



HC Surgical Specialists Limited

**Condensed interim financial statements
For the six months ended 30 November 2023**

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A. Condensed interim consolidated statement of profit or loss and other comprehensive income

		Group		
		6 months ended		
	Note	30 November 2023 (Unaudited) S\$'000	30 November 2022 (Unaudited) S\$'000	Change %
Revenue	4.2	9,619	10,118	-4.9%
<i>Other items of income/(loss)</i>				
Other income		740	864	-14.4%
Fair value gain on derivative financial instruments		-	283	N.M.
Fair value gain/(loss) on financial assets at FVTPL		825	(902)	N.M.
<i>Items of expense</i>				
Changes in inventories		(42)	(23)	82.6%
Inventories, consumables and surgery expenses		(1,583)	(1,363)	16.1%
Employee benefits expense		(3,370)	(3,281)	2.7%
Depreciation and amortisation		(886)	(829)	6.9%
Lease expenses		(11)	(9)	22.2%
Other expenses		(842)	(1,746)	-51.8%
Finance costs		(285)	(288)	-1.0%
Share of results of an associate, net of tax		(50)	-	N.M.
Share of results of a joint venture, net of tax		(33)	-	N.M.
Profit before income tax	6.1	4,082	2,824	44.5%
Income tax expense	7	(507)	(594)	-14.6%
Profit for the financial period, representing total comprehensive income for the financial period		3,575	2,230	60.3%
Profit and total comprehensive income attributable to:				
Owners of the parent		3,452	2,051	68.3%
Non-controlling interests		123	179	-31.3%
		3,575	2,230	60.3%
Earnings per share (in cents)				
- Basic and diluted	9	2.29	1.38	65.9%

N.M. – Not meaningful

B. Condensed interim statements of financial position

	Note	Group		Company	
		30 November 2023 (Unaudited) S\$'000	31 May 2023 (Audited) S\$'000	30 November 2023 (Unaudited) S\$'000	31 May 2023 (Audited) S\$'000
ASSETS					
Non-current assets					
Plant and equipment	11	1,377	1,598	11	13
Intangible assets	12	3,358	3,358	-	-
Right-of-use assets		3,107	2,898	69	39
Investments in subsidiaries	13	-	-	13,464	13,464
Investment in associates	14	3,066	3,116	3,116	3,116
Investment in joint ventures		149	182	182	182
Financial assets at FVTPL	15	6,636	5,850	6,636	5,850
Deferred tax assets		43	43	-	-
Derivative financial instruments	16	1,397	1,397	1,901	1,901
Other receivables		99	119	99	155
		<u>19,232</u>	<u>18,561</u>	<u>25,478</u>	<u>24,720</u>
Current assets					
Inventories		403	445	-	-
Trade and other receivables		1,903	1,749	4,478	2,466
Prepayments		241	246	126	95
Debt instruments at amortised cost		-	1,882	-	1,882
Financial assets at FVTPL	15	833	2,193	833	2,193
Cash and bank balances		6,496	6,187	2,301	3,205
		<u>9,876</u>	<u>12,702</u>	<u>7,738</u>	<u>9,841</u>
Total assets		<u>29,108</u>	<u>31,263</u>	<u>33,216</u>	<u>34,561</u>
EQUITY AND LIABILITIES					
Equity					
Share capital	17	17,231	15,419	17,231	15,419
Treasury shares		(996)	(996)	(996)	(996)
Merger reserve		(815)	(815)	-	-
Capital reserve	18	(13,652)	(13,652)	(164)	(164)
Other reserve	19	(1,195)	(1,172)	-	-
Retained earnings		15,234	13,320	9,713	7,310
Equity attributable to owners of the parent		<u>15,807</u>	<u>12,104</u>	<u>25,784</u>	<u>21,569</u>
Non-controlling interests		(30)	(21)	-	-
Total equity		<u>15,777</u>	<u>12,083</u>	<u>25,784</u>	<u>21,569</u>

B. Condensed interim statements of financial position (continued)

	Note	Group		Company	
		30 November 2023 (Unaudited) S\$'000	31 May 2023 (Audited) S\$'000	30 November 2023 (Unaudited) S\$'000	31 May 2023 (Audited) S\$'000
Non-current liabilities					
Deferred tax liabilities		86	88	-	-
Derivative financial instruments	16	556	556	556	556
Other financial liabilities	20	87	578	-	-
Other payables	21	693	3,204	693	3,204
Bank borrowing	22	647	1,288	647	1,288
Provisions		144	144	8	21
Lease liabilities		2,052	1,897	39	36
		4,265	7,755	1,943	5,105
Current liabilities					
Trade and other payables	21	5,124	8,096	3,870	6,201
Bank borrowing	22	1,275	1,262	1,275	1,262
Other financial liabilities		514	-	-	-
Provisions		-	13	-	-
Lease liabilities		1,150	1,049	120	181
Current income tax payable		1,003	1,005	224	243
		9,066	11,425	5,489	7,887
Total liabilities		13,331	19,180	7,432	12,992
Total equity and liabilities		29,108	31,263	33,216	34,561

C. Condensed interim statements of changes in equity

Group (Unaudited)	Note	Share capital S\$'000	Treasury shares S\$'000	Merger reserve S\$'000	Capital reserve S\$'000	Other reserve S\$'000	Retained earnings S\$'000	Equity	Non- controlling interests S\$'000	Total equity S\$'000
								attributable to owners of the Company S\$'000		
Balance at 1 June 2023		15,419	(996)	(815)	(13,652)	(1,172)	13,320	12,104	(21)	12,083
Profit for the financial period		-	-	-	-	-	3,452	3,452	123	3,575
Total comprehensive income for the financial period		-	-	-	-	-	3,452	3,452	123	3,575
Distributions to owners										
Dividends	8	-	-	-	-	-	(1,538)	(1,538)	-	(1,538)
Total transactions with owners		-	-	-	-	-	(1,538)	(1,538)	-	(1,538)
Transactions with non-controlling interests										
Dividends		-	-	-	-	-	-	-	(132)	(132)
Total transactions with non-controlling interests		-	-	-	-	-	-	-	(132)	(132)
Others										
Present value of forward purchase contract		-	-	-	-	(23)	-	(23)	-	(23)
Issue of shares pursuant to deferred consideration		1,812	-	-	-	-	-	1,812	-	1,812
Total others		1,812	-	-	-	(23)	-	1,789	-	1,789
Balance at 30 November 2023		17,231	(996)	(815)	(13,652)	(1,195)	15,234	15,807	(30)	15,777

