



HC SURGICAL  
SPECIALISTS  
LIMITED



ANNUAL REPORT 2024

# Decision, Incision, Precision

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This annual report has been prepared by HC Surgical Specialists Limited ("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 Catalyst.

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

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.

# CORPORATE PROFILE



HC Surgical Specialists Limited operates a **wide network of clinics and endoscopy centres throughout Singapore, providing specialist healthcare at your doorstep in both residential areas and central areas**, making it conveniently accessible, with less waiting time and lower costs. As members of the same group, the clinics are dedicated to provide endoscopic procedures including gastroscopies and colonoscopies. Most of our clinics are equipped with the facilities to perform general surgery services with a focus on colorectal surgery procedures on site. Our endoscopy centres aim to provide maximum comfort, efficiency and safety to all our patients. Most of our clinics are also Medisave and Medishield Life accredited, enabling us to further enhance our services to our patients.

# CHAIRMAN'S MESSAGE



“ The Group expanded into a new segment under its associated company - orthopaedics, with a total of 3 orthopaedic surgeons and 3 orthopaedic centres, to provide a holistic care for our patients. We are very optimistic of the growth potential of the orthopaedic arm.

”

**MR. CHONG WENG HOE**  
Non-Executive Chairman and  
Independent Director

# CHAIRMAN'S MESSAGE

## DEAR SHAREHOLDERS,

On behalf of the Directors and Management of HC Surgical Specialists Limited (“HCSS” or “Company”, and together with its subsidiaries, collectively, the “Group”), I am pleased to present the Annual Report for HCSS for the financial year ended 31 May “FY” 2024.

In FY2024, the Group expanded into a new segment under its associated company - orthopaedics, with a total of 3 orthopaedic surgeons and 3 orthopaedic centres, to provide a holistic care for our patients. We are very optimistic of the growth potential of the orthopaedic arm. Together with our core endoscopy and surgery business, we aim to provide stable long-term returns for our shareholders.

We are also delighted to share that 15 of the Group’s entities have been awarded the Data Protection Trustmark Certification, valid for 3 years. This certification reinforces our commitment to assure patients that their personal data is well protected with our sound data protection policies and practices.

## MOVING FORWARD

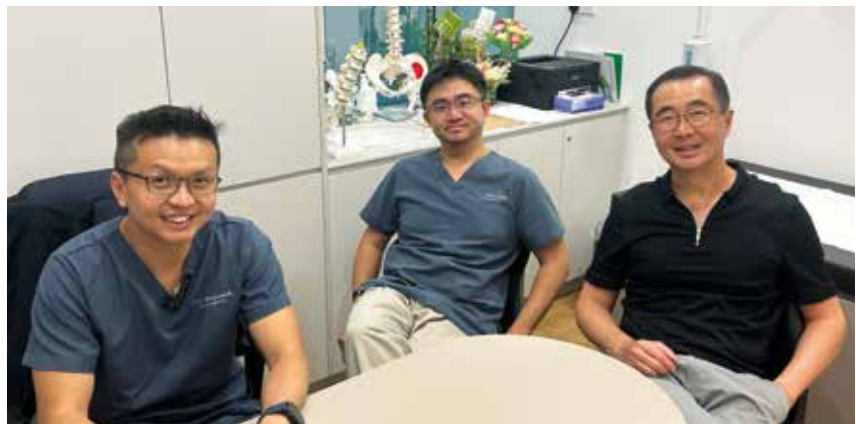
Moving forward, we will be building up our cash reserves as we pay down our last year of the Temporary Bridging Loan drawn down in FY2020, the balance deferred consideration for the acquisition of the remaining 49% stake in Jason Lim Endoscopy and Surgery Pte. Ltd. (“JLES”) and for the acquisition of a 35% stake in Total Orthopaedics Pte. Ltd. (“TOPL”).

## APPRECIATION

Last but not least, I would like to take this opportunity to thank our Shareholders, patients and business partners for their unwavering support to HCSS, my fellow Directors for their valuable insights throughout the past years, and the staff and Management for their dedication and commitment.

Sincerely,

**Mr. Chong Weng Hoe**  
Non-Executive Chairman and  
Independent Director  
HC Surgical Specialists Limited



# CEO'S STATEMENT



“

**HC Surgical Specialists Limited remains dedicated to advancing surgical care through continuous innovation and unwavering commitment to our patients. We will persist in making strategic decisions, executing with surgical precision, and delivering outstanding care with utmost professionalism.**

”

**DR. HEAH SIEU MIN**

Executive Director and  
Chief Executive Officer



# CEO'S STATEMENT



## DEAR VALUED STAKEHOLDERS,

As we reflect on another year of progress and achievement at HC Surgical Specialists Limited, I am pleased to share our journey and future aspirations. Our commitment to delivering exceptional surgical care remains resolute, and this year's theme, "Decision, Incision, Precision," encapsulates our fundamental values and guiding principles.

### DECISION

Every surgical path commences with a pivotal decision. At HC Surgical Specialists Limited, we prioritize informed and compassionate decision-making. Our interdisciplinary team collaborates closely with patients to ensure comprehensive understanding of their options, empowering them to make choices aligned with their health goals and personal values. We are dedicated to providing clarity and support throughout this crucial process.



# CEO'S STATEMENT



## *Addition of two Orthopaedic Surgeons*

On 2 April 2024, we proudly welcomed two orthopaedic surgeons, Dr. Huang Yilun and Dr. Hamid Razak to our associate's orthopaedic team.

Dr. Huang is an orthopaedic surgeon who specializes in the "spine", and performs endoscopic spinal surgery. Dr. Hamid Razak is an orthopaedic surgeon who specializes in the "lower limb" and knee preservation. Apart from orthopaedic surgery, Dr. Hamid Razak is also passionate about community service and public health administration, having completed a Master of Public Health at the Saw Swee Hock School of Public Health in 2023 under the auspices of the Lee Kuan Yew postgraduate scholarship.

Together with Dr. Benjamin Seah who specializes in "upper limb", their respective specialized areas of upper limb, lower limb and spine enables our associate to provide a holistic orthopaedic service to our patients.

The orthopaedic surgeons currently have their clinics in the following locations:

- 1. Total Orthopaedic Care & Surgery**  
Novena Medical Centre (Above Square 2)  
10 Sinaran Drive, #09-24  
Singapore 307506  
Tel: 6371 0640
- 2. Total Orthopaedic Care & Surgery (Orchard)**  
Shaw House  
350 Orchard Road, #10-01  
Singapore 238868  
Tel: 6654 9800
- 3. HC Orthopaedics & Surgical Centre (Tampines)**  
Block 801 Tampines Avenue 4, #01-273,  
Singapore 520801  
Tel: 6374 1040



# CEO'S STATEMENT



By expanding our scope of specialties, we strengthen our capability to deliver personalized treatment plans and superior outcomes for our patients.

## INCISION

The act of making an incision lies at the core of our practice. It signifies not only the physical procedure but also our unwavering commitment to excellence and precision in surgery. Our highly skilled surgeons utilize technologies and techniques, ensuring every incision is executed with meticulous care. We aim to enhance patient comfort by expediting recovery, enabling swift return to normal activities.

We continue to be “incisive” and focused when expanding into new frontiers both locally and regionally when opportunity arises.

## PRECISION

Precision serves as the cornerstone of our practice. From initial diagnosis through treatment and recovery, we uphold exactitude and meticulous attention to detail. Our facilities and surgical techniques empower us to perform intricate procedures with accuracy. Continued investment in technology and ongoing staff training ensures we maintain the highest standards of surgical care, achieving optimal outcomes and solidifying our reputation in the field.

## Attainment of Data Protection Trustmark Certification

We are delighted to announce that HC Surgical Specialists Limited has achieved the prestigious Data Protection Trustmark (DPTM) certification. This certification reflects our steadfast commitment to safeguarding patient information and upholding the highest standards of data protection and privacy. It underscores our dedication to compliance with stringent data protection regulations, ensuring the confidentiality and integrity of patient data at every stage of their healthcare journey.

Looking forward, HC Surgical Specialists Limited remains dedicated to advancing surgical care through continuous innovation and unwavering commitment to our patients. We will persist in making strategic decisions, executing with surgical precision, and delivering outstanding care with utmost professionalism.

Thank you for your enduring trust and support. Together, we will continue to establish new benchmarks in surgical excellence.

Sincerely,

**Dr. Heah Sieu Min**  
CEO, HC Surgical Specialists Limited

# FY2024 YEAR IN REVIEW

**June 2024**

Opening of Total Orthopaedic Care & Surgery (Orchard) at Shaw House

**April 2024**

2 more orthopaedic surgeons, Dr. Huang Yilun and Dr. Hamid Rahmatullah Bin Abd Razak, join an associate of HCSS

**January 2024**

15 entities obtained Data Protection Trustmark Certification, valid for 3 years

**November 2023**

Opening of HC Orthopaedics & Surgical Centre (Tampines)

**October 2023**

Opening of Total Orthopaedic Care & Surgery at Novena Medical Centre

**June 2023**

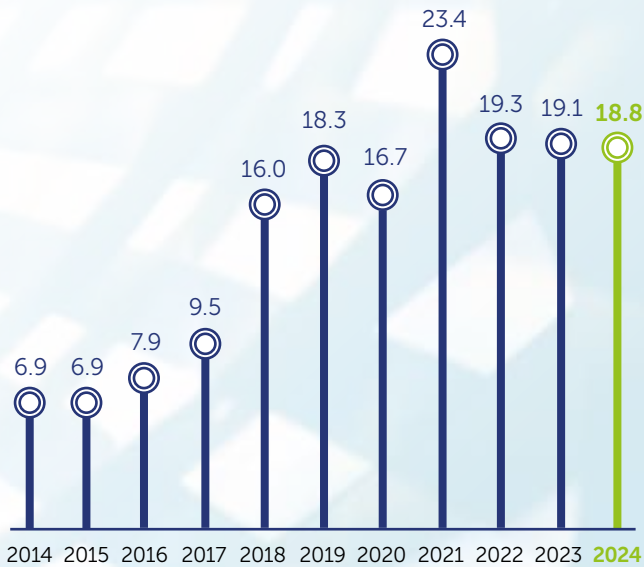
Incorporation of a Joint Venture Company, HC Orthopaedics & Surgical Centre Pte. Ltd.

