



# **HC Surgical Specialists Limited**

**Condensed interim financial statements  
For the six months and full year ended 31 May 2024**

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

|  | Note | Group                                 |                                       |               |                                       |                                     |              |
|--|------|---------------------------------------|---------------------------------------|---------------|---------------------------------------|-------------------------------------|--------------|
|  |      | 6 months ended                        |                                       |               | 12 months ended                       |                                     |              |
|  |      | 31 May 2024<br>(Unaudited)<br>S\$'000 | 31 May 2023<br>(Unaudited)<br>S\$'000 | Change<br>%   | 31 May 2024<br>(Unaudited)<br>S\$'000 | 31 May 2023<br>(Audited)<br>S\$'000 | Change<br>%  |
| Revenue  | 4.2  | 9,191                                 | 8,959                                 | 2.6%          | 18,810                                | 19,077                              | -1.4%        |
| <b>Other items of income</b>   |      |                                       |                                       |               |                                       |                                     |              |
| Other income   |      | 514                                   | 612                                   | -16.0%        | 1,223                                 | 1,476                               | -17.1%       |
| Fair value gain on financial assets at FVTPL   |      | -                                     | -                                     | N.M.          | 174                                   | -                                   | N.M.         |
| <b>Items of expense</b>  |      |                                       |                                       |               |                                       |                                     |              |
| Changes in inventories   |      | (36)                                  | 92                                    | -139.1%       | (78)                                  | 69                                  | -213.0%      |
| Inventories, consumables and surgery expenses  |      | (1,187)                               | (1,334)                               | -11.0%        | (2,770)                               | (2,697)                             | 2.7%         |
| Employee benefits expense  |      | (3,581)                               | (3,365)                               | 6.4%          | (6,951)                               | (6,646)                             | 4.6%         |
| Depreciation and amortisation  |      | (905)                                 | (915)                                 | -1.1%         | (1,791)                               | (1,744)                             | 2.7%         |
| Lease expenses   |      | (11)                                  | (12)                                  | -8.3%         | (22)                                  | (21)                                | 4.8%         |
| Fair value loss on derivative financial instruments  |      | (618)                                 | (333)                                 | 85.6%         | (618)                                 | (50)                                | 1136.0%      |
| Fair value loss on financial assets at FVTPL   |      | (651)                                 | (840)                                 | -22.5%        | -                                     | (1,742)                             | N.M.         |
| Other expenses   |      | (1,517)                               | (1,287)                               | 17.9%         | (2,328)                               | (3,033)                             | -23.2%       |
| Finance costs  |      | (215)                                 | (348)                                 | -38.2%        | (500)                                 | (636)                               | -21.4%       |
| Share of results of an associate, net of tax   |      | (38)                                  | -                                     | N.M.          | (88)                                  | -                                   | N.M.         |
| Share of results of a joint venture, net of tax  |      | 33                                    | -                                     | N.M.          | -                                     | -                                   | N.M.         |
| Profit before income tax   | 6.1  | 979                                   | 1,229                                 | -20.3%        | 5,061                                 | 4,053                               | 24.9%        |
| Income tax expense   | 7    | (615)                                 | (474)                                 | 29.7%         | (1,122)                               | (1,068)                             | 5.1%         |
| <b>Profit for the financial period/year, representing total comprehensive income for the financial period/year</b> |      | <b>364</b>                            | <b>755</b>                            | <b>-51.8%</b> | <b>3,939</b>                          | <b>2,985</b>                        | <b>32.0%</b> |
| <b>Profit and total comprehensive income attributable to:</b>  |      |                                       |                                       |               |                                       |                                     |              |
| Owners of the parent   |      | 394                                   | 868                                   | -54.6%        | 3,846                                 | 2,919                               | 31.8%        |
| Non-controlling interests  |      | (30)                                  | (113)                                 | 73.5%         | 93                                    | 66                                  | 40.9%        |
|  |      | <b>364</b>                            | <b>755</b>                            | <b>-51.8%</b> | <b>3,939</b>                          | <b>2,985</b>                        | <b>32.0%</b> |
| <b>Earnings per share (in cents)</b>   |      |                                       |                                       |               |                                       |                                     |              |
| - Basic and diluted  | 9    | 0.26                                  | 0.58                                  | -55.2%        | 2.53                                  | 1.96                                | 29.1%        |

N.M. – Not meaningful

## B. Condensed interim statements of financial position

|  | Note | Group         |               | Company       |               |
|--|------|---------------|---------------|---------------|---------------|
|  |      | 31 May 2024   | 31 May 2023   | 31 May 2024   | 31 May 2023   |
|  |      | (Unaudited)   | (Audited)     | (Unaudited)   | (Audited)     |
|  |      | S\$'000       | S\$'000       | S\$'000       | S\$'000       |
| <b>ASSETS</b>                                      |      |               |               |               |               |
| <b>Non-current assets</b>                          |      |               |               |               |               |
| Plant and equipment                                | 11   | 1,022         | 1,598         | 9             | 13            |
| Intangible assets                                  | 12   | 3,358         | 3,358         | -             | -             |
| Right-of-use assets                                |      | 2,954         | 2,898         | 167           | 39            |
| Investments in subsidiaries                        | 13   | -             | -             | 13,464        | 13,464        |
| Investment in associates                           | 14   | 2,785         | 3,116         | 2,785         | 3,116         |
| Investment in joint venture                        |      | 182           | 182           | 182           | 182           |
| Financial assets at FVTPL                          | 15   | 6,077         | 5,850         | 6,077         | 5,850         |
| Deferred tax assets                                |      | 17            | 43            | -             | -             |
| Derivative financial instruments                   | 16   | 491           | 1,397         | 492           | 1,901         |
| Other receivables                                  |      | 80            | 119           | 80            | 155           |
|  |      | <u>16,966</u> | <u>18,561</u> | <u>23,256</u> | <u>24,720</u> |
| <b>Current assets</b>                              |      |               |               |               |               |
| Inventories  |      | 367           | 445           | -             | -             |
| Trade and other receivables                        |      | 1,882         | 1,749         | 2,576         | 2,466         |
| Prepayments  |      | 228           | 246           | 75            | 95            |
| Debt instruments at amortised cost                 |      | -             | 1,882         | -             | 1,882         |
| Derivative financial instruments                   | 16   | 338           | -             | 770           | -             |
| Financial assets at FVTPL                          | 15   | 701           | 2,193         | 701           | 2,193         |
| Cash and bank balances                             |      | 7,362         | 6,187         | 4,083         | 3,205         |
|  |      | <u>10,878</u> | <u>12,702</u> | <u>8,205</u>  | <u>9,841</u>  |
| <b>Total assets</b>                                |      | <u>27,844</u> | <u>31,263</u> | <u>31,461</u> | <u>34,561</u> |
| <b>EQUITY AND LIABILITIES</b>                      |      |               |               |               |               |
| <b>Equity</b>                                      |      |               |               |               |               |
| 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   | (1,629)       | (1,172)       | -             | -             |
| Retained earnings                                  |      | 14,551        | 13,320        | 8,750         | 7,310         |
| <b>Equity attributable to owners of the parent</b> |      | <u>14,690</u> | <u>12,104</u> | <u>24,821</u> | <u>21,569</u> |
| Non-controlling interests                          |      | (216)         | (21)          | -             | -             |
| <b>Total equity</b>                                |      | <u>14,474</u> | <u>12,083</u> | <u>24,821</u> | <u>21,569</u> |
| <b>Non-current liabilities</b>                     |      |               |               |               |               |
| Deferred tax liabilities                           |      | 200           | 88            | -             | -             |
| Derivative financial instruments                   | 16   | 606           | 556           | 606           | 556           |
| Other financial liabilities                        | 20   | -             | 578           | -             | -             |
| Other payables                                     | 21   | -             | 3,204         | -             | 3,204         |
| Bank borrowing                                     | 22   | -             | 1,288         | -             | 1,288         |
| Provisions   |      | 160           | 144           | 8             | 21            |
| Lease liabilities                                  |      | 1,863         | 1,897         | 106           | 36            |
|  |      | <u>2,829</u>  | <u>7,755</u>  | <u>720</u>    | <u>5,105</u>  |
| <b>Current liabilities</b>                         |      |               |               |               |               |
| Trade and other payables                           | 21   | 6,063         | 8,096         | 4,282         | 6,201         |
| Bank borrowing                                     | 22   | 1,288         | 1,262         | 1,288         | 1,262         |
| Other financial liabilities                        | 20   | 1,035         | -             | -             | -             |
| Provisions   |      | -             | 13            | -             | -             |
| Lease liabilities                                  |      | 1,185         | 1,049         | 98            | 181           |
| Current income tax payable                         |      | 970           | 1,005         | 252           | 243           |
|  |      | <u>10,541</u> | <u>11,425</u> | <u>5,920</u>  | <u>7,887</u>  |
| <b>Total liabilities</b>                           |      | <u>13,370</u> | <u>19,180</u> | <u>6,640</u>  | <u>12,992</u> |
| <b>Total equity and liabilities</b>                |      | <u>27,844</u> | <u>31,263</u> | <u>31,461</u> | <u>34,561</u> |



