HC SURGICAL SPECIALISTS LIMITED
(the "**Company**")
(Company Registration No.: 201533429G)
(Incorporated in the Republic of Singapore)

APPENDIX A

SUBSTANTIVE QUESTIONS RAISED AND ANSWERED AT THE COMPANY'S ANNUAL GENERAL MEETING HELD ON 25 SEPTEMBER 2025 (the "AGM")

The following questions were raised by Members and answered by the CEO of the Company at the AGM.

Q1 a. What was Dr. Julian Ong's revenue contribution to the Group for the first half of the year, as well as the projected revenue contribution from his clinic for the second half, since his return in December 2024?

b. Considering the Company's debt-free status and growing cash inflows, what are its future dividend policies? Additionally, what is Management's targeted dividend payout ratio based on operating net profit?

c. With nurse turnover reportedly exceeding 30%, are nursing labour costs on an upward trend? Would this impact net profit margins, and are there any measures in place to mitigate this?

d. What are the Company's strategic plans for future growth?

A1 Dr. Julian Ong's revenue contribution was reported to be on the rise; however, it remains below his pre-suspension levels due to the ongoing reputational impact. The past four months have shown improved performance compared to the preceding months, following his return in December 2024.

Despite his absence during the suspension period, the Group pivoted strategically and continued to deliver strong results without his contribution.

Over the past five years, profits have remained consistent and steadily growing. While Management is confident that Dr. Julian Ong will continue to contribute and ultimately enhance the Group's profitability, the timing of this remains uncertain. Despite his temporary suspension, the overall profitability of the Group was sustained even with no direct revenue contribution from him.

The dividend policy set by the Company at the time of its IPO was a 70% payout ratio for the first three years. After this period, management shifted its focus to prioritise cash retention for acquisitions, aiming to achieve stronger long-term investment returns for shareholders, while still maintaining strong cash flow and a debt-free balance sheet.

Going forward, dividends payouts will be determined based on operational needs and acquisition funding requirements, with borrowings considered only if necessary.

Nurse turnover has been high, primarily due to candidates who performed well during interviews but underperformed in practice, which will pose potential risks to patient safety. In general, nurses need to undergo a three-month training and evaluation period, and those who do not meet the required standards are asked to leave to minimise long-term costs and risks. In addition, some of our nurses are doing more than nursing job, which includes medical licencing for our centres. Hence, they are paid more.

Although the centres operate differently from public hospitals, they meet the Ministry of Health ("MOH") standards. Incoming nurses are still required to be retrained to adapt to the Group's unique clinic operating model. The current staffing levels are stable, with ongoing recruitment and training to ensure continuity.

The Group's growth strategy involves initially acquiring majority stakes and progressively increasing ownership to 100%, allowing a greater share of profits to accrue as the practices expand. In addition to domestic growth, the Company is also actively exploring acquisitions in other specialties and overseas markets. The Group had recently explored a potential venture in Vietnam but did not proceed further after conducting due diligence. While overseas expansion remains a long-term goal, Management remains cautious and prudent for its overseas investments.

Q2 Could Management share some thoughts on the Company's ten-year journey, including initial concept, objectives, pre-IPO plans, post-IPO development, achievements and medium- and long-term objectives?

A2 The Company's strategic journey began with informal collaboration among its founding doctors, culminating in the opening of its first scope centre in Tampines. Building on early success, additional centres were established, and a public listing was pursued to support further expansion. From the outset, the Company's vision has been to provide affordable and accessible healthcare, particularly endoscopy services closer to patients' doorstep, bridging the gap between public and private hospitals.

The business model proved to be profitable even in HDB settings, with centres attracting patients through strategic and competitive pricing, General Practitioner ("GP") referrals, and procedural efficiency. Initial concerns around sedation and discharge safety were addressed through successful MOH accreditation, making the centre the first of its kind licensed for endoscopy with sedation in a GP clinic setting.

Today, the Group operates 11 endoscopy centres offering a range of medical services. Doctors are assigned to specific centres and are jointly responsible for costs and profit-sharing, fostering ownership and accountability. Patient loyalty often follows the doctor across locations. Procedures are streamlined, typically completed within a short duration and priced competitively compared to hospitals.

While network expansion and recruiting more doctors or acquiring more clinics remain key growth levers, the Company deliberately avoids excessive internal competition. Currently, our doctors work collaboratively across specialties - General Surgery, Orthopaedics, GPs, and Home Care, ensuring a harmonious and efficient operating environment.

Looking ahead, the Company plans to enhance its business synergy by recruiting more specialists and exploring selective overseas expansion. The focus would be on establishing day service centres for orthopaedics and other procedures, explicitly excluding hospital development due to its capital intensity and risks.

The focus of day surgery models will be on same-day discharge for procedures such as endoscopy and minor operation. However, stand-alone day surgery centres may lack the network-driven referral advantages of the Group's existing distributed model. As such, any expansion strategy will need to be carefully considered to sustain long-term growth and profitability.