**June 2023**

Orthopaedic Surgeon, Dr. Benjamin Seah, joins an associate of HCSS

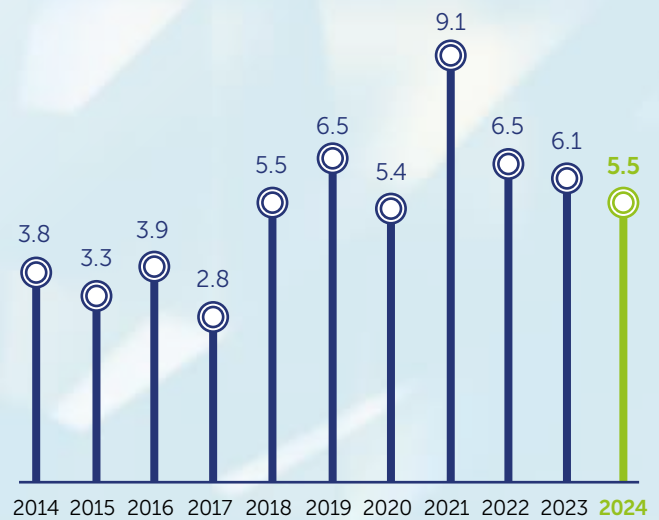
# FY2024 YEAR IN REVIEW

## SALES (S\$ MILLION)



## OPERATING INCOME\* (S\$ MILLION)

\* Profit before tax adjusted for non-recurring items, share of results of associates, other income and finance costs



## ADJUSTED PROFIT AFTER TAX TO OWNERS\* (S\$ MILLION)

\* Adjusted for non-recurring items, share of results of associates, other income and finance costs



## EARNINGS PER SHARE (S\$ CENTS)



# PERFORMANCE REVIEW

## FINANCIAL PERFORMANCE

Revenue stayed relatively stable for FY2024 as compared to FY2023.

Other income decreased by approximately S\$0.37 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 Julian Ong Endoscopy & Surgery Pte. Ltd. ("**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 Q & M Dental Group Limited ("**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 year for clinic and office premises, as well as purchase of plant and equipment during FY2024.

Fair value loss on derivative financial instruments ("**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\$0.95 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 that did not happen in FY2024; and (iii) loss on modification of deferred consideration for JLES of S\$0.32 million incurred in FY2023 that did not happen in FY2024, which were partially offset by allowance for impairment loss on investment in an associate of S\$0.24 million.

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.

## FINANCIAL POSITION

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 Medistar Services Pte. Ltd..

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**")



# PERFORMANCE REVIEW



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 had 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 Goh Minghui Endoscopy & Surgery Pte. Ltd.

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 outstanding 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.

## CASH FLOW

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 Acquisition and JLES Acquisition 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\$0.04 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.

# BOARD OF DIRECTORS



**MR. CHONG WENG HOE**

Non-Executive Chairman and Independent Director

Mr. Chong Weng Hoe was appointed as our Non-Executive Chairman and Independent Director on 28 September 2016 and was most recently re-elected on 28 September 2021. Since 2016, he has been the Executive Vice President of TÜV SÜD Asia Pacific Pte. Ltd. where he supervised a global network of wireless laboratories. He has held numerous positions within TÜV SÜD PSB Pte. Ltd. since April 1991 where he joined as an engineer and was subsequently promoted to vice president, senior vice president, chief executive officer and a director of the board. Mr. Chong is an independent director of the following companies: (i) ISEC Healthcare Ltd, (ii) Hong Fok Corporation Ltd, (iii) Baker Technology Limited and (iv) Bund Center Investment Ltd. His previous directorships included (i) Regal International Group Ltd (from 4 March 2008 to 11 May 2019), (ii) Keong Hong Holdings Ltd (from 22 November 2011 to 29 February 2024); and (iii) Singapore Paincare Holdings Limited (from 17 June 2020 to 27 October 2022).

Mr. Chong graduated from National University of Singapore with a Bachelor of Engineering (Electrical) in June 1989 and obtained a Master of Business Administration (Accountancy) from the Nanyang Technological University in March 1997. Mr. Chong was also awarded the Standard Council Merit Award by SPRING Singapore (currently known as Enterprise Singapore) in 2004 for his contribution to the national standardisation programme in his industry.



**DR. HEAH SIEU MIN**

Executive Director and Chief Executive Officer

Dr. Heah Sieu Min was appointed as our Executive Director and Chief Executive Officer on 1 September 2015 and was most recently re-elected on 27 September 2022. Dr. Heah is responsible for the overall management, strategic planning and business development of our Group. Dr. Heah started his career as a houseman in Ireland, before returning to Singapore where he served as a Medical Officer in Tan Tock Seng Hospital from 1992 to 1994. After moving to Singapore General Hospital in 1994, he held various positions including Registrar of the Department of Colorectal Surgery, Associate Consultant of the Department of Colorectal Surgery and Consultant of the Department of Colorectal Surgery until 2004. He then spent approximately 3 years as a Consultant for colorectal surgery at Pacific Colorectal Centre, before starting his own private practice in 2007, the Heah Colorectal Endoscopy & Piles Centre. He has since opened various other clinics including Heah Endoscopy & Piles Centre (Bukit Batok).

Dr. Heah graduated from the National University of Ireland with a Bachelor of Medicine, Bachelor of Surgery in 1990. He is an accredited specialist in general surgery with the Singapore Ministry of Health, a registered specialist in general surgery with the Singapore Medical Council, and a fellow of the Royal College of Surgeons of Edinburgh as well as the Academy of Medicine Singapore. Dr. Heah has also been the recipient of several awards over the years including the Singapore General Hospital Service Quality Award, which he received consecutively for 3 years from 2000 to 2002, and SME Prestige award in 2013. In reservist, Dr. Heah attained the rank of Lieutenant Colonel and was Commanding Officer of the first Combat Support Hospital (1CSH) from 2008 to 2013. In 2012, he was awarded The Commendation Medal (National Day awards). In 2017, he became a Spirit of Enterprise honouree.

# BOARD OF DIRECTORS



**DR. CHIA KOK HOONG**

Executive Director and  
Medical Director

Dr. Chia Kok Hoong was appointed as our Executive Director on 1 September 2015 and was last re-elected on 26 September 2023. He was appointed as our Medical Director on 6 July 2017. Dr. Chia has spent most of his career in the public healthcare sector, first serving as a Registrar at Alexandra Hospital before being appointed as a Consultant at Singapore General Hospital. He then moved to Tan Tock Seng Hospital where he was appointed as a Senior Consultant before being appointed as Deputy Head of the General Surgery Department. Dr. Chia spent over 20 years in the public healthcare sector before establishing his private practice at Mount Elizabeth Medical Centre in July 2009.

Dr. Chia graduated from National University of Singapore with a Bachelor of Medicine, Bachelor of Surgery in 1986. He is an accredited specialist in general surgery and an accredited renal transplant surgeon with the Singapore Ministry of Health, as well as a fellow of the Royal College of Surgeons of Edinburgh and the Academy of Medicine Singapore. Dr. Chia has also participated in numerous educational activities, having served as an Associate Professor at the Yong Loo Lin School of Medicine, NUS, in addition to being regularly invited to give lectures at seminars and panel discussions. Further, Dr. Chia was also a member of several professional committees such as Ministry of Health Specialist Training Committee for General Surgery and was an elected member of the Singapore Medical Council

from October 2016 to October 2019. Dr. Chia has been the recipient of numerous awards over the years, including the Singapore General Hospital Service Quality Award (Service with a Heart) in 2002, the Courage Fund Tan Tock Seng for SARS cases Award in 2003, the Tan Tock Seng Hospital Excellent Service Award (Gold) in 2005 and 2006, and the Tan Tock Seng Hospital Service Champion Award in 2006. He was also awarded the Minister's Award for Public Spiritiveness in 2010.



**MR. LIM CHYE LAI, GJAN**

Non-Independent  
Non-Executive Director

Mr. Lim Chye Lai, Gjan was appointed as our Non-Independent Non-Executive Director on 28 September 2016 and was most recently re-elected on 27 September 2022. Mr. Lim has worked in the medical equipment industry for over 20 years. He started his career at Schmidt BioMedTech Pte. Ltd. in 2000 as a Sale Engineer before moving on to Olympus Medical Ltd. in 2001, where he served as their Regional Product Executive until 2005. In 2005, he joined Minimally Invasive Therapies Group, Medtronic, which is involved in the supply of minimally invasive therapies, and was the Business Unit Director of Singapore and Malaysia until August 2019. Mr. Lim now runs a local company, Healthcare Essentials Pte. Ltd., specialising in the retail sales of pharmaceutical and medical goods and the provision of management consultancy services. Mr. Lim has also been serving as the Chairman of the Business Sub-Committee in

the Medical Technology Industry Group since 2012, a group formed by various companies operating in the medical technology industry.

Mr. Lim graduated from Temasek Polytechnic with a Diploma in Electronics in 1998.



**MR. OOI SENG SOON**

Independent  
Non-Executive Director

Mr. Ooi Seng Soon was appointed as an Independent Non-Executive Director on 28 September 2016 and was last re-elected on 26 September 2023. With more than 24 years of experience in banking and finance, Mr. Ooi had worked in various positions in ABN AMRO Bank from 1974 to 1996, before joining Oversea-Chinese Banking Corporation Ltd., where he headed the Enterprise Banking division of the Bank of Singapore from 1997 to 1998 before his retirement. Mr. Ooi had previously served as independent director of NH Ceramics Limited (now known as Blackgold Natural Resources Limited), a company listed on the Catalist Board of the SGX-ST, and was an independent director of BRC Asia Limited from 2009 to 2018, which is listed on the Main Board of the SGX-ST. He was actively involved in board matters, having acted as Chairman of various board committees such as the audit committee and remuneration committee.

Mr. Ooi graduated from the University of Singapore with a Bachelor of Arts in 1971.

# KEY MANAGEMENT



**MS. SOPHIA ONG**  
Chief Financial Officer



**MS. MELISSA SUSANTIO**  
Chief Operating Officer



**MS. LEE HUI THENG**  
Chief Nursing Officer

Ms. Sophia Ong joined our Group on 15 February 2016 as our Chief Financial Officer. She is responsible for managing the Group's financial, taxation and regulatory compliance functions. She also assists the CEO on merger and acquisition activities. Ms. Ong started her career as an Audit Assistant at a local certified public accounting firm, Ng Vun & Co in 2001. She left to join Ernst & Young in 2004 before moving to Sincere Watch Limited, a company previously listed on the Main Board of the SGX-ST, in 2005 where she held various positions including Assistant Finance Manager and Assistant Vice-President of Finance. In 2012, she joined Emperor Watch & Jewellery (S) Pte. Ltd. as their Deputy Head of Finance, before joining our Group in 2016.

Ms. Ong is a chartered accountant with the Institute of Singapore Chartered Accountants with over 23 years of experience in accounting, audit and tax matters. She graduated from Nanyang Technological University with a Bachelor of Accountancy in June 2001.

Ms. Melissa Susantio joined our Group in 2017 and was previously our Operations, Marketing & IT Manager. She was appointed as our Chief Operating Officer on 1 May 2022. She is responsible for the overall operation of our Group's clinics including ensuring that every clinic within our Group conforms to a common operating procedure and process, obtains and maintains the necessary regulatory licences, and adheres to stringent standard of procedures, clinical guidelines and safety procedures. She is also responsible for the execution of the Group's business and marketing plans, in addition to the development and implementation of the Group's IT policies and procedures to ensure data security and integrity of patients' information. Ms. Susantio started her career as an auditor in Ernst & Young in 2014. She moved to United Overseas Bank as a personal banker in 2016, before joining our Group in 2017.