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

| Group<br>(Audited)                                       | Note | Share              | Treasury          | Merger             | Capital            | Other              | Retained            | Equity                                 | Non-                                | Total             |
|--|------|--------------------|-------------------|--------------------|--------------------|--------------------|---------------------|--|-------------------------------------|-------------------|
|  |      | capital<br>S\$'000 | shares<br>S\$'000 | reserve<br>S\$'000 | reserve<br>S\$'000 | reserve<br>S\$'000 | earnings<br>S\$'000 | to owners of<br>the Company<br>S\$'000 | controlling<br>interests<br>S\$'000 | equity<br>S\$'000 |
| Balance at 1 June 2022                                   |      | 15,419             | (996)             | (815)              | (13,652)           | (2,633)            | 13,677              | 11,000                                 | 221                                 | 11,221            |
| <b>Profit for the financial year</b>                     |      | -                  | -                 | -                  | -                  | -                  | 2,919               | 2,919                                  | 66                                  | 2,985             |
| <b>Total comprehensive income for the financial year</b> |      | -                  | -                 | -                  | -                  | -                  | 2,919               | 2,919                                  | 66                                  | 2,985             |
| <b>Distributions to owners</b>                           |      |                    |                   |                    |                    |                    |                     |  |                                     |                   |
| Dividends  | 8    | -                  | -                 | -                  | -                  | -                  | (3,276)             | (3,276)                                | -                                   | (3,276)           |
| <b>Total transactions with owners</b>                    |      | -                  | -                 | -                  | -                  | -                  | (3,276)             | (3,276)                                | -                                   | (3,276)           |
| <b>Transactions with non-controlling interests</b>       |      |                    |                   |                    |                    |                    |                     |  |                                     |                   |
| Dividends paid to non-controlling interests              |      | -                  | -                 | -                  | -                  | -                  | -                   | -                                      | (308)                               | (308)             |
| <b>Total transactions with non-controlling interests</b> |      | -                  | -                 | -                  | -                  | -                  | -                   | -                                      | (308)                               | (308)             |
| <b>Others</b>  |      |                    |                   |                    |                    |                    |                     |  |                                     |                   |
| Present value of forward purchase contract               |      | -                  | -                 | -                  | -                  | 1,461              | -                   | 1,461                                  | -                                   | 1,461             |
| <b>Total others</b>                                      |      | -                  | -                 | -                  | -                  | 1,461              | -                   | 1,461                                  | -                                   | 1,461             |
| Balance at 31 May 2023                                   |      | 15,419             | (996)             | (815)              | (13,652)           | (1,172)            | 13,320              | 12,104                                 | (21)                                | 12,083            |

  

| Group<br>(Unaudited)                                       | Note | Share              | Treasury          | Merger             | Capital            | Other              | Retained            | Equity                                 | Non-                                | Total             |
|--|------|--------------------|-------------------|--------------------|--------------------|--------------------|---------------------|--|-------------------------------------|-------------------|
|  |      | capital<br>S\$'000 | shares<br>S\$'000 | reserve<br>S\$'000 | reserve<br>S\$'000 | reserve<br>S\$'000 | earnings<br>S\$'000 | to owners of<br>the Company<br>S\$'000 | controlling<br>interests<br>S\$'000 | equity<br>S\$'000 |
| Balance at 1 December 2022                                 |      | 15,419             | (996)             | (815)              | (13,652)           | (2,179)            | 13,941              | 11,718                                 | 345                                 | 12,063            |
| <b>Profit for the financial period</b>                     |      | -                  | -                 | -                  | -                  | -                  | 868                 | 868                                    | (113)                               | 755               |
| <b>Total comprehensive income for the financial period</b> |      | -                  | -                 | -                  | -                  | -                  | 868                 | 868                                    | (113)                               | 755               |
| <b>Distributions to owners</b>                             |      |                    |                   |                    |                    |                    |                     |  |                                     |                   |
| Dividends  | 8    | -                  | -                 | -                  | -                  | -                  | (1,489)             | (1,489)                                | -                                   | (1,489)           |
| <b>Total transactions with owners</b>                      |      | -                  | -                 | -                  | -                  | -                  | (1,489)             | (1,489)                                | -                                   | (1,489)           |
| <b>Transactions with non-controlling interests</b>         |      |                    |                   |                    |                    |                    |                     |  |                                     |                   |
| Dividends paid to non-controlling interests                |      | -                  | -                 | -                  | -                  | -                  | -                   | -                                      | (253)                               | (253)             |
| <b>Total transactions with non-controlling interests</b>   |      | -                  | -                 | -                  | -                  | -                  | -                   | -                                      | (253)                               | (253)             |
| <b>Others</b>  |      |                    |                   |                    |                    |                    |                     |  |                                     |                   |
| Present value of forward purchase contract                 |      | -                  | -                 | -                  | -                  | 1,007              | -                   | 1,007                                  | -                                   | 1,007             |
| <b>Total others</b>  |      | -                  | -                 | -                  | -                  | 1,007              | -                   | 1,007                                  | -                                   | 1,007             |
| Balance at 31 May 2023                                     |      | 15,419             | (996)             | (815)              | (13,652)           | (1,172)            | 13,320              | 12,104                                 | (21)                                | 12,083            |

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

| Company<br>(Unaudited)                                   |      | Share<br>capital<br>S\$'000 | Treasury<br>shares<br>S\$'000 | Capital<br>reserve<br>S\$'000 | Retained<br>earnings<br>S\$'000 | Total<br>equity<br>S\$'000 |
|--|------|-----------------------------|-------------------------------|-------------------------------|---------------------------------|----------------------------|
|  | Note |                             |                               |                               |                                 |                            |
| Balance at 1 June 2023                                   |      | 15,419                      | (996)                         | (164)                         | 7,310                           | 21,569                     |
| <b>Profit for the financial year</b>                     |      | -                           | -                             | -                             | 4,055                           | 4,055                      |
| <b>Total comprehensive income for the financial year</b> |      | -                           | -                             | -                             | 4,055                           | 4,055                      |
| <b>Distributions to owners</b>                           |      |                             |                               |                               |                                 |                            |
| Dividends  | 8    | -                           | -                             | -                             | (2,615)                         | (2,615)                    |
| <b>Total transactions with owners</b>                    |      | -                           | -                             | -                             | (2,615)                         | (2,615)                    |
| <b>Others</b>  |      |                             |                               |                               |                                 |                            |
| Issue of shares pursuant to deferred consideration       |      | 1,812                       | -                             | -                             | -                               | 1,812                      |
| <b>Total others</b>                                      |      | 1,812                       | -                             | -                             | -                               | 1,812                      |
| Balance at 31 May 2024                                   |      | 17,231                      | (996)                         | (164)                         | 8,750                           | 24,821                     |

| Company<br>(Unaudited)                                     |      | Share<br>capital<br>S\$'000 | Treasury<br>shares<br>S\$'000 | Capital<br>reserve<br>S\$'000 | Retained<br>earnings<br>S\$'000 | Total<br>equity<br>S\$'000 |
|--|------|-----------------------------|-------------------------------|-------------------------------|---------------------------------|----------------------------|
|  | Note |                             |                               |                               |                                 |                            |
| Balance at 1 December 2023                                 |      | 17,231                      | (996)                         | (164)                         | 9,713                           | 25,784                     |
| <b>Profit for the financial period</b>                     |      | -                           | -                             | -                             | 114                             | 114                        |
| <b>Total comprehensive income for the financial period</b> |      | -                           | -                             | -                             | 114                             | 114                        |
| <b>Distributions to owners</b>                             |      |                             |                               |                               |                                 |                            |
| Dividends  | 8    | -                           | -                             | -                             | (1,077)                         | (1,077)                    |
| <b>Total transactions with owners</b>                      |      | -                           | -                             | -                             | (1,077)                         | (1,077)                    |
| Balance at 31 May 2024                                     |      | 17,231                      | (996)                         | (164)                         | 8,750                           | 24,821                     |