Group (Unaudited)	Note	Share capital S\$'000	Treasury shares S\$'000	Merger reserve S\$'000	Capital reserve S\$'000	Other reserve S\$'000	Retained earnings S\$'000	Equity	Non- controlling interests S\$'000	Total equity S\$'000
								attributable to owners of the Company S\$'000		
Balance at 1 June 2022		15,419	(996)	(815)	(13,652)	(2,633)	13,677	11,000	221	11,221
Profit for the financial period		-	-	-	-	-	2,051	2,051	179	2,230
Total comprehensive income for the financial period		-	-	-	-	-	2,051	2,051	179	2,230
Distributions to owners										
Dividends	8	-	-	-	-	-	(1,787)	(1,787)	-	(1,787)
Total transactions with owners		-	-	-	-	-	(1,787)	(1,787)	-	(1,787)
Transactions with non-controlling interests										
Dividends		-	-	-	-	-	-	-	(55)	(55)
Total transactions with non-controlling interests		-	-	-	-	-	-	-	(55)	(55)
Others										
Present value of forward purchase contract		-	-	-	-	454	-	454	-	454
Total others		-	-	-	-	454	-	454	-	454
Balance at 30 November 2022		15,419	(996)	(815)	(13,652)	(2,179)	13,941	11,718	345	12,063

C. Condensed interim statements of changes in equity (continued)

Company (Unaudited)	Note	Share capital S\$'000	Treasury shares S\$'000	Capital reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
Balance at 1 June 2023		15,419	(996)	(164)	7,310	21,569
Profit for the financial period		-	-	-	3,941	3,941
Total comprehensive income for the financial period		-	-	-	3,941	3,941
Distributions to owners						
Dividends	8	-	-	-	(1,538)	(1,538)
Total transactions with owners		-	-	-	(1,538)	(1,538)
Others						
Issue of shares pursuant to deferred consideration		1,812	-	-	-	1,812
Total others		1,812	-	-	-	1,812
Balance at 30 November 2023		17,231	(996)	(164)	9,713	25,784
Company (Unaudited)						
	Note	Share capital S\$'000	Treasury shares S\$'000	Capital reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
Balance at 1 June 2022		15,419	(996)	(164)	6,383	20,642
Profit for the financial period		-	-	-	2,958	2,958
Total comprehensive income for the financial period		-	-	-	2,958	2,958
Distributions to owners						
Dividends	8	-	-	-	(1,787)	(1,787)
Total transactions with owners		-	-	-	(1,787)	(1,787)
Balance at 30 November 2022		15,419	(996)	(164)	7,554	21,813

D. Condensed interim consolidated statement of cash flows for the Group

	6 months ended	
	30 November 2023	30 November 2022
	(Unaudited) S\$'000	(Unaudited) S\$'000
Operating activities		
Profit before income tax	4,082	2,824
Adjustments for:		
Allowance for impairment loss on goodwill	-	495
Amortisation of intangible assets	-	1
Third parties trade receivables written off	4	1
Depreciation of plant and equipment	250	201
Depreciation of right-of-use assets	636	627
Dividend income from financial assets at FVTPL	(578)	(590)
Fair value gain on derivative financial instruments	-	(283)
Fair value (gain)/loss on financial assets at FVTPL	(825)	902
Gain on disposal of investment in financial assets at FVTPL	(8)	-
Gain on divestment in a financial asset at FVTPL	-	(124)
(Gain)/loss on disposal of plant and equipment	(1)	15
Loss on lease modification	27	-
Loss on modification of deferred consideration	-	319
Loss on redemption of debt instruments at amortised cost	32	-
Interest expense	285	288
Interest income	(69)	(69)
Inventories written off	-	2
Plant and equipment written off	2	5
Reversal of allowance for impairment loss on debt instruments at amortised cost	(149)	-
Reversal of provision for reinstatement cost not utilised	(13)	-
Share of results of an associate, net of tax	50	-
Share of results of a joint venture, net of tax	33	-
Operating cash flows before working capital changes	3,758	4,614
Working capital changes:		
Inventories	42	21
Trade and other receivables	87	(120)
Prepayments	5	(133)
Trade and other payables	(1,047)	(408)
Cash generated from operations	2,845	3,974
Income tax paid	(511)	(510)
Net cash from operating activities	2,334	3,464

D. Condensed interim consolidated statement of cash flows for the Group (continued)

	6 months ended	
	30 November 2023 (Unaudited) S\$'000	30 November 2022 (Unaudited) S\$'000
Investing activities		
Dividend received from financial assets at FVTPL	325	395
Interest received	95	68
Payment of deferred consideration	(2,826)	(1,812)
Proceeds from capital reduction in financial assets at FVTPL	48	28
Proceeds from disposal of plant and equipment	1	7
Proceeds from disposal of investment in financial assets at FVTPL	1,360	1
Proceeds from maturity of debt instruments at amortised cost	2,000	-
Purchase of plant and equipment	(31)	(519)
Net cash from/(used in) investing activities	972	(1,832)
Financing activities		
Dividends paid to owners of the parent	(1,538)	(1,787)
Dividends paid to non-controlling interests	(132)	(55)
Interest paid	(23)	(35)
Repayment of bank borrowing	(628)	(615)
Repayment of principal portion of lease liabilities	(616)	(602)
Repayment of interest portion of lease liabilities	(60)	(45)
Net cash used in financing activities	(2,997)	(3,139)
Net change in cash and cash equivalents	309	(1,507)
Cash and cash equivalents at beginning of financial period	6,187	6,928
Cash and cash equivalents at end of financial period	6,496	5,421

E. Notes to the condensed interim consolidated financial statements

1. Corporate information

HC Surgical Specialists Limited (the “**Company**”) is a public limited company incorporated and domiciled in Singapore. The Company is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). These condensed interim consolidated financial statements as at and for the six months ended 30 November 2023 comprise the Company and its subsidiaries (collectively, the “**Group**”).

The primary activity of the Company is that of an investment holding company. The principal activities of the Group are those of providing specialised medical services (including day surgical centres), clinics and other general medical services.

The financial information contained in this announcement has neither been audited nor reviewed by the Company's auditors. The latest audited annual financial statements of the Group were not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

2. Basis of Preparation

The condensed interim financial statements for the six months ended 30 November 2023 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“**SFRS(I)**”) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the latest audited annual financial statements for the year ended 31 May 2023.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the Company’s functional currency.

2.1 New and amended standards adopted by the Group

A number of amendments to standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 May 2023.