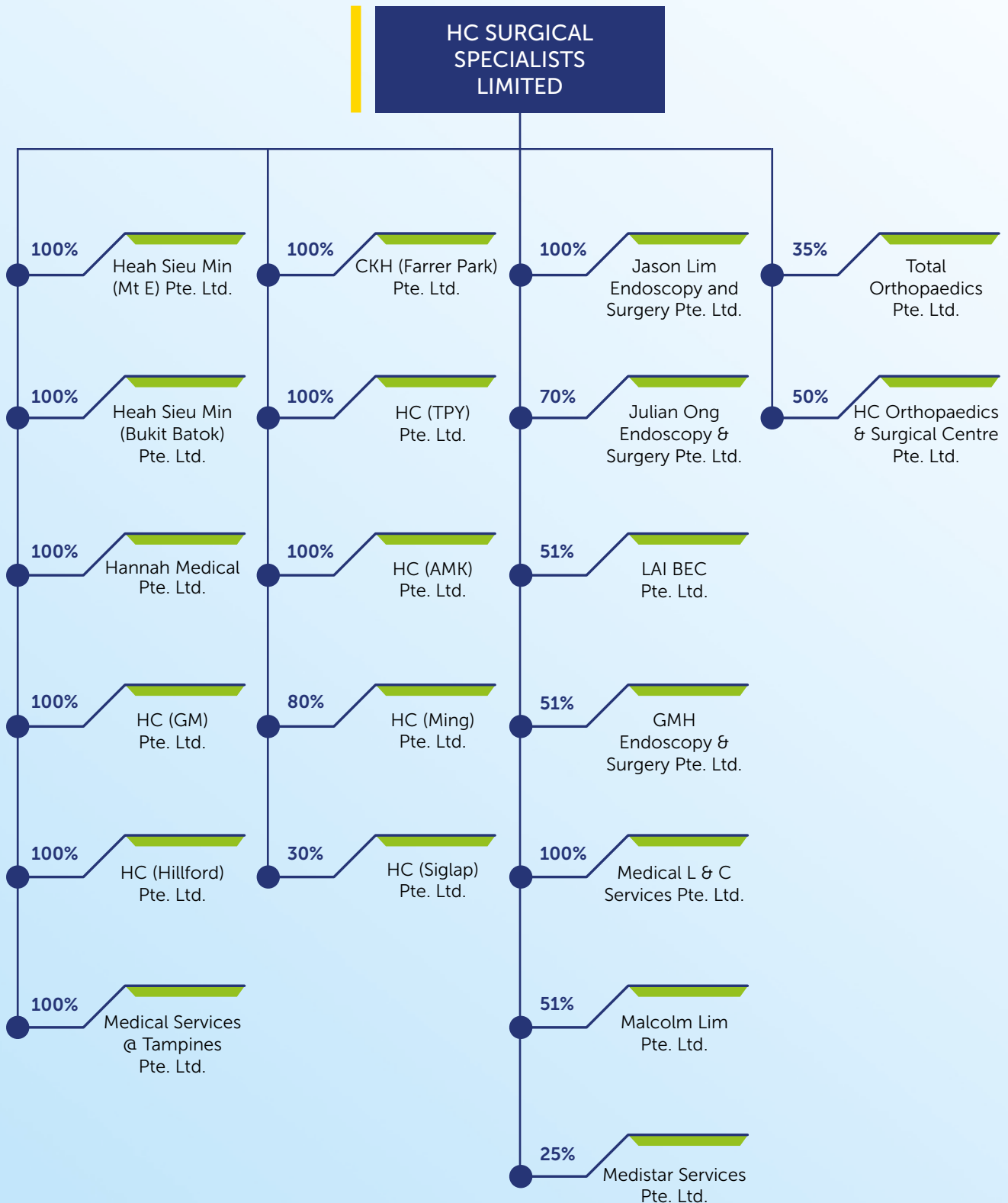
Ms. Susantio graduated from University of London with a Bachelor of Science in Accounting and Finance in August 2013.

Ms. Lee Hui Theng has been with our Group since 2009 and was previously our Nurse Manager and Human Resource Manager. She was appointed as our Chief Nursing Officer on 1 May 2023. She is responsible for upholding the Group's nursing standard in accordance with the guidelines under the Ministry of Health. She has 22 years of nursing experience of which about 15 years is with the company, where she has accumulated in-depth experience and knowledge of our Group's operations. Ms. Lee previously worked at Singapore General Hospital in the Neuro Surgical ward and Endoscopy Centre before joining Heah Colorectal Endoscopy & Piles Centre as a Clinic Nurse in 2009.

Ms. Lee graduated from the Institute of Technical Education in January 2003 with a Certificate in Nursing and was the recipient of the Singapore General Hospital Service Quality Award in August 2006.



# GROUP STRUCTURE



# OUR SERVICES

“

**Our Group is 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 clinics located throughout Singapore.**

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# OUR SERVICES



Endoscopic procedures are either diagnostic or therapeutic, and can be used to identify and determine how best to treat conditions of the digestive system. During the procedure, a variety of instruments can be passed through the endoscope to diagnose and treat, among others, constipation, loose stools, irritable bowel syndrome, abdominal bloating, or discomfort and bleeding during motion.

## Other conditions treated by our Group include:

- 01 ● HAEMORRHOIDS
- 02 ● ANAL FISSURE
- 03 ● ANAL ABSCESS
- 04 ● ANAL FISTULA
- 05 ● LIPOMAS AND CYSTS
- 06 ● HERNIA
- 07 ● CHOLECYSTITIS
- 08 ● APPENDICITIS
- 09 ● COLORECTAL CANCER
- 10 ● GASTRIC CANCER

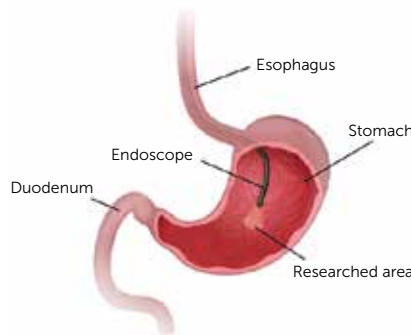
# OUR SERVICES

Information on some of the typical endoscopic procedures we perform, the conditions we treat and related treatments commonly carried out by us are set out as follows:

## ENDOSCOPIC PROCEDURES

Endoscopy is a non-surgical procedure used to examine the digestive tract. An endoscope or colonoscope is a thin, flexible tube with light and camera attached at one end and is used to view the stomach/colon through a TV monitor. Polypectomies may also be performed during endoscopy to remove polyps (growths) found in the stomach/colon. These are commonly done to evaluate:

- 01 Abdominal pain, bloating or discomfort
- 02 Reflux symptoms, gastritis
- 03 Bleeding in the digestive tract, bleeding per rectum, blood in stools
- 04 Constipation, loose stools, change in bowel habit, irritable bowel syndrome (IBS)
- 05 Nausea, vomiting
- 06 Loss of weight, loss of appetite
- 07 Anaemia
- 08 Family history of stomach/colon cancer

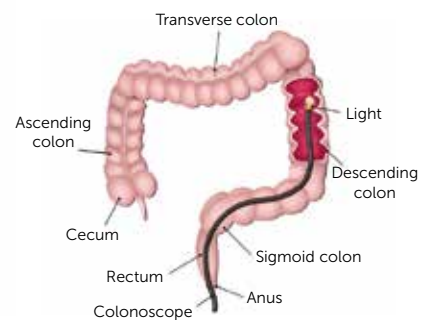


### GASTROSCOPY

Gastroscopy is sometimes referred to as an upper gastrointestinal endoscopy. It allows specialists to view the inside of a patient's oesophagus, stomach and duodenum through the TV monitor.

It is often used to:

- Investigate problems such as difficulty in swallowing or persistent abdominal pain.
- Diagnose conditions such as gastritis, stomach ulcers or gastro-oesophageal reflux diseases and stomach cancer.
- Treat conditions like bleeding ulcers, blockage in the oesophagus, polyps or small benign tumours.



### COLONOSCOPY

Colonoscopy is a procedure which enables the specialists to view the inside of the colon (large intestine). It is best known as a screening tool for early detection of colon cancer and is often used to investigate other diseases of the colon, resulting in abdominal discomfort, anaemia, blood in stool, diarrhoea, change in bowel habits, and unexplained weight loss. It can also be used in the treatment of bleeding diverticulitis, and polyps removal (which are the precursors of cancers).

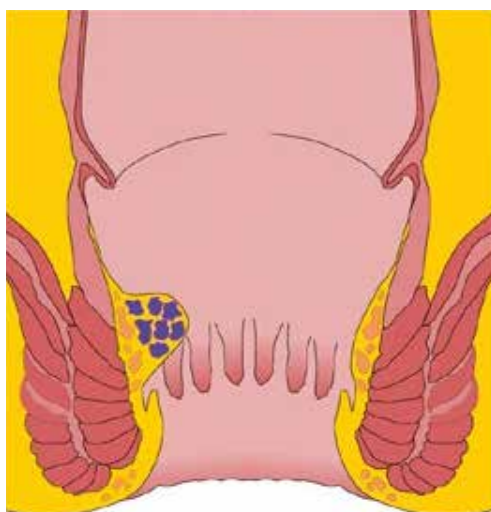
# OUR SERVICES

## TYPES OF OTHER DISEASES

### HAEMORRHOIDS

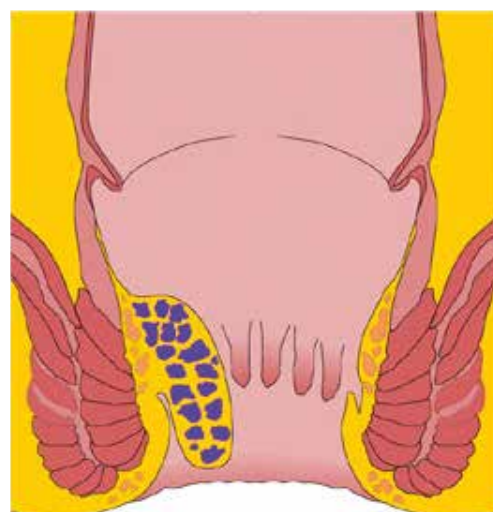
Haemorrhoids, commonly known as piles, are swelling or enlarged blood vessels found inside or around the rectum or anus. Symptoms typically include bleeding when passing motion and/or anal lump. Haemorrhoidectomy using Ligasure, Haemorrhoid Energy Therapy, and Ligation of Piles are some of the treatments done in our centres.