| Company<br>(Audited)                                     |      | Share<br>capital<br>S\$'000 | Treasury<br>shares<br>S\$'000 | Capital<br>reserve<br>S\$'000 | Retained<br>earnings<br>S\$'000 | Total<br>equity<br>S\$'000 |
|--|------|-----------------------------|-------------------------------|-------------------------------|---------------------------------|----------------------------|
|  | Note |                             |                               |                               |                                 |                            |
| Balance at 1 June 2022                                   |      | 15,419                      | (996)                         | (164)                         | 6,383                           | 20,642                     |
| <b>Profit for the financial year</b>                     |      | -                           | -                             | -                             | 4,203                           | 4,203                      |
| <b>Total comprehensive income for the financial year</b> |      | -                           | -                             | -                             | 4,203                           | 4,203                      |
| <b>Distributions to owners</b>                           |      |                             |                               |                               |                                 |                            |
| Dividends  | 8    | -                           | -                             | -                             | (3,276)                         | (3,276)                    |
| <b>Total transactions with owners</b>                    |      | -                           | -                             | -                             | (3,276)                         | (3,276)                    |
| Balance at 31 May 2023                                   |      | 15,419                      | (996)                         | (164)                         | 7,310                           | 21,569                     |

| Company<br>(Unaudited)                                     |      | Share<br>capital<br>S\$'000 | Treasury<br>shares<br>S\$'000 | Capital<br>reserve<br>S\$'000 | Retained<br>earnings<br>S\$'000 | Total<br>equity<br>S\$'000 |
|--|------|-----------------------------|-------------------------------|-------------------------------|---------------------------------|----------------------------|
|  | Note |                             |                               |                               |                                 |                            |
| Balance at 1 December 2022                                 |      | 15,419                      | (996)                         | (164)                         | 7,554                           | 21,813                     |
| <b>Profit for the financial period</b>                     |      | -                           | -                             | -                             | 1,245                           | 1,245                      |
| <b>Total comprehensive income for the financial period</b> |      | -                           | -                             | -                             | 1,245                           | 1,245                      |
| <b>Distributions to owners</b>                             |      |                             |                               |                               |                                 |                            |
| Dividends  | 8    | -                           | -                             | -                             | (1,489)                         | (1,489)                    |
| <b>Total transactions with owners</b>                      |      | -                           | -                             | -                             | (1,489)                         | (1,489)                    |
| Balance at 31 May 2023                                     |      | 15,419                      | (996)                         | (164)                         | 7,310                           | 21,569                     |

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

|  | 6 months ended                        |                                       | 12 months ended                       |                                     |
|--|---------------------------------------|---------------------------------------|---------------------------------------|-------------------------------------|
|  | 31 May 2024<br>(Unaudited)<br>S\$'000 | 31 May 2023<br>(Unaudited)<br>S\$'000 | 31 May 2024<br>(Unaudited)<br>S\$'000 | 31 May 2023<br>(Audited)<br>S\$'000 |
| <b>Operating activities</b>  |                                       |                                       |                                       |                                     |
| Profit before income tax   | 979                                   | 1,229                                 | 5,061                                 | 4,053                               |
| Adjustments for:   |                                       |                                       |                                       |                                     |
| Allowance for impairment loss on goodwill                                    | -                                     | 182                                   | -                                     | 677                                 |
| Allowance for impairment loss on investment in an associate                  | 243                                   | -                                     | 243                                   | -                                   |
| Allowance for impairment loss on plant and equipment                         | 148                                   | 135                                   | 148                                   | 135                                 |
| Allowance/(reversal of allowance) for impairment loss on right-of-use assets | 8                                     | (12)                                  | 8                                     | (12)                                |
| Amortisation of intangible assets  | -                                     | 1                                     | -                                     | 2                                   |
| Third parties trade receivables written off                                  | 1                                     | 1                                     | 5                                     | 2                                   |
| Depreciation of plant and equipment  | 246                                   | 239                                   | 496                                   | 440                                 |
| Depreciation of right-of-use assets  | 659                                   | 675                                   | 1,295                                 | 1,302                               |
| Dividend income from a joint venture   | (87)                                  | (37)                                  | (87)                                  | (37)                                |
| Dividend income from financial assets at FVTPL                               | -                                     | (52)                                  | (578)                                 | (642)                               |
| Fair value loss on derivative financial instruments                          | 618                                   | 333                                   | 618                                   | 50                                  |
| Fair value (gain)/loss on financial assets at FVTPL                          | 651                                   | 840                                   | (174)                                 | 1,742                               |
| Gain on disposal of investment in financial assets at FVTPL                  | -                                     | (17)                                  | (8)                                   | (17)                                |
| Gain on divestment in a financial asset at FVTPL                             | -                                     | -                                     | -                                     | (124)                               |
| (Gain)/loss on disposal of plant and equipment                               | -                                     | -                                     | (1)                                   | 15                                  |
| Gain on lease modification   | (27)                                  | -                                     | -                                     | -                                   |
| Gain on redemption of debt instruments at amortised cost                     | -                                     | -                                     | (117)                                 | -                                   |
| Loss on modification of deferred consideration                               | -                                     | -                                     | -                                     | 319                                 |
| Gain on modification of other financial liabilities                          | -                                     | (57)                                  | -                                     | (57)                                |
| Interest expense   | 215                                   | 348                                   | 500                                   | 636                                 |
| Interest income  | (37)                                  | (74)                                  | (106)                                 | (143)                               |
| Inventories written off  | 4                                     | -                                     | 4                                     | 2                                   |
| Plant and equipment written off  | 1                                     | 3                                     | 3                                     | 8                                   |
| Loss allowance for receivables from an associate                             | 7                                     | -                                     | 7                                     | -                                   |
| Loss allowance for receivables from a joint venture                          | 237                                   | -                                     | 237                                   | -                                   |
| Reversal of loss allowance made for third parties trade receivables          | -                                     | (1)                                   | -                                     | (1)                                 |
| Reversal of provision for reinstatement cost not utilised                    | -                                     | (17)                                  | (13)                                  | (17)                                |
| Rent concession  | -                                     | (4)                                   | -                                     | (4)                                 |
| Share of results of an associate, net of tax                                 | 38                                    | -                                     | 88                                    | -                                   |
| Share of results of a joint venture, net of tax                              | (33)                                  | -                                     | -                                     | -                                   |
| Operating cash flows before working capital changes                          | 3,871                                 | 3,715                                 | 7,629                                 | 8,329                               |
| Working capital changes:   |                                       |                                       |                                       |                                     |
| Inventories  | 32                                    | (92)                                  | 74                                    | (71)                                |
| Trade and other receivables  | (451)                                 | (193)                                 | (364)                                 | (313)                               |
| Prepayments  | 13                                    | 142                                   | 18                                    | 9                                   |
| Trade and other payables   | 1,013                                 | 691                                   | (34)                                  | 283                                 |
| Cash generated from operations   | 4,478                                 | 4,263                                 | 7,323                                 | 8,237                               |
| Income tax paid  | (509)                                 | (507)                                 | (1,020)                               | (1,017)                             |
| Net cash from operating activities   | 3,969                                 | 3,756                                 | 6,303                                 | 7,220                               |