E. Notes to the condensed interim consolidated financial statements (continued)

2. Basis of Preparation (continued)

2.2 Use of judgements and estimates (continued)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following notes:

- Note 12 – Impairment of goodwill
- Note 13 – Impairment of investments in subsidiaries
- Note 14 – Impairment of investment in associates
- Note 15 – Fair value of financial assets measured at fair value through profit or loss (“FVTPL”)
- Note 16 – Fair value of derivative financial instruments (“DFI”)

3. Seasonal operations

The Group’s businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

4.1 Business and geographical segments

Not applicable, the Group has only a single business segment and one geographical segment.

4.2 Disaggregation of revenue

	Group	
	6 months ended	
	30 November 2023 (Unaudited) S\$'000	30 November 2022 (Unaudited) S\$'000
<u>Type of goods or services</u>		
Provision of medical services	9,619	10,118
<u>Timing of transfer of goods and services</u>		
Point in time	9,619	10,118

E. Notes to the condensed interim consolidated financial statements (continued)

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 November 2023 and 31 May 2023:

	Group		Company	
	30 November 2023 (Unaudited) S\$'000	31 May 2023 (Audited) S\$'000	30 November 2023 (Unaudited) S\$'000	31 May 2023 (Audited) S\$'000
Financial Assets				
Debt instruments at amortised cost	-	1,882	-	1,882
Fair value through profit or loss				
- Derivative financial instruments	1,397	1,397	1,901	1,901
Financial assets at FVTPL	7,469	8,043	7,469	8,043
Financial assets at amortised cost	8,498	8,055	6,878	5,826
	<u>17,364</u>	<u>19,377</u>	<u>16,248</u>	<u>17,652</u>
Financial Liabilities				
Financial liabilities designated at FVTPL	556	556	556	556
Other financial liabilities at amortised cost	11,248	17,082	6,483	12,014
	<u>11,804</u>	<u>17,638</u>	<u>7,039</u>	<u>12,570</u>

6. Profit before income tax

6.1 Significant items

	Group	
	6 months ended	
	30 November 2023 (Unaudited) S\$'000	30 November 2022 (Unaudited) S\$'000
Other income		
Government grants	15	29
Dividend income	578	590
Interest income	69	69
Other expenses		
Allowance for impairment loss on goodwill	-	495
Administrative charges	57	50
Third parties trade receivables written off	4	1
Credit card charges	76	85
(Gain)/loss on disposal of plant and equipment	(1)	15
Loss on lease modification	27	-
Loss on modification of deferred consideration	-	319
IT expenses	40	42
Plant and equipment written off	2	5
Professional fees	225	147

E. Notes to the condensed interim consolidated financial statements (continued)

6.2 Related party transactions

There are no material related party transactions apart from those disclosed elsewhere in the financial statements.

7. Income tax expense

	Group	
	6 months ended	
	30 November 2023 (Unaudited) S\$'000	30 November 2022 (Unaudited) S\$'000
<u>Current income tax</u>		
- current financial year	495	591
- under provision in prior financial years	14	1
	<u>509</u>	<u>592</u>
<u>Deferred tax</u>		
- current financial year	(2)	2
	<u>(2)</u>	<u>2</u>
Total income tax expense recognised in consolidated statement of comprehensive income	<u>507</u>	<u>594</u>

8. Dividends

	Group	
	6 months ended	
	30 November 2023 (Unaudited) S\$'000	30 November 2022 (Unaudited) S\$'000
Final tax-exempt dividend of S\$0.012 per ordinary share for financial year ended 31 May 2022	-	1,787
Final tax-exempt dividend of S\$0.010 per ordinary share for financial year ended 31 May 2023	1,538	-
	<u>1,538</u>	<u>1,787</u>
Dividend amount per share (net of tax) (in S\$ cents)	<u>1.00</u>	<u>1.20</u>

9. Earnings per share

	Group	
	6 months ended	
Earnings per share ("EPS")	30 November 2023 (Unaudited)	30 November 2022 (Unaudited)
Profit attributable to owners of the parent (S\$)	3,452,000	2,051,000
Weighted average number of ordinary shares in issue	150,772,008	148,892,230
Basic EPS (cents per share)	2.29	1.38
Fully diluted EPS (cents per share)	<u>2.29</u>	<u>1.38</u>

The calculations of basic earnings per share for the relevant periods are based on profit attributable to owners of the parent for the financial period ended divided by the weighted average number of ordinary shares in the relevant periods.

The diluted earnings per share for the relevant periods are the same as the basic earnings per share as the Group does not have any dilutive options for the relevant periods.

E. Notes to the condensed interim consolidated financial statements (continued)

10. Net asset value

Net asset value ("NAV")	Group		Company	
	30 November 2023 (Unaudited)	31 May 2023 (Audited)	30 November 2023 (Unaudited)	31 May 2023 (Audited)
NAV (S\$)	15,807,000	12,104,000	25,784,000	21,569,000
Number of ordinary shares in issue (excluding treasury shares)	153,806,507	148,892,230	153,806,507	148,892,230
NAV per ordinary share (S\$ cents)	10.28	8.13	16.76	14.49

11. Plant and equipment

During the six months ended 30 November 2023, the Group acquired assets amounting to S\$31,000 (30 November 2022: S\$519,000), disposed assets amounting to S\$1,000 (30 November 2022: S\$22,000), and wrote off assets amounting to S\$2,000 (30 November 2022: S\$5,000).

12. Intangible assets

	Goodwill S\$'000	Computer software S\$'000	Total S\$'000
Group			
Cost			
Balance at 1 June 2023 and 30 November 2023	5,917	31	5,948
Accumulated amortisation and impairment			
Balance at beginning and end of financial period	2,559	31	2,590
Net carrying amount			
Balance at 30 November 2023	3,358	-	3,358
Group			
Cost			
Balance at 1 June 2022 and 31 May 2023	5,917	31	5,948
Accumulated amortisation and impairment			
Balance at 1 June 2022	1,882	29	1,911
Amortisation for the financial year	-	2	2
Impairment loss for the financial year	677	-	677
Balance at 31 May 2023	2,559	31	2,590
Net carrying amount			
Balance at 31 May 2023	3,358	-	3,358

E. Notes to the condensed interim consolidated financial statements (continued)

12. Intangible assets (continued)

	Computer software	
	30 November 2023 (Unaudited) S\$'000	31 May 2023 (Audited) S\$'000
Company		
Cost		
Balance at beginning and end of financial period/year	13	13
Accumulated amortisation		
Balance at beginning of financial period/year	13	11
Amortisation for the financial period/year	-	2
Balance at end of financial period/year	13	13
Net carrying amount		
Balance at end of financial period/year	-	-

Amortisation expense was included in “Depreciation and amortisation” line item of the consolidated statement of comprehensive income.