Haemorrhoids can be classified into four stages:



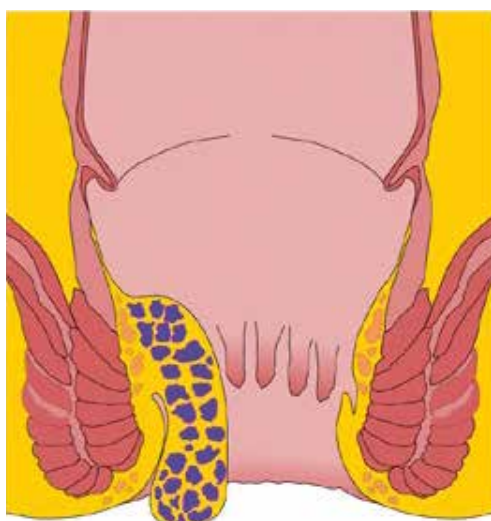
#### FIRST DEGREE

Internal piles that bleed, but do not prolapse past the anus (or 'pop out').



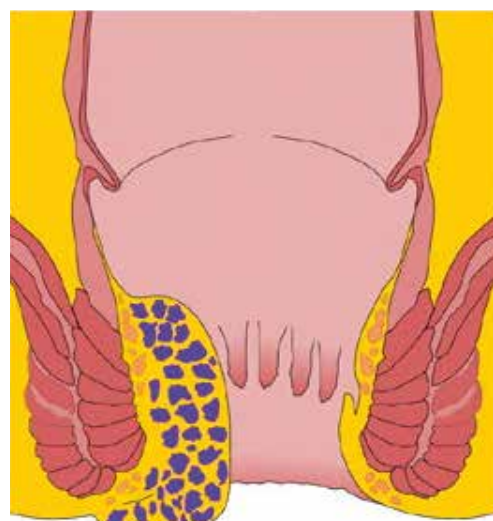
#### SECOND DEGREE

Piles that prolapse past the anus during bowel movement but reduce spontaneously.



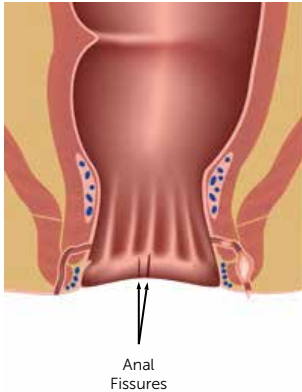
#### THIRD DEGREE

Piles that are prolapsed and must be manually reduced.



#### FOURTH DEGREE

Piles that are permanently prolapsed and cannot be reduced, or piles with painful blood clots.

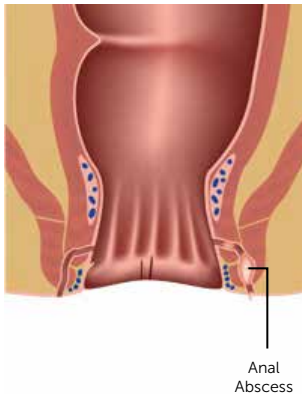


### ANAL FISSURE

An anal fissure is a small tear in the mucosa lining of the anus. Anal fissures can be acute or chronic.

This usually occurs after passing out hard stools. Pain is often severe and common symptoms include:

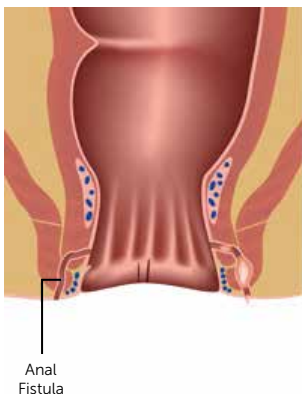
- Sharp anal pain on defecation, especially after hard stools
- Throbbing pain that persists after passing motion
- Blood on passing motion
- Loose skin felt at area of pain (sentinel skin tag)



### ANAL ABSCESS

Anal abscess is the build-up of pus in the rectum and anus.

Symptoms include anal pain and fever. If this is not fully treated, it can lead to anal fistula. Treatment usually involves draining the infected fluid and dressing of the wound after the operation.



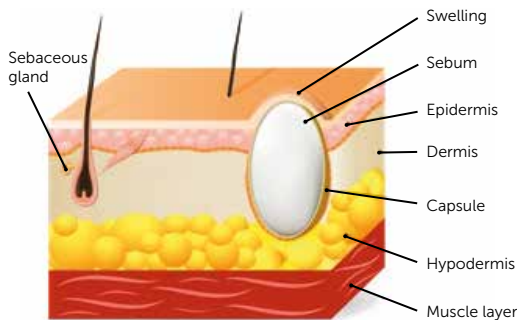
### ANAL FISTULA

Anal fistula is a small channel that can develop between the end of the bowel and the skin near the anus, usually the result of an infection near the anus causing a collection of pus in the nearby tissues. When the pus drains away, it leaves behind a small tunnel. Common symptoms can include skin irritation, anal discomfort, smelly anal discharge, swelling and fever.

Fistulectomy is often done as a treatment for anal fistula whereby the surgeon uses a probe to find the fistula's internal opening. Following that, the tract is cut open, scraped and the contents are flushed out. The wound is then dressed till the wound heals.

# OUR SERVICES

## TYPES OF OTHER DISEASES

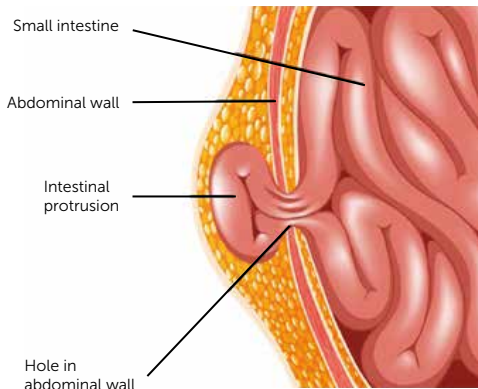


### LIPOMAS AND CYSTS

Lipomas are soft, fatty lumps that grow underneath the skin. They are usually harmless and can be left alone. They are benign and are caused by an overgrowth of fat cells. They can grow anywhere in the body, but are commonly seen at the shoulders, neck, chest, arms, back, buttock and thigh.

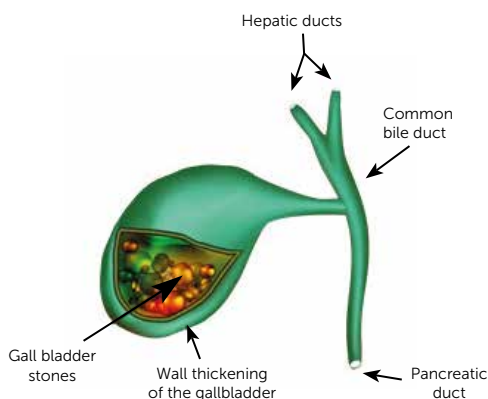
Cysts are sacs under the skin that contains fluids and can be mistaken as a lipoma. Surgical treatments are carried out when they cause pain.

Lipomas and cysts can be removed in our centres under local anaesthesia, by cutting the skin over the lump, removing the lipoma/cyst and stitching it up.



### HERNIA

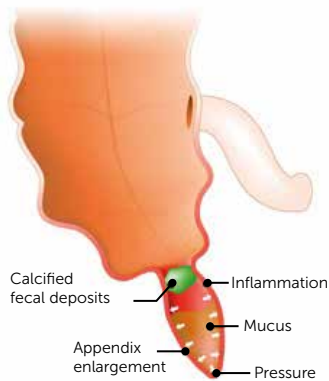
A hernia is a gap or space in the strong tissue that holds muscle in place. It occurs when the inside layers of the abdominal muscle weaken, resulting in a bulge tear. The inner lining of the abdomen pushes through the weakened area of the abdominal wall to form a small sac. Hernia can cause discomfort, severe pain or other potentially serious problems that could require emergency surgery.



### CHOLECYSTITIS

Cholecystitis is the inflammation of the gallbladder, commonly caused by an obstruction of the cystic duct by gallstones arising from the gallbladder (cholelithiasis).

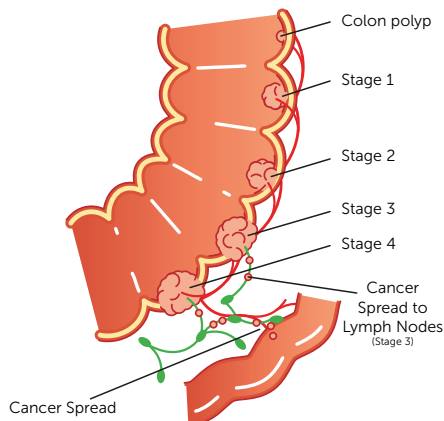
The common symptoms are nausea, vomiting, right upper abdominal pain, and occasionally fever. Cholecystitis can be diagnosed through ultrasound. The treatment for cholecystitis is Laparoscopic Cholecystectomy (making small incisions in the abdomen to remove the gallbladder).



### APPENDICITIS

Appendicitis is the inflammation of the appendix, a finger-shaped pouch that projects from your colon on the lower right side of your abdomen. The appendix does not seem to have a specific purpose. Appendicitis causes pain in your lower right abdomen.

However, in most people, pain begins around the navel and then moves. As inflammation worsens, appendicitis pain typically increases and eventually becomes severe. Although anyone can develop appendicitis, most often it occurs in people between the ages of 10 and 30. Standard treatment is surgical removal of the appendix.

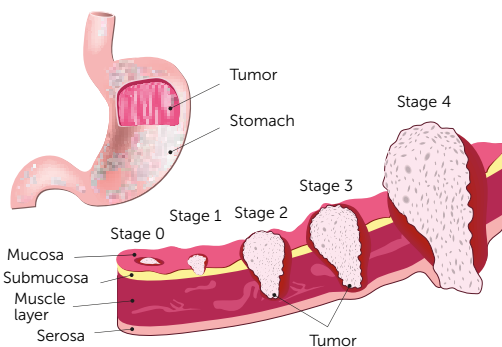


### COLORECTAL CANCER

Colorectal cancer is the cancer of the colon and rectum. It develops from polyps that grow on the inner wall of the colon/ rectum. Polyps are usually benign lumps. However, certain polyps may develop into cancer overtime. Polyps may be small and usually do not cause any symptom. For this reason, doctors recommend regular screening tests (colonoscopy) as a prevention by removing the polyps before they develop into colon cancer.

The common symptoms of colorectal cancer are:

- rectal bleeding
- change in bowel habits (e.g. constipation and diarrhoea)
- abdominal pain, bloating, symptoms of anaemia (fatigue, breathlessness, dizziness etc.)
- weight loss



### GASTRIC CANCER

Stomach cancer, also known as gastric cancer, is cancer developing from the lining of the stomach. Early symptoms may include heartburn, upper abdominal pain, nausea and loss of appetite. The most common cause is infection by the bacterium *Helicobacter Pylori*, which accounts for more than 60% of cases. Certain types of *Helicobacter Pylori* have greater risks than others. However, these can be treated medically if detected early.

Gastroscopy is used to diagnose the condition, after which gastrectomy may be done for the treatment (removal of part or whole of the stomach).