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

|   | 6 months ended                        |                                       | 12 months ended                       |                                     |
|---|---------------------------------------|---------------------------------------|---------------------------------------|-------------------------------------|
|   | 31 May 2024<br>(Unaudited)<br>S\$'000 | 31 May 2023<br>(Unaudited)<br>S\$'000 | 31 May 2024<br>(Unaudited)<br>S\$'000 | 31 May 2023<br>(Audited)<br>S\$'000 |
| <b>Investing activities</b>                                       |                                       |                                       |                                       |                                     |
| Acquisition of equity interest in an associate                    | -                                     | (428)                                 | -                                     | (428)                               |
| Dividend received from a joint venture                            | 87                                    | 37                                    | 87                                    | 37                                  |
| Dividend received from financial assets at FVTPL                  | 253                                   | 247                                   | 578                                   | 642                                 |
| Interest received   | 32                                    | 74                                    | 127                                   | 142                                 |
| Payment of deferred consideration                                 | (900)                                 | -                                     | (3,726)                               | (1,812)                             |
| Proceeds from capital reduction in financial assets at FVTPL      | 40                                    | 55                                    | 88                                    | 83                                  |
| Proceeds from disposal of plant and equipment                     | -                                     | -                                     | 1                                     | 7                                   |
| Proceeds from disposal of investment in financial assets at FVTPL | -                                     | 316                                   | 1,360                                 | 317                                 |
| Proceeds from maturity of debt instruments at amortised cost      | -                                     | -                                     | 2,000                                 | -                                   |
| Purchase of plant and equipment                                   | (41)                                  | (188)                                 | (72)                                  | (707)                               |
| Net cash from/(used in) investing activities                      | (529)                                 | 113                                   | 443                                   | (1,719)                             |
| <b>Financing activities</b>                                       |                                       |                                       |                                       |                                     |
| Dividends paid to owners of the parent                            | (1,077)                               | (1,489)                               | (2,615)                               | (3,276)                             |
| Dividends paid to non-controlling interests                       | (156)                                 | (253)                                 | (288)                                 | (308)                               |
| Interest paid   | (16)                                  | (29)                                  | (39)                                  | (64)                                |
| Repayment of bank borrowing                                       | (634)                                 | (622)                                 | (1,262)                               | (1,237)                             |
| Repayment of principal portion of lease liabilities               | (627)                                 | (650)                                 | (1,243)                               | (1,252)                             |
| Repayment of interest portion of lease liabilities                | (64)                                  | (60)                                  | (124)                                 | (105)                               |
| Net cash used in financing activities                             | (2,574)                               | (3,103)                               | (5,571)                               | (6,242)                             |
| Net change in cash and cash equivalents                           | 866                                   | 766                                   | 1,175                                 | (741)                               |
| Cash and cash equivalents at beginning of financial period/year   | 6,496                                 | 5,421                                 | 6,187                                 | 6,928                               |
| Cash and cash equivalents at end of financial period/year         | 7,362                                 | 6,187                                 | 7,362                                 | 6,187                               |

## **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 and twelve months ended 31 May 2024 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 and twelve months ended 31 May 2024 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 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                        |                                       | 12 months ended                       |                                     |
|   | 31 May 2024<br>(Unaudited)<br>S\$'000 | 31 May 2023<br>(Unaudited)<br>S\$'000 | 31 May 2024<br>(Unaudited)<br>S\$'000 | 31 May 2023<br>(Audited)<br>S\$'000 |
| <u>Type of goods or services</u>                |                                       |                                       |                                       |                                     |
| Provision of medical services                   | 9,191                                 | 8,959                                 | 18,810                                | 19,077                              |
| <u>Timing of transfer of goods and services</u> |                                       |                                       |                                       |                                     |
| Point in time                                   | 9,191                                 | 8,959                                 | 18,810                                | 19,077                              |

A breakdown of revenue and profit after tax for FY2024 and FY2023:

|  | Group                  |                        |                              |
|--|------------------------|------------------------|------------------------------|
|  | 12 months ended        |                        | Increase/<br>(Decrease)<br>% |
|  | 31 May 2024<br>S\$'000 | 31 May 2023<br>S\$'000 |                              |
| (a) Sales reported for the first half year   | 9,619                  | 10,118                 | -4.9%                        |
| (b) Operating profit after tax before deducting minority interests reported for first half year  | 3,575                  | 2,230                  | 60.3%                        |
| (c) Sales reported for the second half year  | 9,191                  | 8,959                  | 2.6%                         |
| (d) Operating profit after tax before deducting minority interests reported for second half year | 364                    | 755                    | -51.8%                       |

## 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 31 May 2024 and 31 May 2023:

|   | Group                                 |                                     | Company                               |                                     |
|---|---------------------------------------|-------------------------------------|---------------------------------------|-------------------------------------|
|   | 31 May 2024<br>(Unaudited)<br>S\$'000 | 31 May 2023<br>(Audited)<br>S\$'000 | 31 May 2024<br>(Unaudited)<br>S\$'000 | 31 May 2023<br>(Audited)<br>S\$'000 |
| <b>Financial Assets</b>                       |                                       |                                     |                                       |                                     |
| Debt instruments at amortised cost            | -                                     | 1,882                               | -                                     | 1,882                               |
| Fair value through profit or loss             |                                       |                                     |                                       |                                     |
| - Derivative financial instruments            | 829                                   | 1,397                               | 1,262                                 | 1,901                               |
| Financial assets at FVTPL                     | 6,778                                 | 8,043                               | 6,778                                 | 8,043                               |
| Financial assets at amortised cost            | 9,324                                 | 8,055                               | 6,739                                 | 5,826                               |
|   | <u>16,931</u>                         | <u>19,377</u>                       | <u>14,779</u>                         | <u>17,652</u>                       |
| <b>Financial Liabilities</b>                  |                                       |                                     |                                       |                                     |
| Financial liabilities designated at FVTPL     | 606                                   | 556                                 | 606                                   | 556                                 |
| Other financial liabilities at amortised cost | 11,049                                | 17,082                              | 5,571                                 | 12,014                              |
|   | <u>11,655</u>                         | <u>17,638</u>                       | <u>6,177</u>                          | <u>12,570</u>                       |

### 6. Profit before income tax

#### 6.1 Significant items

|  | Group                                 |                                       |                                       |                                     |
|--|---------------------------------------|---------------------------------------|---------------------------------------|-------------------------------------|
|  | 6 months ended                        |                                       | 12 months ended                       |                                     |
|  | 31 May 2024<br>(Unaudited)<br>S\$'000 | 31 May 2023<br>(Unaudited)<br>S\$'000 | 31 May 2024<br>(Unaudited)<br>S\$'000 | 31 May 2023<br>(Audited)<br>S\$'000 |
| <b>Other income</b>  |                                       |                                       |                                       |                                     |
| Government grants  | 72                                    | 44                                    | 87                                    | 73                                  |
| Dividend income  | 87                                    | 89                                    | 665                                   | 679                                 |
| Interest income  | 37                                    | 74                                    | 106                                   | 143                                 |
|  | <u>37</u>                             | <u>74</u>                             | <u>106</u>                            | <u>143</u>                          |
| <b>Other expenses</b>  |                                       |                                       |                                       |                                     |
| Allowance for impairment loss on goodwill                                    | -                                     | 182                                   | -                                     | 677                                 |
| Allowance for impairment loss on investment in an associate                  | 243                                   | -                                     | 243                                   | -                                   |
| Allowance for impairment loss on plant and equipment                         | 148                                   | 135                                   | 148                                   | 135                                 |
| Allowance/(reversal of allowance) for impairment loss on right-of-use assets | 8                                     | (12)                                  | 8                                     | (12)                                |
| Administrative charges   | 65                                    | 50                                    | 122                                   | 100                                 |
| Third parties trade receivables written off                                  | 1                                     | 1                                     | 5                                     | 2                                   |
| Credit card charges  | 71                                    | 69                                    | 147                                   | 155                                 |
| (Gain)/loss on disposal of plant and equipment                               | -                                     | -                                     | (1)                                   | 15                                  |
| Gain on lease modification   | (27)                                  | -                                     | -                                     | -                                   |
| Loss on modification of deferred consideration                               | -                                     | -                                     | -                                     | 319                                 |
| Gain on modification of other financial liabilities                          | -                                     | (57)                                  | -                                     | (57)                                |
| Loss allowance for receivables from an associate                             | 7                                     | -                                     | 7                                     | -                                   |
| Loss allowance for receivables from a joint venture                          | 237                                   | -                                     | 237                                   | -                                   |
| IT expenses  | 46                                    | 42                                    | 86                                    | 84                                  |
| Plant and equipment written off  | 1                                     | 3                                     | 3                                     | 8                                   |
| Professional fees  | 120                                   | 356                                   | 346                                   | 503                                 |
|  | <u>120</u>                            | <u>356</u>                            | <u>346</u>                            | <u>503</u>                          |