Goodwill arising from the business combinations was related to acquisition of subsidiaries, of which, each subsidiary is an individual cash-generating unit (“CGU”) that are expected to benefit from the business combinations. The carrying amount of goodwill had been allocated as follows:

	Group	
	30 November 2023 (Unaudited) S\$'000	31 May 2023 (Audited) S\$'000
Name of subsidiaries		
LAI BEC Pte. Ltd. (“LBPL”)	815	815
Medical L & C Services Pte. Ltd. (“MLCS”)	640	640
Medical Services @ Tampines Pte. Ltd. (“MST”)	344	344
Jason Lim Endoscopy and Surgery Pte. Ltd. (“JLES”)	828	828
GMH Endoscopy & Surgery Pte. Ltd. (“GMH”)	731	731
	3,358	3,358

Impairment test for goodwill

As at 30 November 2023, the recoverable amount of the CGU has been determined based on value-in-use calculations using management-approved discounted cash flow projections covering a period of 5 years (31 May 2023: 5 years) and projected to terminal year. Management assessed 5 years cash flows and projection to terminal year for the financial forecast of the CGU is appropriate considering management’s business plan in the near future. The growth rates did not exceed the long-term average growth rate for the CGU.

E. Notes to the condensed interim consolidated financial statements (continued)

12. Intangible assets (continued)

Impairment test for goodwill (continued)

Key assumptions used for value-in-use calculations:

	Revenue growth rates		Discount rate	
	30 November 2023 (Unaudited)	31 May 2023 (Audited)	30 November 2023 (Unaudited)	31 May 2023 (Audited)
LBPL	2%	2%	10.2%	10.2%
JOES	-	-48% to 158%	-	10.2%
MLCS	2% to 3%	2% to 3%	10.2%	10.2%
MST	2%	2%	10.2%	10.2%
JLES	7%	7%	10.2%	10.2%
GMH	10%	10%	10.2%	10.2%

Revenue growth rates – The forecasted growth rates are based on management’s expectations for each CGU with reference to the historical trends as well as average growth rates of the industry.

Discount rate – Management estimates discount rates that reflect current market assessments of the time value of money and the risks specific to the CGUs.

As at the end of the reporting period, the recoverable amount of the CGUs based on value-in-use calculations has been determined to be higher than its carrying amount and accordingly, no impairment loss is required (31 May 2023: S\$677,000 to JOES).

13. Investments in subsidiaries

	Company	
	30 November 2023 (Unaudited) S\$'000	31 May 2023 (Audited) S\$'000
Unquoted equity shares, at cost	19,593	19,593
Allowance for impairment loss	(6,129)	(6,129)
	13,464	13,464

Movement in allowance for impairment loss was as follows:

	Company	
	30 November 2023 (Unaudited) S\$'000	31 May 2023 (Audited) S\$'000
Balance at beginning of financial period/year	6,129	5,254
Impairment loss for the financial period/year	-	1,323
Reversal of impairment loss for the financial period/year	-	(448)
Balance at end of financial period/year	6,129	6,129

E. Notes to the condensed interim consolidated financial statements (continued)

13. Investments in subsidiaries (continued)

Impairment on investments in subsidiaries

As at 30 November 2023, the Company carried out a review of the investments in subsidiaries, having regard for indicators of impairment on investments in subsidiaries based on the existing performance of subsidiaries. Following the review, there was no impairment loss in the current financial period (31 May 2023: S\$1,323,000 for two subsidiaries, partially offset against reversal of S\$448,000 for a subsidiary).

The recoverable amount of the impaired subsidiaries is determined from value-in-use calculations using management-approved discounted cash flow projections covering a period of 5 years and projection to terminal year. The key assumptions for these value-in-use calculations are those regarding the discount rates and revenue growth rates disclosed above.

14. Investment in associates

	Group and Company	
	30 November 2023 (Unaudited) S\$'000	31 May 2023 (Audited) S\$'000
Unquoted equity investments, at cost	3,116	3,116
Share of results, net of tax	(50)	-
	<u>3,066</u>	<u>3,116</u>

Acquisition of equity interest

On 1 March 2023, the Company entered into a sale and purchase agreement, pursuant to which the Company acquired 35% of the issued and fully paid-up share capital of Total Orthopaedics Pte. Ltd., (“**TOPL**”) for a total purchase consideration of S\$2,467,000 including any applicable interest amount. The purchase consideration will be satisfied in full in the following manner: (i) S\$857,000 cash payment to Dr. Seah Renyi, Benjamin (“**Dr. Seah**”) upon the commencement of his employment, which intended to occur on or around 1 June 2023 or such other date as agreed between Dr. Seah and the Company; (ii) S\$900,000 cash payment to Dr. Seah in April 2024 or such other date as agreed between Dr. Seah and the Company; and (iii) S\$710,000 cash payment to Dr. Seah in December 2024 or such other date as agreed between Dr. Seah and the Company. In respect of the amount payable in (iii), an additional interest amount at the rate of 2% per annum or the prevailing personal fixed deposit rate for the same amount for an 8-month tenure, whichever is higher, calculated from 1 April 2024 to the date of payment, will be payable. The Company shall be allowed to pay the amount in (iii) or part thereof earlier than December 2024, and the interest shall be calculated accordingly based on the actual number of days from 1 April 2024 to the date of payment. Accordingly, the purchase consideration will comprise S\$2,467,000 and any interest to be paid as described above.

The Company will enter into a separate sale and purchase agreement to buy the remaining 65% of the total issued and paid-up share capital in TOPL from Dr. Seah (the “**Additional Sale Shares**”) at a later stage, with the completion of the proposed acquisition of the Additional Sale Shares to occur within six months after 1 October 2028 or 1 October 2030, or such other date to be agreed between Dr. Seah and the Company, at an amount that is ten times the unaudited profit after tax of TOPL for twelve months before the end of 1 October 2028 or 1 October 2030 after adjustments to exclude expenses incurred arising from consultancy fee paid to the Company, and Dr. Seah’s profit-share, multiplied by 0.65.

E. Notes to the condensed interim consolidated financial statements (continued)

14. Investment in associates (continued)

Acquisition of equity interest (continued)

The fair values of the identifiable assets and liabilities of TOPL as at the date of acquisition was:

	Total S\$'000
Proportion of net identifiable assets identified	-
Present value of the purchase consideration	2,313
Implied goodwill arising from acquisition	<u>2,313</u>
Fair value of derivative financial instruments	323
Investment in TOPL	<u>2,636</u>

The fair value of derivative financial instruments amounted to approximately S\$323,000 was determined based on professional valuation carried out by independent valuation specialist.