# OUR SERVICES

## ORTHOPAEDIC SERVICES

WE ALSO PROVIDE ORTHOPAEDIC SERVICES AS FOLLOWS:

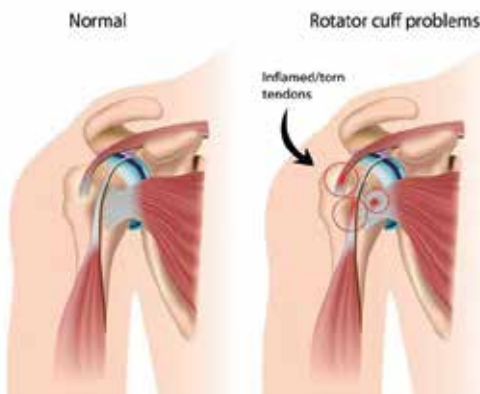
- Joint Pain
- Sports injuries - Shoulder Instability, Superior labral tears, Meniscus tears, Knee ligaments injuries, Ankle instability
- Elbow Plica syndrome
- Osteoarthritis
- Rotator Cuff tears
- Trigger Finger
- De Quervain Tenosynovitis
- Carpal Tunnel Syndrome
- Wounds
- Lumps/Bumps
- Joint Replacement (Shoulder/Elbow/Knee)
- Arthroscopic Surgery
- Knee osteotomy/Realignment surgery
- Endoscopic Spine Surgery
- Disc replacements
- Spinal Decompression and stabilisation
- Fractures
- Orthobiologic Injections

## TYPES OF OTHER CONDITIONS



### CONDITION 1:

**Trigger Finger** - Trigger finger is a condition that occurs when the tendons in the fingers or thumb become inflamed or irritated, causing the finger or thumb to become stuck in a bent position or click on movement. Management varies, depending on the severity of the condition. In its early stages, it's managed conservatively with anti-inflammatories and a splint to immobilise it. As the condition progresses, alternative management options include a hydrocortisone and lignocaine injection or a surgical release of the A1 pulley.



### CONDITION 2:

**Shoulder Rotator cuff tears** - The rotator cuff is a group of muscles around the shoulder joint that hold it in place and work together to control shoulder movements. Symptoms like pain, weakness and limitations in shoulder movement occur when it gets injured or torn due to overuse or acutely after an injury, typically a high energy fall. Management varies depending on various factors like patient age, functional limitations and size of tear. Surgical management options commonly involve a shoulder arthroscopy and repair if conservative management fails.

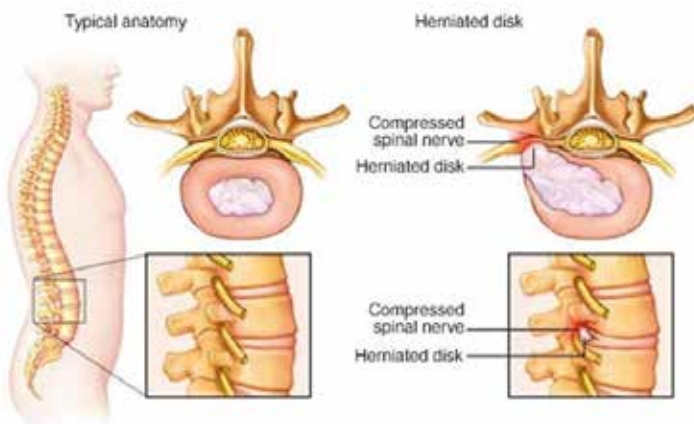
# OUR SERVICES

## TYPES OF OTHER CONDITIONS



### CONDITION 3:

**Knee Anterior Cruciate ligament (ACL) tears** - The ACL is a ligament that is involved in knee stabilisation, in particular anterior movement of the tibia (shinbone) in relation to the femur (thigh bone). Injuries tend to occur in high demand athletes who sustain a rotational force when they change their direction during sports or from a direct impact when they get tackled during a game. Typical symptoms include knee swelling, pain, instability and difficulty walking. Diagnosis is usually confirmed with a detailed history, physical examination and a MRI scan. In young patients, surgical reconstruction of the ACL is usually recommended with a dedicated rehabilitation programme post-surgery.



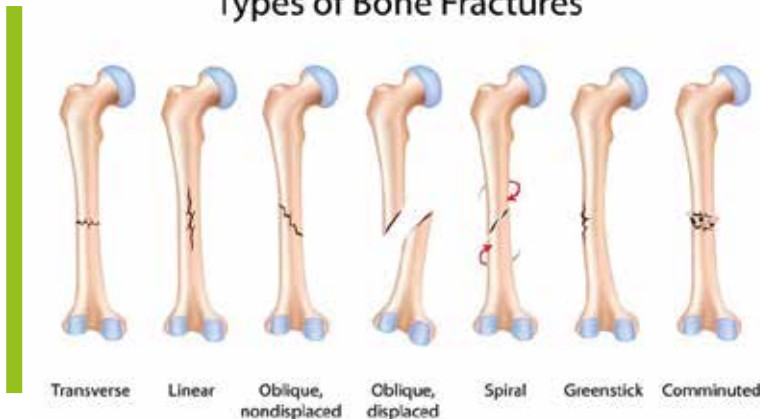
### CONDITION 4:

**Prolapsed Intervertebral Discs (Spine)** - An intervertebral disc sits between the vertebrae (bone) in the spine. It allows some mobility between individual segments of the spine, links each level of the spine together and also acts as a shock absorber. It is contained by anterior and posterior longitudinal ligaments. With injury, it can prolapse through a weakness in the posterior ligament and potentially compress the nerves of the spine. When this occurs, patients typically experience pain, numbness and weakness. In some instances, where the prolapsed disc is large and compresses many nerves, it can lead to incontinence and this constitutes a surgical emergency. In a simple prolapsed disc, typical first line management involves NSAIDs and physiotherapy. If this fails, surgical decompression and removal of the prolapsed disc is needed.

# OUR SERVICES

## TYPES OF OTHER CONDITIONS

### Types of Bone Fractures



#### CONDITION 5:

**Fractures** - A fracture is a complete (or partial) break in a bone. This tends to occur when a large force hits the bone e.g. fall, car accidents etc. A fracture can be closed (skin intact) or open (break in skin with exposed bone). If an open fracture occurs, urgent surgery is needed to clean the wound and fix the fracture. In closed fractures, where appropriate, some can be managed by immobilisation with a cast or alternatively, by surgical fixation with plates and screws or with nails/rods.

## OTHER SERVICES



### HOME CARE SERVICES

Home care is providing supportive care in the home, thereby allowing a person with special needs to receive the care they need within the comfort of their home. It is usually meant for people who are getting older, chronically ill, recovering from surgery, or disabled. The home care services provided by HCSS are:

- Home Medical Services
- Home Nursing Services
- Home Physiotherapy Sessions
- Home Speech Therapy Services
- Home Occupational Therapy Visits
- Private Ambulance Services



### PHPC / SASH / CHAS / COVID-19 SWAB TEST SERVICES

Our general practitioner clinic, ACMS Medical Clinic, is located in central Orchard area and provides a range of services, including:

- health screening
- management of acute and chronic conditions
- pre-employment check-up

In addition, it is also enrolled in the following:

- Public Health Preparedness Clinic (PHPC) scheme
- Swab and Send Home (SASH) Programme
- Community Health Assist Scheme (CHAS)
- Pre-departure COVID-19 Swab Test
- COVID-19 PCR Swab Test

One of our clinics, HC Endoscopy & Piles Centre (Hillford), is also licensed to provide COVID-19 testing services.



### OTHER ANCILLARY SERVICES

We also provide general consultation and diagnostic services for patients to aid in our diagnosis. This includes a range of diagnostic tests including blood tests, X-Rays, Ultrasound, CT Scans and MRIs.

# OUR SPECIALISTS

## - GENERAL SURGERY



### **DR. HEAH SIEU MIN**

MBBCh,  
FRCSEd (General Surgery),  
FAMS General Surgeon

Dr. Heah graduated from the National University of Ireland in 1990 with a Bachelor's degree in Medicine and Surgery. After completing his housemanship in Ireland, he returned to Singapore where he worked in various hospitals, including Tan Tock Seng Hospital, Singapore General Hospital and KK Women's and Children's Hospital. He obtained his FRCSEd in general surgery in 1994, and was accredited as a specialist in general surgery by the Ministry of Health and the Singapore Medical Council in 1999. Dr. Heah obtained his FAMS in general surgery in 2000. Dr. Heah established his private practice in 2007.



### **DR. CHIA KOK HOONG**

MBBS (Singapore),  
FRCSEd (General Surgery),  
FAMS General Surgeon

Dr. Chia graduated from the National University of Singapore in 1986 with a Bachelor's degree in Medicine and Surgery. He obtained his FRCSEd in 1991, and in 1998, he was accredited as a specialist in General Surgery by the Ministry of Health. Dr. Chia had subspecialty training in vascular surgery and renal transplant surgery. He obtained his FAMS in 2000. After spending 23 years in the public healthcare sector, Dr. Chia established his private practice in 2009.

Dr. Chia had served as a member of professional committees such as the Ministry of Health Specialist Training Committee for General Surgery and was an elected member of the Singapore Medical Council from October 2016 to October 2019.

# OUR SPECIALISTS

## - GENERAL SURGERY



### **DR. LAI JIUNN HENRG**

MBBS (Singapore),  
MRCSEd (Surgery),  
M.Med (Surgery),  
FRCSEd (General Surgery)

Dr. Lai obtained his Bachelor's degree in Medicine and Surgery (MBBS) from the National University of Singapore in 1998. He went on to obtain his Membership in Surgery from the Royal College of Surgeons of Edinburgh (MRCSEd) in 2004, and received his Master of Medicine in Surgery (M.Med) from the National University of Singapore in 2005.

He completed his advanced surgical training and was awarded the Fellowship in General Surgery from the Royal College of Surgeons of Edinburgh (FRCSEd) in 2009. He specialises in colorectal and general abdominal surgery, endoscopy and proctology. His subspecialties include minimally invasive and robotic colorectal surgery, advanced endoscopy (endoscopic mucosal resection) and new techniques in piles and anal fistula surgery.

Dr. Lai is Past President of the Society of Colorectal Surgeons, Singapore (SCRS). He completed his stint on the Mt Elizabeth Hospital Medical Advisory Board as the General Surgery Representative (July 2021 - June 2023). He sits on the Board of Directors of Asia Pacific EndoLaparoscopy Group (APELS) and is a lifetime member of the Endoscopic and Laparoscopic Surgeons of Asia (ELSA). Dr. Lai is actively involved in post-graduate surgical teaching as well as endo-laparoscopic workshops for surgeons in the Asia Pacific region. Dr. Lai joined our Group in November 2016.