## 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                        |                                       | 12 months ended                       |                                     |
|  | 31 May 2024<br>(Unaudited)<br>S\$'000 | 31 May 2023<br>(Unaudited)<br>S\$'000 | 31 May 2024<br>(Unaudited)<br>S\$'000 | 31 May 2023<br>(Audited)<br>S\$'000 |
| <u>Current income tax</u>  |                                       |                                       |                                       |                                     |
| - current financial year   | 472                                   | 432                                   | 967                                   | 1,023                               |
| - under/(over) provision in prior financial years  | 4                                     | (2)                                   | 18                                    | (1)                                 |
|  | <u>476</u>                            | <u>430</u>                            | <u>985</u>                            | <u>1,022</u>                        |
| <u>Deferred tax</u>  |                                       |                                       |                                       |                                     |
| - current financial year   | (42)                                  | (9)                                   | (44)                                  | (7)                                 |
| - under provision in prior financial years   | 181                                   | 53                                    | 181                                   | 53                                  |
|  | <u>139</u>                            | <u>44</u>                             | <u>137</u>                            | <u>46</u>                           |
| <b>Total income tax expense recognised in consolidated statement of comprehensive income</b> | <u>615</u>                            | <u>474</u>                            | <u>1,122</u>                          | <u>1,068</u>                        |

### 8. Dividends

|   | Group                                 |                                       |                                       |                                     |
|---|---------------------------------------|---------------------------------------|---------------------------------------|-------------------------------------|
|   | 6 months ended                        |                                       | 12 months ended                       |                                     |
|   | 31 May 2024<br>(Unaudited)<br>S\$'000 | 31 May 2023<br>(Unaudited)<br>S\$'000 | 31 May 2024<br>(Unaudited)<br>S\$'000 | 31 May 2023<br>(Audited)<br>S\$'000 |
| Final tax-exempt dividend of S\$0.012 per ordinary share for financial year ended 31 May 2022         | -                                     | -                                     | -                                     | 1,787                               |
| First interim tax-exempt dividend of S\$0.010 per ordinary share for financial year ended 31 May 2023 | -                                     | 1,489                                 | -                                     | 1,489                               |
| Final tax-exempt dividend of S\$0.010 per ordinary share for financial year ended 31 May 2023         | -                                     | -                                     | 1,538                                 | -                                   |
| First interim tax-exempt dividend of S\$0.007 per ordinary share for financial year ended 31 May 2024 | 1,077                                 | -                                     | 1,077                                 | -                                   |
|   | <u>1,077</u>                          | <u>1,489</u>                          | <u>2,615</u>                          | <u>3,276</u>                        |
| Dividend amount per share (net of tax) (in S\$ cents)   | <u>0.70</u>                           | <u>1.00</u>                           | <u>1.70</u>                           | <u>2.20</u>                         |

### 9. Earnings per share

|   | Group                      |                            |                            |                          |
|---|----------------------------|----------------------------|----------------------------|--------------------------|
|   | 6 months ended             |                            | 12 months ended            |                          |
|   | 31 May 2024<br>(Unaudited) | 31 May 2023<br>(Unaudited) | 31 May 2024<br>(Unaudited) | 31 May 2023<br>(Audited) |
| <b>Earnings per share ("EPS")</b>                   |                            |                            |                            |                          |
| Profit attributable to owners of the parent (S\$)   | 394,000                    | 868,000                    | 3,846,000                  | 2,919,000                |
| Weighted average number of ordinary shares in issue | 153,806,507                | 148,892,230                | 152,289,258                | 148,892,230              |
| Basic EPS (cents per share)                         | 0.26                       | 0.58                       | 2.53                       | 1.96                     |
| Fully diluted EPS (cents per share)                 | <u>0.26</u>                | <u>0.58</u>                | <u>2.53</u>                | <u>1.96</u>              |

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

### 9. Earnings per share (continued)

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.

### 10. Net asset value

|  | Group                      |                          | Company                    |                          |
|--|----------------------------|--------------------------|----------------------------|--------------------------|
|  | 31 May 2024<br>(Unaudited) | 31 May 2023<br>(Audited) | 31 May 2024<br>(Unaudited) | 31 May 2023<br>(Audited) |
| <b>Net asset value ("NAV")</b>                                 |                            |                          |                            |                          |
| NAV (S\$)  | 14,690,000                 | 12,104,000               | 24,909,000                 | 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)                             | 9.55                       | 8.13                     | 16.20                      | 14.49                    |

### 11. Plant and equipment

During the twelve months ended 31 May 2024, the Group acquired assets amounting to S\$72,000 (31 May 2023: S\$707,000), disposed assets amounting to S\$3,000 (31 May 2023: S\$59,000), wrote off assets amounting to S\$21,000 (31 May 2023: S\$129,000), and impaired assets amounting to S\$148,000 (31 May 2023: S\$135,000).

### 12. Intangible assets

|  | Group               |                              |                  |
|--|---------------------|------------------------------|------------------|
|  | Goodwill<br>S\$'000 | Computer software<br>S\$'000 | Total<br>S\$'000 |
| <b>At 31 May 2024</b>                          |                     |                              |                  |
| <b>Cost</b>                                    |                     |                              |                  |
| Balance at 1 June 2023 and 31 May 2024         | 5,917               | 31                           | 5,948            |
| <b>Accumulated amortisation and impairment</b> |                     |                              |                  |
| Balance at beginning and end of financial year | 2,559               | 31                           | 2,590            |
| <b>Net carrying amount</b>                     |                     |                              |                  |
| Balance at 31 May 2024                         | 3,358               | -                            | 3,358            |

There were no movement in intangible assets during the current financial year.

|  | Group               |                              |                  |
|--|---------------------|------------------------------|------------------|
|  | Goodwill<br>S\$'000 | Computer software<br>S\$'000 | Total<br>S\$'000 |
| <b>At 30 November 2022</b>                     |                     |                              |                  |
| <b>Cost</b>                                    |                     |                              |                  |
| Balance at 1 June 2022 and 30 November 2022    | 5,917               | 31                           | 5,948            |
| <b>Accumulated amortisation and impairment</b> |                     |                              |                  |
| Balance at 1 June 2022                         | 1,882               | 29                           | 1,911            |
| Amortisation for the financial period          | -                   | 1                            | 1                |
| Impairment loss for the financial period       | 495                 | -                            | 495              |
| Balance at 30 November 2022                    | 2,377               | 30                           | 2,407            |
| <b>Net carrying amount</b>                     |                     |                              |                  |
| Balance at 30 November 2022                    | 3,540               | 1                            | 3,541            |

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

12. Intangible assets (continued)

|  | Group  |  |                  |
|--|--|--|------------------|
|  | Goodwill<br>S\$'000                            | Computer software<br>S\$'000                 | Total<br>S\$'000 |
| <b>6 months ended 31 May 2023</b>                |  |  |                  |
| <b>Cost</b>                                      |  |  |                  |
| Balance at 1 December 2022 and 31 May 2023       | 5,917  | 31   | 5,948            |
| <b>Accumulated amortisation and impairment</b>   |  |  |                  |
| Balance at 1 December 2022                       | 2,377  | 30   | 2,407            |
| Amortisation for the financial period            | -  | 1  | 1                |
| Impairment loss for the financial period         | 182  | -  | 182              |
| Balance at 31 May 2023                           | 2,559  | 31   | 2,590            |
| <b>Net carrying amount</b>                       |  |  |                  |
| Balance at 31 May 2023                           | 3,358  | -  | 3,358            |
| <b>At 31 May 2023</b>                            |  |  |                  |
| <b>Cost</b>                                      |  |  |                  |
| Balance at 1 June 2022 and 31 May 2023           | 5,917  | 31   | 5,948            |
| <b>Accumulated amortisation and impairment</b>   |  |  |                  |
| 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            |
| <b>Net carrying amount</b>                       |  |  |                  |
| Balance at 31 May 2023                           | 3,358  | -  | 3,358            |
| <b>Company</b>                                   |  |  |                  |
| <b>Computer software</b>                         |  |  |                  |
|  | <b>31 May 2024<br/>(Unaudited)<br/>S\$'000</b> | <b>31 May 2023<br/>(Audited)<br/>S\$'000</b> |                  |
| <b>At 30 November</b>                            |  |  |                  |
| <b>Cost</b>                                      |  |  |                  |
| Balance at beginning and end of financial period | 13   | 13   |                  |
| <b>Accumulated amortisation</b>                  |  |  |                  |
| Balance at beginning of financial period         | 13   | 11   |                  |
| Amortisation for the financial period            | -  | 1  |                  |
| Balance at end of financial period               | 13   | 12   |                  |
| <b>Net carrying amount</b>                       |  |  |                  |
| Balance at end of financial period               | -  | 1  |                  |
| <b>6 months ended 31 May</b>                     |  |  |                  |
| <b>Cost</b>                                      |  |  |                  |
| Balance at beginning and end of financial period | 13   | 13   |                  |
| <b>Accumulated amortisation</b>                  |  |  |                  |
| Balance at beginning of financial period         | 13   | 12   |                  |
| Amortisation for the financial period            | -  | 1  |                  |
| Balance at end of financial period               | 13   | 13   |                  |
| <b>Net carrying amount</b>                       |  |  |                  |
| Balance at end of financial period               | -  | -  |                  |

