting rights acquired by the Relevant Parties by whatever means in determining whether they have increased their aggregate voting rights by more than 1% in any six (6) month period.

### Form 2 submission to the SIC

Form 2 (Submission by directors pursuant to Appendix 2 "Share Buy-Back Guidance Note" of the Takeover Code) is the prescribed form to be submitted to the SIC by a director acting in concert with a shareholder of a listed company who could become obliged to make a general offer under Rule 14 as a result of the buy-back of shares by a listed company under its share buy-back mandate.

As at the Latest Practicable Date, Dr. Heah has informed the Company that he will be submitting Form 2 to the SIC within seven (7) days after the passing of the resolution relating to the renewal of the Share Buy-Back Mandate.



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## LETTER TO SHAREHOLDERS

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### 6.7 Advice to Independent Shareholders

**Shareholders should note that by voting for the renewal of the Share Buy-Back Mandate, they are waiving their rights to a general offer at the required price from the Relevant Parties in the circumstances set out above. Such a general offer, if required to be made and had not been exempted by the SIC, would have to be made in cash or be accompanied by a cash alternative at the required price.**

Save as disclosed, the Directors are not aware of any facts or factors which suggest or imply that any particular person(s) and/or Shareholder(s) are, or may be regarded as, parties acting in concert such that their respective interests in voting shares in the capital of the Company should or ought to be consolidated, and consequences under the Takeover Code would ensue as a result of a purchase of Shares by the Company pursuant to the Share Buy-Back Mandate.

Appendix 2 of the Takeover Code requires that the resolution to authorise the Share Buy-Back Mandate be approved by a majority of those Shareholders present and voting at the meeting on a poll who could not become obliged to make an offer under the Takeover Code as a result of the Share buy-back. Accordingly, the said resolution is proposed to be taken on a poll and the Relevant Parties shall abstain from voting on such resolution.

## 7. FINANCIAL IMPACT

### 7.1 Assumptions

It is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions of Shares that may be made pursuant to the Share Buy-Back Mandate on the financial effects as it would depend on factors such as the aggregate number of Shares purchased or acquired, the purchase prices paid at the relevant time, and the amount (if any) borrowed by the Company to fund the purchases or acquisitions, whether the purchase or acquisition is made out of profits or capital, and whether the Shares purchased are held in treasury or cancelled. The financial effects presented in this Section of this Appendix are based on the assumptions set out below:

(a) Information as at the Latest Practicable Date

The Company has a total of 148,892,230 Shares in issue (excluding Treasury Shares and subsidiary holdings). There are 2,503,400 Shares held by the Company as Treasury Shares and there are no subsidiary holdings.

(b) Illustrative Financial Effects

**Purely for illustrative purposes**, on the basis of 148,892,230 Shares in issue as at the Latest Practicable Date (excluding Treasury Shares and subsidiary holdings) and assuming no further Shares are issued and no further Shares are held by the Company as Treasury Shares and there are no subsidiary holdings on or prior to the 2022 AGM, the purchase by the Company of 10% of its issued Shares will result in the purchase of 12,385,823 Shares (if Shares are purchased or acquired and held as Treasury Shares) or 14,889,223 Shares (if Shares are purchased or acquired and cancelled).

In the case of Market Purchases by the Company and assuming that the Company purchases or acquires 12,385,823 Shares (if the Shares were to be held as Treasury Shares) or 14,889,223 Shares (if the Shares were to be cancelled) at the Maximum Price of S\$0.4526 for each Share (being the price equivalent to 105% of the Average Closing Price of the Shares for the five (5) Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 12,385,823 Shares or 14,889,223 Shares is approximately S\$5.6 million or S\$6.7 million respectively.



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## LETTER TO SHAREHOLDERS

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In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 12,385,823 Shares (if the Shares were to be held as Treasury Shares) or 14,889,223 Shares (if the Shares were to be cancelled) at the Maximum Price of S\$0.5172 for each Share (being the price equivalent to 120% of the Average Closing Price of the Shares for the five Market Days on which transactions in the Shares were recorded SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 12,385,823 Shares or 14,889,223 Shares is approximately S\$6.4 million or S\$7.7 million respectively;

- (c) the Share buy-back will be funded by the Company solely from external long-term borrowings;
- (d) the purchase or acquisition of Shares pursuant to the Share Buy-Back Mandate had taken place on 1 June 2021 for the purpose of computing the financial effects on the EPS of the Group;
- (e) the purchase or acquisition of Shares pursuant to the Share Buy-Back Mandate had taken place on 31 May 2022 for the purpose of computing the financial effects on Shareholders' equity, NTA per Share and gearing of the Company and the Group; and
- (f) transaction costs incurred for the purchase or acquisition of Shares pursuant to the Share Buy-Back Mandate are insignificant and are ignored for the purpose of computing the financial effects.