The summarised financial information below reflects the amounts presented in the financial statements of the associates, not adjusted for the proportion of ownership interest held by the Group.

	TOPL S\$'000	MDS S\$'000	Total S\$'000
30 November 2023			
Income and expenses			
Revenue	278	799	1,077
Loss for the financial period	(124)	-	(124)
Other comprehensive income	-	-	-
Total comprehensive income	<u>(124)</u>	<u>-</u>	<u>(124)</u>
Assets and liabilities			
Non-current assets	681	149	830
Current assets	212	430	642
Non-current liabilities	(396)	-	(396)
Current liabilities	(639)	(311)	(950)
Net (liabilities)/assets	<u>(142)</u>	<u>268</u>	<u>126</u>
31 May 2023			
Income and expenses			
Revenue	-	1,746	1,746
Loss for the financial year	(19)	(3)	(22)
Other comprehensive income	-	-	-
Total comprehensive income	<u>(19)</u>	<u>(3)</u>	<u>(22)</u>
Assets and liabilities			
Non-current assets	491	277	768
Current assets	34	492	526
Non-current liabilities	(110)	(65)	(175)
Current liabilities	(434)	(436)	(870)
Net (liabilities)/assets	<u>(19)</u>	<u>268</u>	<u>249</u>

E. Notes to the condensed interim consolidated financial statements (continued)

14. Investment in associates (continued)

Reconciliation of summarised financial information presented to the carrying amount of the Group's interest in the associates, is as follows:

	TOPL S\$'000	MDS S\$'000	Total S\$'000
30 November 2023			
Net (liabilities)/assets of the associates	(142)	268	126
Proportion of equity interest in the associates	35%	25%	
Group's share of interest in associates	(50)	67	17
Add: Goodwill on acquisition date	2,313	414	2,727
Add: Fair value of derivative financial instruments	323	-	323
Less: Fair value of sign-on bonus	-	(1)	(1)
Carrying amount	2,586	480	3,066
31 May 2023			
Net (liabilities)/assets of the associates	(19)	268	249
Proportion of equity interest in the associates	35%	25%	
Group's share of interest in associates	-	67	67
Add: Goodwill on acquisition date	2,313	414	2,727
Add: Fair value of derivative financial instruments	323	-	323
Less: Fair value of sign-on bonus	-	(1)	(1)
Carrying amount	2,636	480	3,116

Impairment on investment in associates

As at 30 November 2023, the Company carried out a review of the investment in associates based on the existing performance of associates. Following the review, there was no impairment loss in the current financial period (31 May 2023: S\$Nil).

The recoverable amount of the investment in associates is determined from value-in-use calculations using management-approved discounted cash flow projections covering a period of 5 years and projection to terminal year using the following key assumptions:

	Group and Company			
	Revenue growth rates		Discount rate	
	30 November 2023 (Unaudited)	31 May 2023 (Audited)	30 November 2023 (Unaudited)	31 May 2023 (Audited)
Medistar Services Pte. Ltd. ("MDS")	3%	3%	10.2%	10.2%
TOPL	10% to 228%	10% to 228%	10.2%	10.2%

E. Notes to the condensed interim consolidated financial statements (continued)

15. Financial assets at FVTPL

Financial assets at FVTPL comprise the following:

	Group and Company	
	30 November 2023 (Unaudited) S\$'000	31 May 2023 (Audited) S\$'000
Balance at beginning of financial period/year	8,043	10,044
Additions	-	296
Capital reduction	(48)	(83)
Disposal	(1,351)	(300)
Divestment	-	(172)
Fair value gain/(loss)	825	(1,742)
Balance at end of financial period/year	7,469	8,043
<u>Presented in statements of financial position</u>		
- Non-current	6,636	5,850
- Current	833	2,193
	7,469	8,043

On 22 November 2022, the Company received 1,748,827 ordinary shares in Aoxin Q & M Dental Group Limited (“**Aoxin**”) as part of a winding up exercise conducted in Acumen Holdings Pte. Ltd. (“**Acumen**”). A gain on divestment of approximately S\$124,000 was included in “Other income” line item in the consolidated statement of comprehensive income for the financial year ended 31 May 2023.

Financial assets at FVTPL decreased mainly due to disposal of investments of S\$1,351,000 and capital reduction of S\$48,000, which was partially offset by fair value gain of S\$825,000.

15.1 Fair value measurement

The Group and the Company classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

E. Notes to the condensed interim consolidated financial statements (continued)

15. Financial assets at FVTPL (continued)

15.1 Fair value measurement (continued)

The table below classified financial assets at fair value through profit or loss by level of fair value hierarchy as at end of the reporting period:

	Fair value measurements using			Total S\$'000
	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	
30 November 2023				
Financial Assets				
Financial assets at FVTPL				
- Quoted equity securities	7,408	-	-	7,408
- Unquoted equity securities	-	-	61	61
	<u>7,408</u>	<u>-</u>	<u>61</u>	<u>7,469</u>
31 May 2023				
Financial Assets				
Financial assets at FVTPL				
- Quoted equity securities	6,605	-	-	6,605
- Unquoted equity securities	-	-	1,438	1,438
	<u>6,605</u>	<u>-</u>	<u>1,438</u>	<u>8,043</u>

16. Derivative financial instruments

	Group		Company	
	30 November 2023 (Unaudited) S\$'000	31 May 2023 (Audited) S\$'000	30 November 2023 (Unaudited) S\$'000	31 May 2023 (Audited) S\$'000
Non-current assets				
Put option	457	457	457	457
Forward purchase contracts/Option to purchase	940	940	1,444	1,444
	<u>1,397</u>	<u>1,397</u>	<u>1,901</u>	<u>1,901</u>
Non-current liabilities				
Options to re-purchase	(28)	(28)	(28)	(28)
Forward purchase contracts	(528)	(528)	(528)	(528)
	<u>(556)</u>	<u>(556)</u>	<u>(556)</u>	<u>(556)</u>
	<u>841</u>	<u>841</u>	<u>1,345</u>	<u>1,345</u>

E. Notes to the condensed interim consolidated financial statements (continued)

16. Derivative financial instruments (continued)

	Group		Company	
	30 November 2023 (Unaudited) S\$'000	31 May 2023 (Audited) S\$'000	30 November 2023 (Unaudited) S\$'000	31 May 2023 (Audited) S\$'000
Balance at beginning of financial period/year	841	1,214	1,345	1,710
Recognition of derivative financial instruments on initial recognition	-	(323)	-	(323)
Fair value loss recognised during the financial period/year	-	(50)	-	(42)
Balance at end of financial period/year	841	841	1,345	1,345

Put option

This pertains to JOES, whereby the non-controlling interest granted the Company a put option to require the non-controlling interest to repurchase the issued and fully paid-up share capital held by the Company in JOES, at an amount in excess of the Company's investment, should the doctor's employment be terminated. As at the end of the previous reporting period, the fair value of the put option has been determined using the Binomial Option Pricing model. The significant judgement and assumptions to the valuation include volatility rate and risk-free rate. As at the end of the reporting period, management assessed that the probability of exercising the put option by the Company is low.