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

**12. Intangible assets (continued)**

|  | <b>Company</b>                                 |  |
|--|--|--|
|  | <b>Computer software</b>                       |  |
|  | <b>31 May 2024<br/>(Unaudited)<br/>S\$'000</b> | <b>31 May 2023<br/>(Audited)<br/>S\$'000</b> |
| <b>As at 31 May</b>                            |  |  |
| <b>Cost</b>                                    |  |  |
| Balance at beginning and end of financial year | 13   | 13   |
| <b>Accumulated amortisation</b>                |  |  |
| Balance at beginning of financial year         | 13   | 11   |
| Amortisation for the financial year            | -  | 2  |
| Balance at end of financial year               | 13   | 13   |
| <b>Net carrying amount</b>                     |  |  |
| Balance at end of financial 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:

|  | <b>Group</b>                                   |  |
|--|--|--|
|  | <b>31 May 2024<br/>(Unaudited)<br/>S\$'000</b> | <b>31 May 2023<br/>(Audited)<br/>S\$'000</b> |
|  | <b>Name of subsidiaries</b>                    |  |
| 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 31 May 2024, 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              |                          |
|------|----------------------------|--------------------------|----------------------------|--------------------------|
|      | 31 May 2024<br>(Unaudited) | 31 May 2023<br>(Audited) | 31 May 2024<br>(Unaudited) | 31 May 2023<br>(Audited) |
| LBPL | 2%                         | 2%                       | 10.2%                      | 10.2%                    |
| JOES | n.a.                       | -48% to 158%             | n.a.                       | 10.2%                    |
| MLCS | 4%                         | 2% to 3%                 | 10.2%                      | 10.2%                    |
| MST  | 2%                         | 2%                       | 10.2%                      | 10.2%                    |
| JLES | 4.5%                       | 7%                       | 10.2%                      | 10.2%                    |
| GMH  | 6%                         | 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                               |                                     |
|---------------------------------|---------------------------------------|-------------------------------------|
|                                 | 31 May 2024<br>(Unaudited)<br>S\$'000 | 31 May 2023<br>(Audited)<br>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                               |                                     |
|--|---------------------------------------|-------------------------------------|
|  | 31 May 2024<br>(Unaudited)<br>S\$'000 | 31 May 2023<br>(Audited)<br>S\$'000 |
| Balance at beginning of financial year             | 6,129                                 | 5,254                               |
| Impairment loss for the financial year             | -                                     | 1,323                               |
| Reversal of impairment loss for the financial year | -                                     | (448)                               |
| Balance at end of financial 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 the end of the reporting period, 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 year (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                     |                                     |
|--------------------------------------|---------------------------------------|-------------------------------------|
|                                      | 31 May 2024<br>(Unaudited)<br>S\$'000 | 31 May 2023<br>(Audited)<br>S\$'000 |
| Unquoted equity investments, at cost | 3,116                                 | 3,116                               |
| Allowance for impairment loss        | (243)                                 | -                                   |
| Share of results, net of tax         | (88)                                  | -                                   |
|                                      | <u>2,785</u>                          | <u>3,116</u>                        |

Movement in allowance for impairment loss was as follows:

|  | Group and Company                     |                                     |
|--|---------------------------------------|-------------------------------------|
|  | 31 May 2024<br>(Unaudited)<br>S\$'000 | 31 May 2023<br>(Audited)<br>S\$'000 |
| Balance at beginning of financial year | -                                     | -                                   |
| Impairment loss for the financial year | 243                                   | -                                   |
| Balance at end of financial year       | <u>243</u>                            | <u>-</u>                            |

#### *Impairment on investment in associates*

As at the end of the reporting period, the Group and the Company carried out a review of the investment in associates based on the existing performance of associates. Following the review, an impairment loss of approximately S\$243,000 was recognised for an associate due to the deterioration in the business performance, which resulted in an adverse impact to the projected value-in-use of the operation concerned (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              |                          |
|                                       | 31 May 2024<br>(Unaudited) | 31 May 2023<br>(Audited) | 31 May 2024<br>(Unaudited) | 31 May 2023<br>(Audited) |
| Medistar Services Pte. Ltd. ("MDS")   | 3%                         | 3%                       | 10.2%                      | 10.2%                    |
| Total Orthopaedics Pte. Ltd. ("TOPL") | 5% to 161%                 | 10% to 228%              | 10.2%                      | 10.2%                    |

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

### 14. Investment in associates (continued)

#### *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 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 on 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.

On 26 February 2024, TOPL entered into employment agreements with two orthopaedic surgeons, Dr. Huang Yilun (“**Dr. Huang**”) and Dr. Hamid Rahmatulla Bin Abd Razak (“**Dr. Hamid Razak**”), who will co-manage TOPL together with Dr. Seah. Pursuant to their employment, Dr. Seah transferred 26 shares in TOPL to each of Dr. Huang and Dr. Hamid Razak. The Company has also entered into a shareholders’ agreement (the “**SHA**”) with the three surgeons, and pursuant to the SHA, the three surgeons agreed to sell to the Company all their shares in TOPL (the “**Additional Sale Shares**”) at a later stage, with the completion of the proposed acquisition of the Additional Sale Shares to occur any time from 1 October 2028 to 31 March 2029, or from 1 October 2030 to 31 March 2031, at an amount that is ten times the unaudited profit after tax of TOPL for twelve months before the end of 30 September 2028 or 30 September 2030 after adjustments to exclude expenses incurred arising from consultancy fee paid to the Company, and the surgeons’ profit-share, multiplied by their proportionate shareholding interest.

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

|  | <b>Total<br/>S\$’000</b> |
|--|--------------------------|
| Proportion of net identifiable assets identified | -                        |
| Present value of the purchase consideration      | 2,313                    |
| Implied goodwill arising from acquisition        | 2,313                    |
| 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.

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

### 14. Investment in associates (continued)

#### *Acquisition of equity interest (continued)*

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<br>S\$'000 | MDS<br>S\$'000 | Total<br>S\$'000 |
|--------------------------------------|-----------------|----------------|------------------|
| <b>31 May 2024</b>                   |                 |                |                  |
| <b>Income and expenses</b>           |                 |                |                  |
| Revenue                              | 1,122           | 1,592          | 2,714            |
| (Loss)/Profit for the financial year | (231)           | 35             | (196)            |
| Other comprehensive income           | -               | -              | -                |
| Total comprehensive income           | <u>(231)</u>    | <u>35</u>      | <u>(196)</u>     |
| <b>Assets and liabilities</b>        |                 |                |                  |
| Non-current assets                   | 806             | 60             | 866              |
| Current assets                       | 624             | 342            | 745              |
| Non-current liabilities              | (482)           | (7)            | (489)            |
| Current liabilities                  | <u>(1,198)</u>  | <u>(130)</u>   | <u>(1,107)</u>   |
| Net (liabilities)/assets             | <u>(250)</u>    | <u>265</u>     | <u>15</u>        |
|                                      | TOPL<br>S\$'000 | MDS<br>S\$'000 | Total<br>S\$'000 |
| <b>31 May 2023</b>                   |                 |                |                  |
| <b>Income and expenses</b>           |                 |                |                  |
| 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>      |
| <b>Assets and liabilities</b>        |                 |                |                  |
| Non-current assets                   | 491             | 277            | 768              |
| Current assets                       | 34              | 492            | 526              |
| Non-current liabilities              | (110)           | (65)           | (175)            |
| Current liabilities                  | <u>(434)</u>    | <u>(436)</u>   | <u>(870)</u>     |
| Net (liabilities)/assets             | <u>(19)</u>     | <u>268</u>     | <u>249</u>       |