### 7.2 Pro Forma Financial Effects

**For illustrative purposes** only and on the basis of the assumptions set out above and assuming that the Share buy-backs will be funded by the Company solely from its external long-term borrowings, the financial effects of:

- (a) the acquisition of 8.32% of the issued Shares, excluding Treasury Shares and subsidiary holdings, comprising 12,385,823 Shares as at the Latest Practicable Date by the Company in a Market Purchase or Off-Market Purchase pursuant to the Share Buy-Back Mandate by way of purchases made entirely out of capital and held as Treasury Shares ("**Scenario A**"); and
- (b) the acquisition of 10% of the issued Shares, excluding Treasury Shares and subsidiary holdings, comprising 14,889,223 Shares as at the Latest Practicable Date, by the Company in a Market Purchase or Off-Market Purchase pursuant to the Share Buy-Back Mandate by way of purchases made entirely out of capital and cancelled ("**Scenario B**"),

## LETTER TO SHAREHOLDERS

on the audited financial statements of the Group and the Company for the financial year ended 31 May 2022 ("FY2022") are as follows:

### Scenario A (As at 31 May 2022)

(S\$'000)	Group			Company		
	Before Share Buy Back	After Market Purchase	After Off-Market Purchase	Before Share Buy Back	After Market Purchase	After Off-Market Purchase
Share Capital and Reserves	(2,677)	(8,282)	(9,083)	14,259	8,654	7,853
Retained Earnings	13,677	13,677	13,677	6,383	6,383	6,383
Total Shareholders' Equity	11,000	5,395	4,594	20,642	15,037	14,236
NTA	6,963	1,358	557	20,640	15,035	14,234
Current Assets	9,115	9,115	9,115	4,860	4,860	4,860
Current Liabilities	7,646	7,646	7,646	4,634	4,634	4,634
Working Capital	1,469	1,469	1,469	226	226	226
Total Borrowings	3,787	9,392	10,193	3,787	9,392	10,193
Cash and cash equivalents	6,928	6,928	6,928	2,837	2,837	2,837
Number of issued Shares <sup>(1)</sup>	148,892	136,506	136,506	148,892	136,506	136,506
Number of Treasury Shares	2,503	14,889	14,889	2,503	14,889	14,889
Weighted average number of Shares	148,892	136,506	136,506	148,892	136,506	136,506
Profit for the period attributable to shareholders	6,380	6,380	6,380	5,105	5,105	5,105
<b>Financial Ratios</b>						
NAV per share <sup>(2)</sup> (Singapore cents)	7.39	3.95	3.37	13.86	11.02	10.43
Gearing <sup>(3)</sup> (times)	0.34	1.74	2.22	0.18	0.62	0.72
Current Ratio (times)	1.19	1.19	1.19	1.05	1.05	1.05
Basic EPS <sup>(4)</sup> (Singapore cents)	4.28	4.67	4.67	3.43	3.74	3.74

#### Notes:

- (1) Based on the issued share capital of 148,892,230 Shares (excluding Treasury Shares and subsidiary holdings) as at the Latest Practicable Date.
- (2) NAV per Share equals to equity attributable to owners of the Company divided by the number of Shares outstanding as at the Latest Practicable Date.
- (3) Gearing equals to total borrowings divided by total equity.
- (4) EPS equals to profit attributable to owners of the Company divided by the weighted average number of Shares outstanding during FY2022.