# OUR SPECIALISTS

## - GENERAL SURGERY



### **DR. JASON LIM**

MBBS (Singapore),  
M.Med (Surgery),  
FRCSEd (General Surgery),  
FAMS

Dr. Lim graduated from the Faculty of Medicine, National University of Singapore in 2006 with a Bachelor of Medicine and Bachelor of Surgery (MBBS). After completing his housemanship in Singapore General Hospital and his National Service in the Singapore Armed Forces, Dr. Lim commenced on his general surgical specialist training in 2009. He obtained the position of Registrar in the Department of Colorectal Surgery, Singapore General Hospital in 2011, and subsequently completed his Master of Medicine (Surgery) in 2012.

Dr. Lim was admitted as a Fellow of the Royal College of Surgeons, Edinburgh in 2015 and undertook a fellowship in Advanced Proctology, Functional Bowel Disorders and Pelvic Floor Disorders in Aarhus University Hospital, Denmark. He was a Consultant Surgeon in the Department of Colorectal Surgery, Singapore General Hospital prior to leaving for private practice. Dr. Lim was a member of the Medical Board and Department Quality Officer at Singapore General Hospital. Dr. Lim was also a Clinician Lead, Same Day Admission Centre. He was a co-Chair for both Clinical Quality Improvement Committee and Clinical Learning Environment Review Committee at SingHealth Surgical Residency Program. Dr. Lim joined our Group in August 2018.



### **DR. GOH MINGHUI**

MBBS (Singapore),  
M.Med (Surgery),  
FRCSEd (General Surgery)

Dr. Goh graduated from Yong Loo Lin School of Medicine, National University of Singapore in 2007 and started her surgical training at Singapore General Hospital in 2008.

In 2016, Dr. Goh received her Specialist Accreditation with Ministry of Health in General Surgery and in 2018, she was made Consultant Surgeon in the Department of Colorectal Surgery at Singapore General Hospital. Dr. Goh was awarded the SingHealth Manpower Development Plan award in 2018 and embarked on a one-year fellowship at Prince of Wales Hospital in Hong Kong where she was trained in minimally invasive techniques for colorectal surgery. These included laparoscopic and robotic surgery.

Outside of clinical work, Dr. Goh was also appointed as clinical lecturer with the Department of Surgery at Yong Loo Lin School of Medicine, National University of Singapore. Dr. Goh joined our Group in July 2020.

# OUR SPECIALISTS

## - ORTHOPAEDIC SURGERY



### **DR. BENJAMIN SEAH**

MBBS (London), BSc (Ortho Sc),  
M.Med (Ortho), MRCSEd (Ortho),  
FRCSEd (Ortho)

Dr. Benjamin Seah graduated from the University College London Medical School (UK) in 2008 and was awarded the University College London-Singapore Undergraduate Scholarship. During his undergraduate years, he dedicated a year towards research at the Royal National Orthopaedic Hospital, Stanmore, United Kingdom, and graduated with First Class Honours in Orthopaedic Sciences (Bachelor of Science) in 2005. He obtained his postgraduate Membership of the Royal College of Surgeons (Edinburgh) in 2011, and his Masters of Medicine (Orthopaedic Surgery) in 2013. He furthered his expertise by obtaining a Fellowship of the Royal College of Surgeons (Edinburgh) in Orthopaedic Surgery in 2017 and completed an Upper Limb Orthopaedic Fellowship in Australia in 2019. Valuable experience in managing Complex Rotator cuff injuries and Shoulder Tendon Transfer Surgeries was also gained during his time at Asan Medical Centre, Seoul (South Korea).

Dr. Seah's contributions extend beyond clinical practice. He actively participates in medical innovation and mentors aspiring healthcare professionals. He currently advocates the use of sensor-based technology in the rehabilitation of shoulder and knee conditions, adopts the use of a Bioinductive patch for augmentation of selected rotator cuff repairs and established a unique 4-Dimensional CT Elbow imaging system for complex elbow injuries. In June 2023, Dr. Seah joined our esteemed group, bringing his wealth of expertise and achievements to our team.



### **DR. HAMID RAZAK**

MBBS (NUS), MMed (Ortho),  
MRCS (Glasg), FRCSGlasg (Tr&Orth)  
FRCSEd (Orth), FAMS (Orth Surg),  
MPH (NUS)

Dr. Hamid Razak is a prominent Consultant Orthopaedic Surgeon with more than 15 years of experience. He is concurrently an Adjunct Associate Professor at Duke – National University of Singapore Medical School. Prior to private practice, Dr. Hamid was the lead for the Sports & Joint Preserving Osteotomy Services at Sengkang General Hospital. He was also the site chief for the SingHealth Sports & Exercise Medicine Centre.

Throughout his career, Dr. Hamid has shown a commitment to advancing Orthopaedic care. He completed research and clinical fellowships at Imperial College London and the London Knee Osteotomy Centre respectively, enhancing his expertise in joint preservation procedures. He was also awarded the College Travelling Fellowship by the Royal College of Physicians & Surgeons of Glasgow. With this award, he completed a training stint at the world renowned Nuffield Orthopaedic Centre, where he was trained in utilising the Oxford Partial Knee implant, enhancing treatment options for patients. He was also awarded the prestigious International Cartilage Regeneration & Joint Preservation Society Clinical Travelling Fellowship in 2023 where he visited and learnt from the best surgeons in Europe performing state-of-the-art joint preserving procedures.

With over 100 publications in peer-reviewed journals and significant grant funding, Dr. Hamid actively contributes to clinical research and innovation. Dr. Hamid's dedication to pushing the boundaries in joint preserving surgery underscores his mission to optimise patient outcomes and advance Orthopaedic care. Outside his clinical work, Dr. Hamid is very active in the voluntary space and is currently the 2<sup>nd</sup> adviser to Jurong Group Representation Constituencies Grassroots Organisations (Jurong Spring).

# OUR SPECIALISTS

## - ORTHOPAEDIC SURGERY



### **DR. HUANG YILUN**

MBBS, MMED (Ortho), MRCS (Glasg),  
FRCSEd (Orth Surg)

Dr. Huang graduated from Yong Loo Lin School of Medicine, National University of Singapore (YLL-NUS) in 2007. He spent time overseas in Cambodia during his undergraduate days to do volunteer work and promote health education in the public. He has served as a house officer in the Singhealth cluster and was awarded the Singhealth Best house officer award in 2008. He subsequently obtained his postgraduate Membership of the Royal College of Surgeons (Glasgow) in 2011, his Master of Medicine (Orthopaedic Surgery) in 2013, and completed his Fellowship of the Royal College of Surgeons (Edinburgh) in Orthopaedic Surgery in 2018.

Dr. Huang completed his fellowship training in endoscopic spinal surgery in 2022 in Himnaera Hospital, Busan, Korea and has started providing endoscopic spine surgical services to patients and was appointed the Spine Surgery Service lead in the Department of Orthopaedic Surgery at Sengkang General Hospital (SKH). He was concurrently the SKH site chief for the SingHealth Duke – National University of Singapore (Duke-NUS) Spine Centre, managing spinal conditions ranging from traumatic, infective and degenerative causes. His main interest and subspecialty is in performing endoscopic spinal surgery. During his stint as the spine service head in SKH, he has started an award-winning Spinal Triage and Rehab Clinic.

Dr. Huang has presented at multiple international spine conferences on his work in endoscopic spine surgery. He also has multiple publications in major journals for his work in orthopaedic surgery. He has been appointed a teaching faculty for Endoscopic Spine Academy in 2023. Dr. Huang is also an avid educator and has a passion for teaching. He held teaching positions in YLL-NUS, Lee Kong Chian School of Medicine in Nanyang Technological University (LKC-NTU), and Duke-NUS. He is also the teaching lead for SKH to LKC-NTU. He is currently a visiting consultant to SKH and has been appointed chairperson for the Endoscopic Spine Surgery Focus Group in the Singapore Spine Society.



# OUR GENERAL PRACTITIONERS



**DR. MALCOLM LIM**

LRCP & SI,  
MB Bch,  
BAO (NUI)

Dr. Lim graduated from the Royal College of Surgeons in Ireland with a Licentiate of the Royal College of Physicians of Ireland & Royal College of Surgeons in Ireland, Bachelor of Medicine and Bachelor of Surgery and Bachelor in the Art of Obstetrics in 1992. He completed his housemanship at the Singapore General Hospital and Kangar Kerbau Hospital from 1992 to 1993, after which he served as a medical officer with the Singapore Armed Forces for 2 years. In 1995, he joined Healthway Medical Group as a general practitioner and in 2005, Dr. Lim moved to Pacific Healthcare Holdings where he worked as a general practitioner, before joining our Group in July 2016.



**DR. TAN SEE LIN**

LRCP & SI,  
MB Bch,  
BAO (NUI)

Dr. Tan graduated from the Royal College of Surgeons in Ireland with a Licentiate of the Royal College of Physicians of Ireland & Royal College of Surgeons in Ireland, Bachelor of Medicine and Bachelor of Surgery and Bachelor in the Art of Obstetrics in 1991. She started her career in Ireland as a houseman at the James Connolly Memorial Hospital, and at the Letterkenny General Hospital. Dr. Tan served as a medical officer at the National University Hospital from 1993 to 1995 where she received training in general orthopaedic surgery. She later joined Healthway Medical Group as a general practitioner in 1995 and subsequently moved on to Pacific Healthcare Holdings in 2005, before joining our Group in July 2016.

# OUR GENERAL PRACTITIONERS



## DR. LAI JUNXU

MBBS (Singapore),  
Dip (Fam Med),  
Dip (Pall Med),  
DWD (CAW)

Dr. Lai obtained his Bachelor's degree in Medicine and Surgery in 2008 from the National University of Singapore. Since November 2013, Dr. Lai has been running the home care programme for patients from Yong-En Care Centre. In 2014, he started his collaboration with Thye Hua Kwan Moral Charities Ensuite Care Services. Dr. Lai completed his Graduate Diploma in Palliative Medicine in 2016. In 2016, Dr. Lai helped the Agency for Integrated Care's Holistic care for Medically-advanced patients (HOME) programme - a palliative home care service for patients with endstage organ diseases; and Jurong Health Services with their Sub-acute ambulatory care for Functionally challenged and/or Elderly (SAFE) programme. Concurrently, Dr. Lai expanded his home care service by collaborating with Kwong Wai Shiu Hospital and

Home Nursing Foundation. Dr. Lai also clinched the contract to provide medical service to the residents at Ren Ci Nursing Home @ Bukit Batok from 2016-2019. Dr. Lai joined our Group in June 2017. In 2017, Dr. Lai also helped to provide medical consultation service to Khoo Teck Phuat Hospital's GeriCare@North Nursing Home patients. Since 2018, Dr. Lai started providing in-house medical cover for Pacific Healthcare Nursing Home – Senja Road. Since 2019, Dr. Lai expanded his subsidised home medical cover to include the home care arm of THK Nursing Home @ Hougang. In 2023, Dr. Lai expanded his subsidised home care service to cover that of Ang Mo Kio – Thye Hua Kwan Hospital.