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

|   | TOPL<br>S\$'000 | MDS<br>S\$'000 | Total<br>S\$'000 |
|---|-----------------|----------------|------------------|
| <b>31 May 2024</b>                                  |                 |                |                  |
| Net (liabilities)/assets of the associates          | <u>(250)</u>    | <u>265</u>     | <u>15</u>        |
| Proportion of equity interest in the associates     | 35%             | 25%            |                  |
| Group's share of interest in associates             | (88)            | 66             | (22)             |
| Add: Goodwill on acquisition date                   | 2,313           | 414            | 2,727            |
| Add: Fair value of derivative financial instruments | 323             | -              | 323              |
| Less: Impairment loss                               | <u>-</u>        | <u>(243)</u>   | <u>(243)</u>     |
| Carrying amount                                     | <u>2,548</u>    | <u>237</u>     | <u>2,785</u>     |

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

### 14. Investment in associates (continued)

#### Acquisition of equity interest (continued)

|   | TOPL<br>S\$'000 | MDS<br>S\$'000 | Total<br>S\$'000 |
|---|-----------------|----------------|------------------|
| <b>31 May 2023</b>                                  |                 |                |                  |
| 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            |

### 15. Financial assets at fair value through profit or loss ("FVTPL")

Financial assets at FVTPL comprise the following:

|  | <b>Group and Company</b>                       |  |
|--|--|--|
|  | <b>31 May 2024<br/>(Unaudited)<br/>S\$'000</b> | <b>31 May 2023<br/>(Audited)<br/>S\$'000</b> |
| Balance at beginning of financial year               | 8,043  | 10,044                                       |
| Additions  | -  | 296  |
| Capital reduction                                    | (88)   | (83)   |
| Disposal   | (1,351)  | (300)  |
| Divestment   | -  | (172)  |
| Fair value gain/(loss)                               | 174  | (1,742)                                      |
| Balance at end of financial year                     | 6,778  | 8,043  |
| <u>Presented in statements of financial position</u> |  |  |
| - Non-current  | 6,077  | 5,850  |
| - Current  | 701  | 2,193  |
|  | 6,778  | 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\$88,000, which was partially offset by fair value gain of S\$174,000.

#### 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:

- a) Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- b) 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
- c) 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)

### 16. Derivative financial instruments (continued)

#### *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.
- (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 forward purchase contracts 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 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.

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

### 16. Derivative financial instruments (continued)

#### *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         |             |             |             |
|---|---------------------------|-------------|-------------|-------------|
|   | 31 May 2024               | 31 May 2023 | 31 May 2024 | 31 May 2023 |
|   | Number of ordinary shares |             | Amount      |             |
|   | ('000)                    |             | S\$'000     | S\$'000     |
| <b>Issued and fully-paid:</b>   |                           |             |             |             |
| Balance at beginning of financial year<br>(including treasury shares) | 151,396                   | 151,396     | 15,419      | 15,419      |
| Issuance of ordinary shares   | 4,914                     | -           | 1,812       | -           |
| Balance at end of financial year<br>(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. Since the end of the previous period reported on, there were no changes to the Company's share capital.

There were 2,503,400 treasury shares (representing 1.63% of the Company's 153,806,507 ordinary shares (excluding treasury shares)) as at 31 May 2024 and 2,503,400 treasury shares (representing 1.68% of the Company's 148,892,230 ordinary shares (excluding treasury shares)) as at 31 May 2023.

There were no subsidiary holdings as at 31 May 2024 and as at 31 May 2023.

There were no outstanding convertibles as at 31 May 2024 and as at 31 May 2023.

#### **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 31 May 2024 | As at 31 May 2023 |
|-------------------------------|-------------------|-------------------|
| Total number of issued shares | 153,806,507       | 148,892,230       |



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

### 17. Share capital (continued)

#### 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                                 |                                     |
|--|---------------------------------------|-------------------------------------|
|  | 31 May 2024<br>(Unaudited)<br>S\$'000 | 31 May 2023<br>(Audited)<br>S\$'000 |
| Present value at beginning of financial year                         | 578                                   | 2,096                               |
| Unwinding interest expenses on other financial liabilities           | 55                                    | 196                                 |
| Changes in estimated future cash flow on other financial liabilities | 402                                   | (1,657)                             |
|  | 457                                   | (1,461)                             |
| Gain on modification of other financial liabilities                  | -                                     | (57)                                |
| Present value at end of financial year                               | 1,035                                 | 578                                 |
| <u>Presented in statements of financial position</u>                 |                                       |                                     |
| - Non-current  | -                                     | 578                                 |
| - Current  | 1,035                                 | -                                   |
|  | 1,035                                 | 578                                 |

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.

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

### 20. Other financial liabilities (continued)

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\$402,000 and S\$55,000 (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 was in relation to the revision of sale and purchase agreement pertaining 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                      |                          |
|--|----------------------------|--------------------------|
|  | 31 May 2024<br>(Unaudited) | 31 May 2023<br>(Audited) |
| Discount rate  | 9.4%                       | 9.4%                     |
| <u>Exercise price for forward purchase contracts</u> | <b>S\$’000</b>             | <b>S\$’000</b>           |
| JOES on 31 May 2026                                  | -                          | 162                      |
| GMH on 1 November 2024                               | 1,035                      | 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.

### 22. Bank borrowing

|  | Group and Company                     |                                     |
|--|---------------------------------------|-------------------------------------|
|  | 31 May 2024<br>(Unaudited)<br>S\$’000 | 31 May 2023<br>(Audited)<br>S\$’000 |
| <u>Amount repayable within one year or on demand</u> |                                       |                                     |
| Unsecured  | 1,288                                 | 1,262                               |
| <u>Amount repayable after one year</u>               |                                       |                                     |
| Unsecured  | -                                     | 1,288                               |

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

### **22. Bank borrowing (continued)**

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 31 May 2024 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 and full year 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 twelve months ended 31 May 2024 ("FY2024") as compared to the twelve months ended 31 May 2023 ("FY2023").***

Revenue stayed relatively stable for FY2024 as compared to FY2023.

Other income decreased by approximately S\$0.25 million mainly due to lower grants, non-existence of (i) a gain on divestment of a financial asset at FVTPL and (ii) compensation income receivable from the non-controlling interest of JOES that occurred in FY2023.

In FY2024, the fair value gain on financial assets at FVTPL of approximately S\$0.17 million was due to (i) 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 (ii) the fair value gain on HSN Healthcare Pte. Ltd.; 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 FY2023, the fair value loss on financial assets at FVTPL of approximately S\$1.74 million arose primarily due to the decrease in share prices of Medinex, SPCH and Aoxin.

Employee benefits expense increased by approximately S\$0.31 million due to higher provision of bonus, higher salaries from annual increment and higher headcount for the current financial year.

The increase in depreciation and amortisation expenses of approximately S\$47,000 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 FY2024.

Fair value loss on DFI of approximately S\$0.62 million arose mainly due to the re-measurement of fair value for (i) put option of a subsidiary; and (ii) forward purchase contract of associates.

Other expenses decreased by approximately S\$0.71 million mainly due to (i) a decrease in professional fees of S\$0.16 million incurred for the current financial year; (ii) allowance for impairment loss on goodwill of S\$0.68 million incurred in FY2023; and (iii) loss on modification of deferred consideration for JLES of S\$0.32 million incurred in FY2023, which is partially offset by (i) allowance for impairment loss on investment in an associate of S\$0.24 million; and (ii) loss allowance for receivables from an associate and a joint venture of an aggregate amount of S\$0.24 million incurred in FY2024.

Finance costs decreased by approximately S\$0.14 million due to lower deemed interest expense on the deferred consideration payable for the acquisition of JLES and TOPL for FY2024 as compared to FY2023.

Share of results of an associate, net of tax of approximately negative S\$88,000 arose from the Company's share of losses of TOPL for the current financial year.

Income tax expense increased by approximately S\$54,000 mainly due to under provision of deferred tax in prior financial years.

As a result of the abovementioned, profit after income tax increased by approximately S\$0.95 million or 32.0% in FY2024 as compared to FY2023.

#### **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

***The comparative performance for both the assets and liabilities are based on the Group's financial statements as at 31 May 2024 and 31 May 2023.***

Plant and equipment decreased from approximately S\$1.60 million as at 31 May 2023 to S\$1.02 million as at 31 May 2024 due to depreciation, impairment, 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\$56,000 mainly due to additional ROU assets for existing clinic and office premises upon lease renewal; partially offset by depreciation and impairment of ROU assets.