## LETTER TO SHAREHOLDERS

### Scenario B (As at 31 May 2022)

(S\$'000)	Group			Company		
	Before Share Buy Back	After Market Purchase	After Off-Market Purchase	Before Share Buy Back	After Market Purchase	After Off-Market Purchase
Share Capital and Reserves	(2,677)	(9,415)	(10,378)	14,259	7,521	6,558
Retained Earnings	13,677	13,677	13,677	6,383	6,383	6,383
Total Shareholders' Equity	11,000	4,262	3,299	20,642	13,904	12,941
NTA	6,963	225	(738)	20,640	13,902	12,939
Current Assets	9,115	9,115	9,115	4,860	4,860	4,860
Current Liabilities	7,646	7,646	7,646	4,634	4,634	4,634
Working Capital	1,469	1,469	1,469	226	226	226
Total Borrowings	3,787	10,525	11,488	3,787	10,525	11,488
Cash and cash equivalents	6,928	6,928	6,928	2,837	2,837	2,837
Number of issued Shares <sup>(1)</sup>	148,892	134,003	134,003	148,892	134,003	134,003
Number of Treasury Shares	2,503	2,503	2,503	2,503	2,503	2,503
Weighted average number of Shares	148,892	134,003	134,003	148,892	134,003	134,003
Profit for the period attributable to shareholders	6,380	6,380	6,380	5,105	5,105	5,105
<b>Financial Ratios</b>						
NAV per share <sup>(2)</sup> (Singapore cents)	7.39	3.18	2.46	13.86	10.38	9.66
Gearing <sup>(3)</sup> (times)	0.34	2.47	3.48	0.18	0.76	0.89
Current Ratio (times)	1.19	1.19	1.19	1.05	1.05	1.05
Basic EPS <sup>(4)</sup> (Singapore cents)	4.28	4.76	4.76	3.43	3.81	3.81

#### Notes:

- (1) Based on the issued share capital of 148,892,230 Shares (excluding Treasury Shares and subsidiary holdings) as at the Latest Practicable Date.
- (2) NAV per Share equals to equity attributable to owners of the Company divided by the number of Shares outstanding as at the Latest Practicable Date.
- (3) Gearing equals to total borrowings divided by total equity.
- (4) EPS equals to profit attributable to owners of the Company divided by the weighted average number of Shares outstanding during FY2022.

The actual impact will depend on the number and price of the Shares bought back. As stated, the Directors do not propose to exercise the Share Buy-Back Mandate to such an extent that it would have a material adverse effect on the working capital requirements, financial position and/or gearing of the Group. The purchase of the Shares will only be effected after considering relevant factors such as the working capital requirement, availability of financial resources, the expansion and investment plans of the Group, and the prevailing market conditions. The Share Buy-Back Mandate will be exercised with a view to enhance the EPS and/or NAV per Share of the Group.

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## LETTER TO SHAREHOLDERS

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Shareholders should note that the financial effects illustrated above, based on the respective aforesaid assumptions, are for illustrative purposes only. In particular, it is important to note that the above analysis is based on the audited financial statements of the Company and the Group for FY2022, and is not necessarily representative of the future financial performance of the Company and the Group.

It should be noted that although the Share Buy-Back Mandate would authorise the Company to purchase or otherwise acquire up to 10% of the issued Shares, the Company may not necessarily purchase or acquire or be able to purchase or otherwise acquire the entire 10% of the issued Shares. In addition, the Company may cancel, or hold as Treasury Shares, all or part of the Shares purchased or otherwise acquired. The Company will take into account both financial and non-financial factors (for example, stock market conditions and the performance of the Shares) in assessing the relative impact of a Share purchase before execution.

### 8. TAX IMPLICATIONS

Shareholders who are in doubt as to their respective tax positions or any such tax implications or who may be subject to tax in a jurisdiction other than Singapore should consult their own professional advisers.

### 9. INTERESTED PERSONS

The Company is prohibited from knowingly buying Shares on Catalist from an interested person, that is, a Director, the chief executive officer of the Company or Controlling Shareholder of the Company or any of their Associates, and an interested person is prohibited from knowingly selling his/her Shares to the Company.

### 10. REPORTING REQUIREMENTS UNDER THE COMPANIES ACT

Within 30 days of the passing of a Shareholders' resolution to approve the purchases of Shares by the Company, the Company shall lodge a copy of such resolution with ACRA. Within 30 days of a purchase of Shares on Catalist or otherwise, the Company shall lodge with ACRA the notice of the purchase in the prescribed form, such notification including, *inter alia*, details of the purchase, the total number of Shares purchased by the Company, the total number of Shares cancelled, the number of Shares held as Treasury Shares, the Company's issued ordinary share capital before and after the purchase of Shares, the amount of consideration paid by the Company for the purchase, and whether the Shares were purchased out of the profits or the capital of the Company.