Forward purchase contracts and option to purchase

The derivative financial instruments relate to the forward purchase contracts and option to purchase in connection with the Company's further acquisition of the remaining issued and fully paid-up share capital held by the non-controlling interests of certain subsidiaries and vendors of associates as at the respective date of acquisitions as follows:

- (i) The Company's further acquisition of another 45% of issued and fully paid-up share capital of MDS by 1 September 2024 for the consideration of one time the average of audited profit after tax for the first five years from 1 June 2019 to 31 May 2024, subject to a minimum of S\$160,000 multiplied by the vendors' respective shareholding percentage held in MDS; and 15% equity interest for a consideration of S\$4,000 for every 1% shareholding held by the vendors upon termination of employment due to illness, incapacitation or death after the employment period of five years.
- (ii) The Company's further acquisition of the remaining 30% of issued and fully paid-up share capital of JOES. On 20 January 2023, the Company entered into a revised sale and purchase agreement pertaining to JOES to amend the previous terms of exercising the forward purchase contract to an option to purchase granted to the Company to exercise at any time during the period from and including 1 December 2025 to 30 November 2026, at an amount of ten times the audited profit after tax for the 1 year period commencing from 1 December 2024 to 30 November 2025, multiplied by 0.30. Management is of the opinion that it is highly likely to exercise this option to purchase.
- (iii) The Company's further acquisition of the remaining 49% of issued and fully paid-up share capital of GMH by 1 November 2024 for the consideration of ten times the audited profit after tax for the financial year ending 31 May 2024, multiplied by 0.49.

E. Notes to the condensed interim consolidated financial statements (continued)

16. Derivative financial instruments (continued)

Forward purchase contracts and option to purchase (continued)

- (iv) The Company's further acquisition of the remaining 65% of issued and fully paid-up share capital of TOPL as disclosed in Note 14 above.

As at the end of the reporting period, the fair values of these derivative financial instruments have been determined based on the difference between spot price adjusted for the present value of dividends and the present value of the forward price and the fair value of the option to purchase have been determined based on a Binomial Option Pricing model. The significant judgement and assumptions to the valuations include estimated profit after tax for future years, risk-free rate and volatility rate.

Options to re-purchase

The option to re-purchase represents option granted to the non-controlling interest for the acquisition of LBPL. The Company has granted to the non-controlling interest an option to re-purchase up to 20% of the total issued shares in LBPL from the Company, at an exercise price of three times of LBPL's audited profit after tax for the recent financial year (at the time of exercise of the option), provided always that the vendor shall not be entitled to exercise the option prior to the end of 35 months from the date of commencement of the employment with the Group.

The fair value of the option to re-purchase is subsequently re-measured as at the end of the reporting period. As at the end of the reporting period, the fair value of derivative financial instrument has been determined using the Binomial Option Pricing model. The significant judgement and assumptions to the valuation include the volatility rate and risk-free rate.

17. Share capital

	Group and Company			
	30 November 2023	31 May 2023	30 November 2023	31 May 2023
	Number of ordinary shares		Amount	
	('000)		S\$'000	S\$'000
Issued and fully-paid:				
Balance at beginning of financial period/year (including treasury shares)	151,396	151,396	15,419	15,419
Issuance of ordinary shares	4,914	-	1,812	-
Balance at end of financial period/year (including treasury shares)	156,310	151,396	17,231	15,419

On 22 September 2023, the Company increased its issued and fully paid-up share capital by way of allotment and issuance of 4,914,277 new ordinary shares at an issue price of S\$0.3687 per ordinary share as part of the deferred consideration pursuant to the acquisition of the remaining 49.0% of the issued and fully paid-up capital in JLES.

There were 2,503,400 treasury shares (representing 1.63% of the Company's 153,806,507 ordinary shares (excluding treasury shares)) as at 30 November 2023 and 2,503,400 treasury shares (representing 1.68% of the Company's 148,892,230 ordinary shares (excluding treasury shares)) as at 30 November 2022.

E. Notes to the condensed interim consolidated financial statements (continued)

17. Share capital (continued)

There were no subsidiary holdings as at 30 November 2023 and as at 30 November 2022.

There were no outstanding convertibles as at 30 November 2023 and as at 30 November 2022.

17.1 Total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year

	As at 30 November 2023	As at 31 May 2023
Total number of issued shares	153,806,507	148,892,230

17.2 A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on

There were no sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

17.3 A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on

Not applicable. There were no subsidiary holdings during and as at the end of the current financial period reported on.

18. Capital reserve

Capital reserve relates to the realised gain or loss on subsequent re-issuance of treasury shares pursuant to the acquisition of subsidiaries and the differences between the consideration paid and the carrying amount of non-controlling interests acquired.

19. Other reserve

Other reserve represents the present value of the exercise price for the forward purchase contracts over non-controlling interests of subsidiaries.

20. Other financial liabilities

	Group	
	30 November 2023 (Unaudited) S\$'000	31 May 2023 (Audited) S\$'000
Present value at beginning of financial period/year	578	2,096
Unwinding interest expenses on other financial liabilities	23	196
Changes in estimated future cash flow on other financial liabilities	-	(1,657)
	23	(1,461)
Gain on modification of other financial liabilities	-	(57)
Present value at end of financial period/year	601	578
<u>Presented in statements of financial position</u>		
- Non-current	87	578
- Current	514	-
	601	578

E. Notes to the condensed interim consolidated financial statements (continued)

20. Other financial liabilities (continued)

Other financial liabilities pertain to the forward purchase contracts/option to purchase in connection with the Group's further acquisition of the remaining issued and fully paid-up share capital of certain subsidiaries as follows:

- (i) Remaining 49% of the issued and fully paid-up share capital of GMH; and
- (ii) Remaining 30% of the issued and fully paid-up share capital of JOES.

As at the end of the reporting period, the other financial liabilities are measured at the present value of the exercise price for the forward purchase contracts/option to purchase with a corresponding entry to "Other reserve" line item in the Group's equity.