Investment in associates decreased by approximately S\$0.33 million due to the Company's share of losses of TOPL and impairment loss of investment in MDS.

Non-current financial assets at FVTPL increased by approximately S\$0.23 million mainly due to fair value gain of S\$0.31 million which was partially offset by capital reduction of S\$88,000.

DFI (non-current assets) decreased by approximately S\$0.91 million due to (i) fair value loss of S\$0.57 million that arose from the re-measurement of fair value for put option of a subsidiary and forward purchase contract of an associate; and (ii) the reclassification of the forward purchase contract of an associate of S\$0.34 million to current assets.

Non-current other receivables related 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\$0.13 million due to increase in amount receivables from associates and a joint venture.

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 31 May 2024.

The increase in DFI (current assets) of S\$0.34 million related to the reclassification of forward purchase contract of an associate from non-current assets.

Current financial assets at FVTPL decreased by approximately S\$1.49 million mainly due to the disposal of investment in Nuffield Dental Holdings Private Limited of S\$1.33 million, the disposal of investment in SPCH of S\$23,000 and fair value loss of S\$0.14 million.

Other reserve decreased by approximately S\$0.46 million and other financial liabilities (both non-current and current) increased by approximately S\$0.46 million due to the re-measurement of financial liabilities for the forward purchase contract of JOES and GMH.

DFI (non-current liabilities) increased by approximately S\$50,000 due to fair value loss that arose from the re-measurement of fair value for forward purchase contract of an associate.

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\$3.20 million was due to the reclassification of the purchase consideration for JLES Acquisition and TOPL Acquisition to current liabilities under trade and other payables.

Trade and other payables decreased by approximately S\$2.03 million mainly due to payments of S\$1.33 million for TOPL Acquisition and payments of S\$4.21 million for JLES Acquisition during the current financial year; partially offset by the reclassification of the balance purchase consideration for JLES Acquisition and TOPL Acquisition of approximately S\$3.20 million from non-current other payables.

Current and non-current lease liabilities increased by approximately S\$0.10 million due to renewal of leases entered for existing clinic and office premises; partially offset by repayments made in FY2024.

Current and non-current bank borrowing decreased by approximately S\$1.26 million due to repayments made in FY2024.

## **CONSOLIDATED STATEMENT OF CASH FLOWS**

### ***Review for the performance of the Group for FY2024 as compared to FY2023***

The Group recorded net cash from operating activities of approximately S\$6.30 million in FY2024 as compared to net cash from operating activities of approximately S\$7.22 million in FY2023, due mainly to lower operating receipts.

Net cash from investing activities in FY2024 of approximately S\$0.44 million was primarily due to (i) the dividends and interest received of approximately S\$0.79 million; (ii) proceeds from capital reduction in financial assets at FVTPL of approximately S\$88,000; (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\$3.73 million, and the purchase of plant and equipment for existing clinics of approximately S\$72,000.

Net cash used in financing activities in FY2024 of approximately S\$5.57 million was mainly related to (i) payment of FY2023 final dividend of approximately S\$1.54 million and FY2024 interim dividends of S\$1.08 million to shareholders; (ii) dividends paid to non-controlling interests of approximately S\$0.29 million; (iii) repayment of bank borrowings of approximately S\$1.26 million; (iv) repayments of obligations (including the interest portion) under leases of approximately S\$1.37 million; and (v) interest paid of approximately S\$0.03 million.

As a result, the Group recorded a net increase in cash and cash equivalents of approximately S\$1.18 million in FY2024, resulting in cash and cash equivalents of approximately S\$7.36 million as at 31 May 2024.

**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**

In April 2024, the Group and its associated company, TOPL, welcomed two new orthopaedic specialists, Dr. Huang and Dr. Hamid Razak. Dr. Huang and Dr. Hamid Razak are currently co-managing TOPL together with Dr. Seah to provide orthopaedic services to patients. The Group believes that this will provide a complete holistic service to cater to its patients' needs. The Group will continue to look for opportunities to expand its network of specialists and centres to attain its long-term growth targets.

Singapore's slow economic development along with inflationary pressures and elevated real exchange rate has been a topic of concern and may continue to have restraining effect on healthcare services demand as a whole. The Group focuses on the local population who are on medishield and medisave plans, and hence may not be impacted significantly by the reduction in foreign patients numbers.

An article dated 16 July 2024<sup>1</sup> reported that "younger people are choosing to have" integrated shield plans. The Group will continue to work with insurance panels to offer quality services at reasonable fees to patients of all ages.

<sup>1</sup> <https://www.straitstimes.com/singapore/fewer-people-on-private-hospital-ips-more-older-people-giving-up-their-plans-altogether>

## 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  |

The Directors are recommending a final dividend for FY2024 which will be subject to shareholders' approval at the forthcoming annual general meeting to be held in September 2024.

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

If approved, the final dividend of 0.70 cents per share including the interim dividend of 0.70 cents per share paid on 13 March 2024 would bring the total dividends for the financial year ended 31 May 2024 to 1.40 cents per share.

- (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  |

|  |   |
|--|---|
| Name of Dividend                         | Final   |
| 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 Directors are pleased to recommend a final dividend of 0.70 cents per ordinary share amounting to approximately S\$1,077,000 in respect of the financial year ended 31 May 2024 for approval by the shareholders at the next Annual General Meeting to be convened on or before 30 September 2024.

The date of payment of the proposed final dividend, if approved at the Annual General Meeting, will be announced at a later date.

- (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.

The record date will be announced at a later date.

- (f) A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

|                                      | <b>FY2024</b><br><b>S\$'000</b> | <b>FY2023</b><br><b>S\$'000</b> |
|--------------------------------------|---------------------------------|---------------------------------|
| Ordinary shares (tax exempt 1- tier) |                                 |                                 |
| - Interim                            | 1,077                           | 1,489                           |
| - Final (Proposed)                   | 1,077 <sup>(1)</sup>            | 1,538                           |
| <b>Total Annual Dividend</b>         | <b>2,154</b>                    | <b>3,027</b>                    |

Note:-

- (1) The proposed final ordinary dividend for FY2024 is based on the estimated number of shares outstanding as at 25 July 2024.

## 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)<br>(S\$’000) | Aggregate value of all interested person transactions conducted under shareholders’ mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)<br>(S\$’000) |
|--|---|---|---|
| CH Investment Holdings Pte. Ltd. <sup>(1)</sup>  | Associate of Dr. Heah Sieu Min (“HSM”), the Executive Director of the Company | 482   | -   |
| G 7 Investment Holdings Pte. Ltd. <sup>(2)</sup> | Associate of Dr. Chia Kok Hoong, the Executive Director of the Company        | 392   | -   |
| Heah Sieu Min (RVP) Pte. Ltd. <sup>(3)</sup>     | Associate of HSM  | 139   | -   |

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 HSM, the Executive Director and Chief Executive Officer of the Company. Please refer to announcement made on 6 September 2023.
- (2) Rental of (a) a portion of the entire clinic space at Blk 801 Tampines Avenue 4 #01-273 (2nd Floor) Singapore 520801 and (b) a portion of the entire clinic space at Blk 801 Tampines Avenue 4 #01-273 (1st 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.
- (3) Rental of office space at 233 River Valley Road #B1-04/05 RV Point Singapore 238291 from Heah Sieu Min (RVP) Pte. Ltd., which is 100% owned by HSM, the Executive Director of the Company.

## 7. In the review of the performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments

Not applicable as the Group only has a single business and geographical segment. Please refer to paragraph 2 for the review of the Group’s performance.

## 8. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10). If there are no such persons, the issuer must make an appropriate negative statement

There is no person occupying a managerial position in the Company or any of its principal subsidiaries who is related to a director or chief executive officer or substantial shareholder of the Company pursuant to Rule 704(10).

**9. 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.

On behalf of the Board of Directors

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**Dr. Heah Sieu Min**

Executive Director and Chief Executive Officer

Singapore

25 July 2024

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**About HC Surgical Specialists Limited**

HC Surgical Specialists Limited (the "Company") was incorporated on 1 September 2015 in Singapore and listed on 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 18 clinics located throughout Singapore.

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

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

The contact person for the Sponsor is Mr. Pong Chen Yih, Chief Operating Officer, at 7 Temasek Boulevard, #04-02 Suntec Tower 1, Singapore 038987, telephone (65) 6950 2188.