### 11. CATALIST RULES

#### Public float

The Catalist Rules requires a listed company to ensure that at least 10% of the total number of any class of its listed securities must be held by public shareholders. The "public", as defined under the Catalist Rules, are persons other than the Directors, CEO, Substantial Shareholders or Controlling Shareholders of the Company and its subsidiaries, as well as the associates of such persons.

As at the Latest Practicable Date, approximately 30.15% of the issued share capital of the Company is held in the hands of the public. Assuming that the Company purchased the maximum of 10% of its issued share capital as at the Latest Practicable Date from members of the public by way of a Market Purchase, the percentage of Shares held by the public would be reduced to approximately 22.39%.

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## LETTER TO SHAREHOLDERS

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Accordingly, the Company is of the view that there is a sufficient number of issued Shares held in the hands of the public which would permit the Company to undertake purchases or acquisitions of its issued Shares up to the full 10% limit pursuant to the Share Buy-Back Mandate without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or to adversely affect the orderly trading of Shares.

The Directors will use their best efforts to ensure that the Company does not effect buy-back of Shares if the buy-back of Shares would result in the number of Shares remaining in the hands of the public falling to such a level as to cause market illiquidity or adversely affect the listing status of the Company or adversely affect the orderly trading of the Shares.

### Maximum Price

Under the Catalist Rules, a listed company may only purchase shares by way of a market acquisition at a price which is not more than 5% above the average of the closing market prices of the Shares over the last five (5) market days, on which transactions in the Share were recorded, before the day on which the purchases are made and deemed to be adjusted for any corporate action that occurs during the relevant five (5) market days period and before the day on which the purchases are made. The Maximum Price for a Share in relation to Market Purchases by the Company, referred to in Section 3.4 of this Appendix, conforms to this restriction.

### Disclosure Requirements

Additionally, the Catalist Rules also specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m.:

- (a) in the case of a Market Purchase, on the Market Day following the day of purchase of any of its Shares; and
- (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer.

Such announcement shall include, *inter alia*, details of the total number of Shares authorised for purchase, the date of purchase, the total number of Shares purchased, the purchase price per Share or (in the case of Market Purchases) the purchase price per Share or the highest price and lowest price per Share, the total consideration paid for the Shares and the number of issued Shares after purchase, in the form prescribed under the Catalist Rules.

### Dealing in Securities

While the Catalist Rules does not expressly prohibit any purchase of Shares by a listed company during any particular time, because the listed company would be regarded as an “insider” in relation to any proposed purchase or acquisition of its issued Shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Buy-Back Mandate at any time after any matter or development of a price-sensitive nature has occurred or has been the subject of consideration and/or a decision of the Board until such price-sensitive information has been publicly announced.

Further, in conformity with the best practices on dealing with securities under the Catalist Rules, the Company will not purchase or acquire any Shares during the period commencing one (1) month before the announcement of the Company’s half year and full year financial statements, and ending on the date of announcement of the relevant results.

## LETTER TO SHAREHOLDERS

### 12. SHARES BOUGHT BY THE COMPANY IN THE PREVIOUS 12 MONTHS

No purchase or acquisitions of Shares have been made by the Company in the 12 months immediately preceding the Latest Practicable Date.

### 13. INTERESTS OF THE DIRECTORS AND/OR SUBSTANTIAL SHAREHOLDERS

	Before Share Buy-Back				After Share Buy-Back			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(2)</sup>	No. of Shares	% <sup>(2)</sup>
<b>Directors</b>								
Mr. Chong Weng Hoe	167,600	0.11%	–	–	167,600	0.13%	–	–
Dr. Heah Sieu Min	63,988,980	42.98%	–	–	63,988,980	47.75%	–	–
Dr. Chia Kok Hoong	34,753,440	23.34%	–	–	34,753,440	25.93%	–	–
Mr. Lim Chye Lai, Gjan	220,000	0.15%	30,000	0.02%	220,000	0.16%	30,000	0.02%
Mr. Ooi Seng Soon	–	–	–	–	–	–	–	–
<b>Substantial Shareholders (other than Directors)</b>								
Nil	–	–	–	–	–	–	–	–

**Notes:**

- (1) The percentage is calculated based on 148,892,230 Shares as at the Latest Practicable Date.
- (2) Assuming the Company purchases or acquires the maximum number of Shares pursuant to the Share Buy-Back Mandate and that all Shares bought back (including the number of Treasury Shares held as at the Latest Practicable Date) are cancelled, the percentage after the Share buy-back is calculated based on 134,003,007 Shares.