The changes in estimated future cash flow and the unwinding interest expenses on other financial liabilities of approximately S\$Nil and S\$23,000 (31 May 2023: S\$1,657,000 and S\$196,000) respectively are included in "Other reserve" line item in the Group's equity.

The gain on modification of other financial liabilities amounting to S\$57,000 is in respect of the revision of sale and purchase agreement relating to JOES for the financial year ended 31 May 2023.

Key assumptions used in the estimation of the present value of the exercise price for the forward purchase contracts as at the reporting date are as follows:

	Group	
	30 November 2023 (Unaudited)	31 May 2023 (Audited)
Discount rate	9.4%	9.4%
<u>Exercise price for forward purchase contracts</u>	S\$'000	S\$'000
JOES on 31 May 2026	162	162
GMH on 1 November 2024	537	537

Discount rate – Management estimates discount rates that reflect current market assessments of the time value of money.

The carrying amounts of the other financial liabilities approximate its fair value.

21. Other payables

Other payables related to the deferred consideration for the acquisition of the remaining 49.0% equity interest in JLES and acquisition of 35.0% equity interest in TOPL. For the financial year ended 31 May 2023, there was a change in the repayment period for the deferred consideration to extend the payment terms and increase the purchase consideration pertaining to JLES and part of the amount due was deferred by one year, hence resulting in a loss on modification of deferred consideration which was included in the consolidated statement of comprehensive income.

E. Notes to the condensed interim consolidated financial statements (continued)

22. Bank borrowings

	Group and Company	
	30 November 2023 (Unaudited) S\$'000	31 May 2023 (Audited) S\$'000
<u>Amount repayable within one year or on demand</u>		
Unsecured	1,275	1,262
<u>Amount repayable after one year</u>		
Unsecured	647	1,288

The Group and the Company had drawn down a term loan amounting to S\$5 million on 6 May 2020. It is unsecured, repayable over 48 months commencing from June 2021 to May 2025 and the loan interest is charged at a fixed rate of 2% per annum. The term loan is subject to financial covenants imposed by the bank.

The fair value of the Group's and the Company's bank borrowings approximate their carrying amounts as they are at market lending rates for similar types of lending or borrowing at the end of the reporting period.

23. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

F. Other information required pursuant to Appendix 7C of the Catalyst Rules

1. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The condensed consolidated statement of financial position of HC Surgical Specialists Limited and its subsidiaries as at 30 November 2023 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

2. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Review for the performance of the Group for the six months ended 30 November 2023 ("HY2024") as compared to the six months ended 30 November 2022 ("HY2023").

HY2024 gross profit decreased by approximately 8.50% as compared to HY2023 mainly due to increase in cost of inventories, consumables and surgery expenses.

Other income decreased by approximately S\$0.12 million mainly due to non-existence of a gain on divestment of a financial asset at FVTPL that occurred in HY2023.

In HY2023, fair value gain on DFI of approximately S\$0.28 million arose mainly due to the re-measurement of fair value for put option of a subsidiary. There was no such re-measurement in HY2024.

In HY2024, the fair value gain on financial assets at FVTPL of approximately S\$0.83 million was due to the increase in share price of Medinex Limited ("**Medinex**") in which the Company holds a direct interest of 22.66% and a deemed interest of 9.39%; and was partially offset by (i) the decrease in share price of Singapore Paincare Holdings Limited ("**SPCH**") in which the Company holds a direct interest of 2.44%; and (ii) the decrease in share price of Aoxin in which the Company holds a direct interest of 0.34%. In HY2023, the fair value loss on financial assets at FVTPL of approximately S\$0.90 million arose primarily due to the decrease in share price of Medinex.

The increase in depreciation and amortisation expenses of approximately S\$57,000 was due to recognition of additional right-of-use ("**ROU**") assets for renewed tenancy agreements entered in the current financial period for clinic and office premises, as well as purchase of plant and equipment during HY2024.

Other expenses decreased by approximately S\$0.90 million mainly due to an allowance for impairment loss on goodwill of S\$0.50 million and a loss on modification of deferred consideration for JLES of S\$0.32 million incurred in HY2023.

Share of results of an associate, net of tax of approximately S\$50,000 arose from share of losses of TOPL for the current financial period.

Share of results of a joint venture, net of tax of approximately S\$33,000 arose from share of losses of HC Orthopaedics & Surgical Centre Pte. Ltd. (“**HCOS**”) for the current financial period.

Income tax expense decreased by approximately S\$87,000 due to lower taxable profit recorded in HY2024 as compared to HY2023.

As a result of the abovementioned, profit after income tax increased by approximately S\$1.35 million or 60.3% in HY2024 as compared to HY2023.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The comparative performance for both the assets and liabilities are based on the Group’s financial statements as at 30 November 2023 and 31 May 2023.

Plant and equipment decreased from approximately S\$1.60 million as at 31 May 2023 to S\$1.38 million as at 30 November 2023 due to depreciation, write off and disposal of plant and equipment which was partially offset by additions of plant and equipment for existing clinics.

ROU assets increased by approximately S\$0.21 million mainly due to additional ROU assets for existing clinic and office premises upon lease renewal; partially offset by depreciation of ROU assets.

Investment in associates decreased by approximately S\$50,000 due to share of losses of TOPL.

Investment in joint ventures decreased by approximately S\$33,000 due to share of losses of HCOS.

Non-current financial assets at FVTPL increased by approximately S\$0.79 million mainly due to fair value gain of S\$0.83 million which was partially offset by capital reduction of S\$48,000.

Non-current other receivables relates to the amount receivable from Dr. Julian Ong (“**Dr. Ong**”) as compensation for the damage that the Company suffered as a result of Dr. Ong’s Singapore Medical Council complaint.

Trade and other receivables increased by approximately S\$0.15 million due to an increase in trade receivables outstanding from patients and dividend receivable from Medinex.

Debt instruments at amortised cost of approximately S\$1.88 million as at 31 May 2023 related to bond that has matured in August 2023 and full repayment was made to the Company which explained zero carrying amount as at 30 November 2023.

Current financial assets at FVTPL decreased by approximately S\$1.36 million mainly due to the disposal of investment in Nuffield Dental Holdings Private Limited of S\$1.33 million and the disposal of investment in SPCH of S\$23,000.

Other reserve decreased by approximately S\$23,000 and other financial liabilities (both non-current and current) increased by approximately S\$23,000 due to the re-measurement of financial liabilities for the forward purchase contract of GMH.

Non-current other payables related to the outstanding purchase consideration for (i) the acquisition of the remaining 49.0% equity interest in JLES (“**JLES Acquisition**”); and (ii) the acquisition of 35.0% equity interest in TOPL (“**TOPL Acquisition**”). The decrease of approximately S\$2.51 million was due

to the reclassification of the purchase consideration for JLES Acquisition to current liabilities under trade and other payables.