## DR. HANNAH CORINTHIANS TAN

MBChB (Glasgow),  
Dip (Fam Med)

Dr. Tan graduated from the University of Glasgow (UK) in 2014. She completed her housemanship at the Glasgow Royal Infirmary (UK) before returning back to Singapore for the rest of her training.

From 2015 - 2021, she worked in various Singapore government institutions as a medical officer - honing her skills in acute medicine in an inpatient, emergency medicine and intensive care unit settings as well as chronic disease management in polyclinic setting, palliative medicine in a home hospice setting, geriatric and community medicine in a community hospital setting. Dr. Tan later went on to complete her Graduate Diploma in Family Medicine in 2022.

Dr. Tan joined our Group in March 2022 with the commitment to bring her energy and enthusiasm to impact patient relationships and communication, to enhance the Group's primary care service. Dr. Tan seeks to touch the lives of the young and old alike – in clinics, nursing homes, hospitals as well as home care. Her vision – serve where it matters.

# OUR GENERAL PRACTITIONERS



**DR. ROGER PANG**

MBBS (HK),  
Dip. Ven. (London),  
DFD (Compressed Air Works)



**DR. TAN HOOI HWA**

B. Med. Sc (Hons),  
MBBS (Hons) Monash,  
M. Med. (Int Med.) A.M.



**DR. WONG YIK MUN**

MBBS (Singapore)

Dr. Pang graduated from The University of Hong Kong in 1970. He is one of the three general physicians in The Ming Clinic, a long established group practice since 1982. He is trained in Hyperbaric Medicine in the Institute of Naval Medicine, UK. He is also an approved medical examiner for divers and compressed air workers. Dr. Pang joined our Group in June 2019.

Dr. Tan graduated from Monash University in 1973. He is one of the three general physicians in The Ming Clinic, a long established group practice since 1982. He is an internist. Dr. Tan joined our Group in June 2019.

Dr. Wong graduated from National University of Singapore with a Bachelor of Medicine, Bachelor of Surgery in 1974. He is one of the three general physicians in The Ming Clinic, a long established group practice since 1982. He is also a designated workplace doctor and a medical examiner for offshore workers in the Oil and Gas industry (OGUK). Dr. Wong joined our Group in June 2019.

# OUR TEAM

## HEAH COLORECTAL ENDOSCOPY & PILES CENTRE



VANESSA, YUJIE, DR. HEAH SIEU MIN, JIA YI, CARRIE

## ENDOSCOPY, VEINS & PILES CENTRE



CELINE, ELAINE, CLOVER, DR. CHIA KOK HOONG, SEBASTIAN, ATIKAH, MELISSA

## TOTAL ORTHOPAEDIC CARE & SURGERY



DR. HAMID RAZAK, DR. BENJAMIN SEAH, DR. HUANG YILUN

## HC ENDOSCOPY & PILES CENTRE (TPY)



XIN YU, HAZEL

## HEAH ENDOSCOPY & PILES CENTRE (BUKIT BATOK)



CECILIA, JIA YI, HUI THENG

## HC MING ENDOSCOPY & PILES CENTRE



HUI THENG, HAZEL

## HC ENDOSCOPY & PILES CENTRE (GM)



EMILY, HUI MING

# OUR TEAM

## HC ENDOSCOPY & PILES CENTRE (SIGLAP)



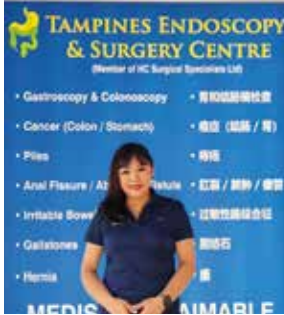
CAROL

## GOH MINGHUI ENDOSCOPY & SURGERY



JOLENE, JAMIE

## TAMPINES ENDOSCOPY & SURGERY CENTRE



JOYCE

## LAI ENDOSCOPY & COLORECTAL SURGERY



CASSANDRA, ALICE

## HC ENDOSCOPY & PILES CENTRE (HILLFORD)



YUJIE

## HC ENDOSCOPY & PILES CENTRE (AMK)



YIPING, OLIVIA, MEI HSIEN

## JASON LIM ENDOSCOPY & PILES CENTRE



FARAH, JAMIE, PHEDRE, DR. JASON LIM, DAPHNE, SEE KHIM, SHARLENE, LIN QI

## RV POINT (ACCOUNTS AND HR)



BACK: WENDY, KIT, EDWINA, MICHELLE, SANDY  
FRONT: THEODORA, ASHLIN, SOPHIA, NICHOLE

# LOCATIONS OF CLINICS

**1** HEAH COLORECTAL ENDOSCOPY & PILES CENTRE  
3 Mount Elizabeth #12-06 Mount Elizabeth Medical Centre  
Singapore 228510  
Tel: +65 6737 5335

**2** ENDOSCOPY, VEINS & PILES CENTRE  
1 Farrer Park Station Road #13-13 Connexion  
Singapore 217562  
Tel: +65 6443 6240

**3** HEAH ENDOSCOPY & PILES CENTRE (BUKIT BATOK)  
Blk 644 Bukit Batok Central #01-70 (2nd storey)  
Singapore 650644  
Tel: +65 6665 1355

**4** HC ENDOSCOPY & PILES CENTRE (GM)  
21 Ghim Moh Road #01-141 Ghim Moh Gardens  
Singapore 270021  
Tel: +65 6265 4058

**5** HC ENDOSCOPY & PILES CENTRE (HILLFORD)  
182 Jalan Jurong Kechil #01-66 The Hillford  
Singapore 596152  
Tel: +65 6463 4506

**6** HC ENDOSCOPY & PILES CENTRE (TPY)  
Blk 190 Toa Payoh Lorong 6 #01-572  
Singapore 310190  
Tel: +65 6686 6542

**7** TAMPINES ENDOSCOPY & SURGERY CENTRE  
Blk 801 Tampines Avenue 4 #01-273  
Singapore 520801  
Tel: +65 6786 0080

**8** HC MING ENDOSCOPY & PILES CENTRE  
1 Orchard Boulevard #04-01/02 Camden Centre  
Singapore 248649  
Tel: +65 8870 0863

**9** HC ENDOSCOPY & PILES CENTRE (AMK)  
Blk 710A Ang Mo Kio Ave 8 #01-2629  
Singapore 561710  
Tel: +65 6337 0449

**10** JASON LIM ENDOSCOPY & PILES CENTRE  
10 Sinaran Drive #09-12 Novena Medical Centre  
Singapore 307506  
Tel: +65 6553 0115

**11** LAI ENDOSCOPY & COLORECTAL SURGERY  
3 Mount Elizabeth #05-06 Mount Elizabeth Medical Centre  
Singapore 228510  
Tel: +65 6737 0027

**12** GOH MINGHUI ENDOSCOPY & SURGERY  
10 Sinaran Drive #11-11, Novena Medical Center  
Singapore 307506  
Tel: +65 6261 9008

**13** ACMS MEDICAL CLINIC  
1 Grange Road #06-06 Orchard Building  
Singapore 239693  
Tel: +65 6262 5052

**14** THE MING CLINIC  
1 Orchard Boulevard #04-01/02 Camden Centre  
Singapore 248649  
Tel: +65 6235 8166

**15** HC ENDOSCOPY & PILES CENTRE (SIGLAP)  
697 East Coast Road, Singapore 459060  
Tel: +65 6797 1020

**16** HC ORTHOPAEDICS & SURGICAL CENTRE (TAMPINES)  
Blk 801 Tampines Avenue 4, #01-273, Singapore 520801  
Tel: +65 6374 1040

**17** TOTAL ORTHOPAEDIC CARE & SURGERY  
10 Sinaran Drive #09-24, Novena Medical Center  
Singapore 307506  
Tel: +65 6371 0640

**18** TOTAL ORTHOPAEDIC CARE & SURGERY (ORCHARD)  
350 Orchard Road #10-01 Shaw House  
Singapore 238868  
Tel: +65 6654 9800

# LOCATIONS OF CLINICS



# OUR ENDOSCOPY CENTRES

“

HC Surgical Specialists has eleven Endoscopy centres island-wide with eleven endoscopy rooms in total. Our endoscopy centres consist of a reception, waiting area, a consultation room and an endoscopy room.

”



Four of our centres are located within Mount Elizabeth Medical Centre Orchard, Farrer Park Medical Centre, Novena Medical Centre and Camden Centre. The other centres are strategically located around Singapore, providing healthcare at your doorstep, near to transportation hubs like MRT and bus interchanges.

Each endoscopy centre is licensed and fully equipped for day-case endoscopy and minor colorectal procedures. Our team of experienced administrative staff with trained and dedicated nurses ensure a high standard of patient care for all our patients.

The centre comes with an endoscopy room and a recovery area where patients can rest after procedure is completed. We also have built-in washroom for patients' convenience to prepare their bowels before procedures like Colonoscopy.



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# CORPORATE GOVERNANCE REPORT

## INTRODUCTION

HC Surgical Specialists Limited (“**HC Surgical**” or the “**Company**”) and its subsidiaries (collectively, the “**Group**”) are committed to maintaining a high standard of corporate governance to protect shareholders’ interests and enhance shareholders’ value. The Group adopts practices based on the Code of Corporate Governance 2018 (the “**Code**”) issued on 6 August 2018. This report describes the Group’s corporate governance practices that were in place throughout the twelve months ended 31 May 2024 (“**FY2024**”), with specific reference made to the principles and provisions as set out in the Code and Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of the Catalist (the “**Catalist Rules**”) where applicable except where otherwise stated. Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code.

## (A) BOARD

### The Board’s Conduct of its Affairs

*Principle 1: The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.*

The primary function of the Board of Directors (the “**Board**”) is to provide effective leadership and direction and work with Management to enhance the long-term value of the Group to its shareholders and other stakeholders.

The Board sets the tone for the Group in respect of ethics, values and desired organisational culture, and ensures proper accountability within the Group.

The Board has the overall responsibility for reviewing the strategic and financial plans, performance objectives, key operational initiatives, major funding and investment proposals, financial performance reviews and corporate governance practices.

In general, the principal duties of the Board include:–

- Approve the corporate direction and strategy of the Group and monitor the performance of Management;
- Review the adequacy and integrity of the Company’s internal controls, risk management systems and financial information reporting system;
- Approve the nomination and appointment of Key Management Personnel;
- Approve the annual budget, major funding proposals and investment proposals, and ensuring the necessary financial and human resources are in place for the Company to meet its objectives;
- Review the financial performance and necessary reporting compliance;
- Set company values and standards (including ethical standards) and ensure that obligations to shareholders and other stakeholders are understood and met;
- Assume responsibility for corporate governance; and
- Consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.