None of the Directors (other than in his capacity as a Director or Shareholder of the Company), as well as their respective associates, has any interest, direct or indirect, in the Share Buy-Back Mandate.

### 14. DIRECTORS' RECOMMENDATION

The Directors, save for Dr. Heah, who has abstained from making any recommendation to Shareholders pursuant to the conditions for exemption under Appendix 2 of the Takeover Code (as set out in Section 6.6(c) in this Appendix), having carefully considered the terms and rationale of the proposed renewal of the Share Buy-Back Mandate, are of the opinion that the Share Buy-Back Mandate is in the best interests of the Company and they recommend that Shareholders vote in favour of the proposed renewal of the Share Buy-Back Mandate.

### 15. ANNUAL GENERAL MEETING

The AGM, notice of which is set out on pages 149 to 155 of the Annual Report, will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 on 27 September 2022 at 2.00 p.m. for the purpose of considering and, if thought fit, passing with or without modifications, the ordinary resolution relating to the proposed renewal of the Share Buy-Back Mandate as set out in the notice of AGM.

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## LETTER TO SHAREHOLDERS

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### 16. ACTION TO BE TAKEN BY SHAREHOLDERS

As the AGM will be held by way of electronic means, Shareholders will NOT be able to attend the AGM in person. Shareholders must submit the proxy form, attached to the notice of AGM, appointing the Chairman of the AGM as proxy, in accordance with the instructions printed thereon. The proxy form for the AGM may be accessed at the URL <http://www.hcsurgicalspecialists.com/en/investor-relation/news> and is available on the SGXNet at the URL <https://www.sgx.com/securities/company-announcements>.

The duly executed proxy form can be submitted to the Company in the following manner:

- (a) if submitted in hard copy by post, be lodged at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services, at 80 Robinson Road, #02-00, Singapore 068898; or
- (b) if submitted electronically, by sending a scanned pdf copy via email to [sg.is.proxy@sg.tricorglobal.com](mailto:sg.is.proxy@sg.tricorglobal.com).

in either case, by 2.00 p.m. on 24 September 2022 (being at least 72 hours before the time appointed for holding the AGM) (the "Proxy Deadline").

A Shareholder who wishes to submit a proxy form must download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it electronically to the email address provided above.

**In view of the current COVID-19 situation which may make it difficult for Shareholders to submit completed proxy forms by post, Shareholders are strongly encouraged to submit completed proxy forms electronically via email to [sg.is.proxy@sg.tricorglobal.com](mailto:sg.is.proxy@sg.tricorglobal.com).**

Shareholders who hold their Shares through relevant intermediaries as defined in Section 181 of the Companies Act (including CPF investors, SRS investors and holders under depository agents) and who wish to exercise their votes by appointing the Chairman of the AGM as proxy should approach their respective relevant intermediaries (including their respective CPF agent banks, SRS approved banks or depository agents) to submit their voting instructions by 5.00 p.m. on 15 September 2022 in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the AGM to vote on their behalf no later than the Proxy Deadline.

A Depositor shall not be regarded as a Shareholder of the Company and not entitled to attend the AGM via live webcast or live audio feed unless his name appears on the Depository Register and/or the Register of Members at least 72 hours before the AGM.

### 17. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed renewal of the Share Buy-Back Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts, the omission of which would make any statement in this Appendix misleading. Where information in this Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Appendix in its proper form and context.

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## LETTER TO SHAREHOLDERS

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### 18. ABSTENTION FROM VOTING

The Relevant Parties will abstain from voting at the AGM in respect of the resolution relating to the proposed renewal of the Share Buy-Back Mandate pursuant to the conditions under Appendix 2 of the Takeover Code as set out in Section 6.6(c) of this Appendix.

### 19. INSPECTION OF DOCUMENTS

The following documents are available for inspection at the registered office of the Company at 80 Robinson Road, #02-00, Singapore 068898, during normal business hours from the date of this Appendix up to the date of the AGM:

- (a) the Constitution; and
- (b) the Annual Report.

Yours faithfully

For and on behalf of the Board of Directors  
**HC SURGICAL SPECIALISTS LIMITED**

**Dr. Heah Sieu Min**

*Executive Director and Chief Executive Officer*