Trade and other payables decreased by approximately S\$2.97 million mainly due to payments of S\$0.43 million for TOPL Acquisition in June 2023 and payments of S\$4.21 million for JLES Acquisition in September 2023; partially offset by the reclassification of the purchase consideration for JLES Acquisition of approximately S\$2.51 million from non-current other payables.

Current and non-current lease liabilities increased by approximately S\$0.26 million due to renewal of leases entered for existing clinic and office premises; partially offset by repayments made in HY2024.

Current and non-current bank borrowings decreased by approximately S\$0.63 million due to repayments made in HY2024.

CONSOLIDATED STATEMENT OF CASH FLOWS

Review for the performance of the Group for HY2024 as compared to HY2023

The Group recorded net cash from operating activities of approximately S\$2.33 million in HY2024 as compared to net cash from operating activities of approximately S\$3.46 million in HY2023, due mainly to lower operating receipts.

Net cash from investing activities in HY2024 of approximately S\$0.97 million was primarily due to (i) the dividends and interest received of approximately S\$0.42 million; (ii) proceeds from capital reduction in financial assets at FVTPL of approximately S\$48,000; (iii) proceeds from disposal of investment in financial assets at FVTPL of approximately S\$1.36 million; and (iv) proceeds from maturity of debt instruments at amortised cost of approximately S\$2.00 million; which was partially offset by payment of deferred consideration for TOPL and JLES of approximately S\$2.83 million, and the purchase of plant and equipment for existing clinics of approximately S\$31,000.

Net cash used in financing activities in HY2024 of approximately S\$3.00 million was mainly related to (i) payment of FY2023 final dividend of approximately S\$1.54 million to shareholders; (ii) dividends paid to non-controlling interests of approximately S\$0.13 million; (iii) repayment of bank borrowings of approximately S\$0.63 million; and (iv) repayments of obligations (including the interest portion) under leases of approximately S\$0.68 million.

As a result, the Group recorded a net increase in cash and cash equivalents of approximately S\$0.31 million in HY2024, resulting in cash and cash equivalents of approximately S\$6.50 million as at 30 November 2023.

3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable as no forecast or a prospect statement was previously disclosed.

4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next 12 months

An associate and a joint venture of the Group obtained their medical licences from the Ministry of Health (MOH) for their two orthopaedic centres, Total Orthopaedics Pte. Ltd. and HC Orthopaedics & Surgical Centre Pte. Ltd. in October and November 2023 respectively. The Group believes that

these orthopaedic centres, which are located in Novena Medical Centre and Tampines heartland area, will grow steadily due to their synergy with the Group's network of endoscopy centres. The Group will continue to expand its network of specialists and centres, and look out for potential acquisitions to attain its long-term growth targets.

Singapore has seen a rise in COVID-19 infections in early December 2023 and the MOH had issued an advisory to all citizens and travellers as additional measures to protect healthcare capacity. In the next twelve months, it is believed that COVID-19 infections will continue to affect the country, with new variants emerging periodically. The Group will stay vigilant and focus on driving revenue and improving operating efficiencies in a bid to contain costs.

5. Dividend

If a decision regarding dividend has been made: -

- (a) Whether an interim (final) dividend has been declared (recommended); and

Yes.

Name of Dividend	Interim
Dividend Type	Ordinary
Dividend Amount per Share (in S\$ cents)	0.70 cents per ordinary share (one tier tax exempt)
Tax Rate	Tax Exempt

- (b) (i) Amount per share

Please refer to paragraph 5(a).

- (ii) Previous corresponding period

Name of Dividend	Interim
Dividend Type	Ordinary
Dividend Amount per Share (in S\$ cents)	1.00 cents per ordinary share (one tier tax exempt)
Tax Rate	Tax Exempt

- (c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated.)

Please refer to paragraph 5(a).

- (d) The date the dividend is payable.

The dividend will be paid on 13 March 2024.

- (e) The date on which Registrable Transfers received by the Company (up to 5.00 p.m.) will be registered before entitlements to the dividend are determined.

Notice is hereby given that the Share Transfer Books and Register of Members of the Company will be closed at 5.00 p.m. on 1 March 2024 for the purpose of determining

shareholders' entitlements to the interim dividends.

Duly completed registrable transfers received by the Company's Share Registrar, Tricor Singapore Pte. Ltd., at 9 Raffles Place, #26-01 Republic Plaza, Singapore 048619, up to the close of business at 5.00 p.m. on 1 March 2024, will be registered to determine shareholders' entitlements to the interim dividend.

Shareholders (being depositors) whose securities accounts with the Central Depository (Pte) Limited are credited with shares as at 5.00 p.m. on 1 March 2024 will be entitled to the interim dividend.

6. Interested person transactions

The Group does not have a general mandate from shareholders for interested person transactions ("IPT").

Name of Interested Person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) (S\$'000)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) (S\$'000)
CH Investment Holdings Pte. Ltd. ⁽¹⁾	Associate of Dr. Heah Sieu Min, the Executive Director of the Company	482	-
G 7 Investment Holdings Pte. Ltd. ⁽²⁾	Associate of Dr. Chia Kok Hoong, the Executive Director of the Company	191	-

Notes:-

- (1) Rental of a portion of the entire clinic space at Blk 190 Lorong 6 Toa Payoh #01-572 Singapore 310190 from CH Investment Holdings Pte. Ltd., which is 100% owned by Dr. Heah Sieu Min, the Executive Director and Chief Executive Officer of the Company. Please refer to announcement made on 6 September 2023.
- (2) Rental of a portion of the entire clinic space at Blk 801 Tampines Avenue 4 #01-273 (2nd Floor) Singapore 520801 from G 7 Investment Holdings Pte. Ltd., which is 100% owned by Dr. Chia Kok Hoong, the Executive Director and Medical Director of the Company.

7. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)

The Company confirms that it has procured undertakings from all of its directors and executive officers in the required format.

8. Negative Confirmation by the Board Pursuant to Rule 705(5) of the Catalist Rules

The Board of Directors of the Company confirms that, to the best of their knowledge, nothing has come to their attention which may render the unaudited interim financial statements for HY2024 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Dr. Heah Sieu Min

Executive Director and Chief Executive Officer

Dr. Chia Kok Hoong

Executive Director and Medical Director

Singapore

11 January 2024

About HC Surgical Specialists Limited

HC Surgical Specialists Limited (the "Company") was incorporated on 1 September 2015 in Singapore and listed on 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 17 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.