Directors are required to promptly disclose any conflict or potential conflict of interest, whether directly or indirectly, in relation to any matters, transactions or proposed transactions with the Group as soon as is practicable after the relevant facts have come to their knowledge. Any Director who has a conflict of interest which is likely to impact his independence or conflict with a subject under discussion by the Board is required to immediately declare his interest to the Board and recuse himself from participating in any discussion and voting on the subject matter.

# CORPORATE GOVERNANCE REPORT

Directors are constantly kept abreast of developments in the business including changes to laws and regulations, corporate governance, financial reporting standards and industry-related matters that are of relevance to the Group through participation in the relevant training courses, seminars, and workshops conducted by Management and professional advisers. The Company is responsible for arranging and funding the training of Directors, where required.

The Board ensures that incoming new Directors are familiarised with the Group's businesses and corporate governance practices upon their appointment, to facilitate the effective discharge of their duties. Upon appointment, the incoming new Director will receive a formal letter of appointment setting out his/her duties. All newly appointed Directors will undergo an orientation programme where the Director would be briefed on the Group's strategic direction, governance practices, business and organisation structure as well as the expected duties of a Director of a listed company. To get a better understanding of the Group's business, the Director will visit the Group's operational facilities and meet with Key Management Personnel.

The Company has an on-going budget for all Directors to receive relevant training. Board members are encouraged to attend seminars and receive training in connection with their duties as Directors in areas such as accounting and legal knowledge, particularly on latest developments to relevant laws, regulations, accounting standards and changing commercial risks to enable them to make well-informed decisions and to ensure that the Directors are competent in carrying out their expected roles and responsibilities. All Directors are expected to objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company.

First time Directors would have training in areas such as accounting, legal and the industries which the Group operates in. Directors are constantly kept abreast of developments in regulatory, legal, and accounting frameworks that are of relevance to the Group through participation in the relevant training courses, seminars and workshops.

The Directors are also encouraged to attend the relevant courses and programs from the Singapore Institute of Directors to be acquainted with the role and responsibilities of a Director in the context of a listed company.

The table below shows the trainings and briefings attended by the Directors in FY2024:–

Name of Director	Course	Training Provider	Frequency
Mr. Chong Weng Hoe	SID Directors Conference 2023	Singapore Institute of Directors	Once
	Audit and Risk Committee Seminar 2024	Singapore Institute of Directors	Once
	Navigating Personal Data Protection and Data Breaches	Singapore Institute of Directors	Once
Dr. Heah Sieu Min	Stakeholder Engagement	Singapore Institute of Directors	Once
Dr. Chia Kok Hoong	Stakeholder Engagement	Singapore Institute of Directors	Once
Mr. Ooi Seng Soon	Audit and Risk Committee Seminar 2024	Singapore Institute of Directors	Once

The Board has documented internal guidance for matters that require Board approval. The Board approves transactions exceeding certain threshold limits, while delegating authority for transactions below those limits to the relevant Board Committees, namely the Audit and Risk Management Committee ("**ARMC**"), Nominating Committee ("**NC**"), and Remuneration Committee ("**RC**") (collectively the "**Board Committees**") and/or Management to optimise operational efficiency guided by internal policies and limits of authority. Specifically, matters and transactions which require the Board's approval include major investments exceeding S\$1,000,000, corporate restructuring, mergers and acquisitions, material acquisitions or disposal of assets, the release of the Group's financial results announcements, material interested person transactions exceeding S\$100,000 and declaration of dividends.

# CORPORATE GOVERNANCE REPORT

The Board has delegated certain functions to various Board Committees. The Board Committees are constituted with clear written terms of reference setting out their compositions, authorities and duties. While the Board Committees have the authority to examine and may approve certain matters, the Board Committees generally report to the Board with their recommendations for the Board's decisions.

The Board convenes regularly for scheduled meetings and any ad-hoc meetings are arranged when required. If Directors are unable to attend Board meetings physically, such meetings may be conducted via telephone conference, video conference, audio visual or by means of a similar communication equipment. The Board and Board Committees also make decisions by way of written circularized resolutions.

The Directors' attendance at the Board's, the Board Committees' and general meetings of the Company held in FY2024 is as follows:–

	<b>Board Meetings</b>	<b>Audit and Risk Management Committee Meetings</b>	<b>Nominating Committee Meetings</b>	<b>Remuneration Committee Meetings</b>	<b>Annual General Meeting</b>
<b>No. of meetings held</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>1</b>
<b>Name of Director</b>	<b>Number of Meetings Attended</b>				
Mr. Chong Weng Hoe	2	2	1	2	1
Dr. Heah Sieu Min	2	2*	1*	2*	1
Dr. Chia Kok Hoong	1	2*	1*	1*	1
Mr. Lim Chye Lai, Gjan	2	2	1	2	1
Mr. Ooi Seng Soon	2	2	1	2	1

\* Executive Directors were invited to sit in the ARMC, NC and RC meetings

The NC assessed each Director's contribution and devotion of time and attention to the Company's affairs, having regard to his attendance at the directors' meetings, directorship in other listed companies, principal commitments, and is of the view that the number of directorships in listed companies and principal commitments are not significant and there was sufficient time and attention to the Company's affairs given by each Director during the course of FY2024.

Each Director's listed company board directorships and principal commitments can be found in the Board of Directors Profile section of the Annual Report.

Management recognises the importance of ensuring the flow of information to the Directors on an ongoing basis to enable them to make informed decisions and to discharge their duties and responsibilities. All Board and Board Committees papers are distributed to Directors in advance to allow sufficient time for Directors to prepare for the meetings.

Management's proposals to the Board for approval provide background and explanatory information such as facts, resources needed, risk analysis and mitigation strategies, financial impact, regulatory implications, expected outcomes, conclusions and recommendations.

The Board has, at all times, separate and independent access to Management through electronic mail, telephone and face-to-face meetings and may request for any additional information needed at any time to enable them to make informed decisions. Key Management, the Company's auditors and external consultants are invited to attend Board and Board Committees meetings to update and provide independent professional advice on specific issues, if required.

# CORPORATE GOVERNANCE REPORT

Should Directors, whether as a group or individually, require professional advice, the Group, upon direction by the Board, shall appoint a professional advisor, selected by the Group and approved by the Chairman, to render the advice. The cost of such service shall be borne by the Group.

Directors have separate and independent access to the Company Secretary. The Company Secretary's responsibilities include among other things, assisting in ensuring that Board procedures are observed and that the Company's Constitution, relevant rules and regulations, including requirements of the Securities and Futures Act, Companies Act and Catalist Rules, are complied with.

The Company Secretary and/or her representative attend and prepare minutes for all Board and Board Committees meetings. The Company Secretary assists the Chairman of the Board, the Chairman of the Board Committees and Management in the development of the agendas for their meetings. The appointment and the removal of the Company Secretary are subject to the Board's approval.

## Board Composition and Guidance

*Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.*

The NC is tasked to determine on an annual basis and as and when the circumstances require, whether or not a director is independent in conduct, character and judgement, and has any relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of the Company.

For the purpose of determining each Independent Director's independence, every Independent Director has provided a declaration on their independence for acting as a Director of the Company based on the requirements under the Code and taking into consideration whether the Director falls under any circumstances pursuant to Rule 406(3)(d) of the Catalist Rules, and such declaration has been deliberated upon by the NC and the Board.

The Board confirms that none of the Independent Directors has served on the Board beyond nine years from the date of his appointment. However, both Mr. Chong Weng Hoe and Mr. Ooi Seng Soon will reach the nine years tenure by September 2025. Accordingly, the Board is on the search for new Independent Directors, taking into consideration its Board Diversity Policy.

The NC has assessed the independence of each of the Directors in FY2024. After having considered the declarations made by Mr. Chong Weng Hoe and Mr. Ooi Seng Soon and taking into account the independence criteria set out under the Code and under Rule 406(3)(d) of the Catalist Rules, the NC has determined that the named Directors are independent.

The Board has 5 members and comprises:–

### Composition of the Board

### Composition of the Board Committees

- C – Chairman
- M – Member

Name of Director	Designation	ARMC	NC	RC
Dr. Heah Sieu Min	Executive Director and Chief Executive Officer	–	–	–
Dr. Chia Kok Hoong	Executive Director and Medical Director	–	–	–
Mr. Chong Weng Hoe	Non-Executive Chairman and Independent Director	M	C	C
Mr. Ooi Seng Soon	Independent Non-Executive Director	C	M	M
Mr. Lim Chye Lai, Gjan	Non-Independent Non-Executive Director	M	M	M

# CORPORATE GOVERNANCE REPORT

Taking into consideration the size of the current business operations of the Group, the Board considers its current Board size appropriate and has an appropriate level of independence.

Given that the Chairman and the CEO are different persons and not familial related, and the Chairman is an Independent Director, it is not a requirement for the Company to appoint a Lead Independent Director. In addition, the Non-Executive Directors (the “NEDs”) of the Company comprise the majority of the Board.

The Company recognises that board diversity is an essential element contributing to its sustainable development and strategic success. The Company believes that board diversity augments decision-making and a diverse board is more effective in dealing with organizational changes and less likely to suffer from group think.

The Group has in place a Board Diversity Policy, which endorses the principle that its Board should have a balance of skill, knowledge, experience and diversity of perspectives appropriate to the Group’s business to promote the inclusion of different perspectives and ideas, to mitigate against group think.

The Board’s skill matrix, which sets out the expertise, skill and experience of the Board, is as follows:-

## **Directors’ Expertise and Experience Matrix**

	<b>Mr. Chong Weng Hoe</b>	<b>Mr. Ooi Seng Soon</b>	<b>Mr. Lim Chye Lai, Gjan</b>	<b>Dr. Heah Sieu Min</b>	<b>Dr. Chia Kok Hoong</b>
Accounting, Banking & Finance	✓	✓			
Corporate Governance	✓	✓	✓	✓	✓
Risk Management	✓	✓	✓	✓	✓
Industry Knowledge	✓	✓	✓	✓	✓
Entrepreneurial and Management			✓	✓	✓
Information Technology and Cybersecurity	✓		✓		
Marketing			✓		
Climate Change	✓	✓	✓	✓	✓

More details on the Directors’ educational qualifications and working experience can be found in the Board of Directors Profile section of the Annual Report.

The NC reviewed the composition of the Board and the Board Committees during the course of FY2024 and is of the view that the current Board and Board Committees are of an appropriate size and comprise Directors with appropriate balance and mix of skills, knowledge, experience and age except for gender.

Accordingly, one of the objectives of the NC is to identify and recommend suitable female directors, preferably with different skills and knowledge from the current Directors, such as legal, for appointment to the Board to further diversify its current skill sets and gender representation. In FY2023, the Board had set a target to have at least 1 female director by FY2028. This is still in progress. To achieve this gender diversity, the Group will expand the search and recruitment process to attract a diverse range of candidates for Board positions. Nonetheless, the selection of female candidates will be dependent on the necessary skills, knowledge and experience of the candidates. The ultimate decision will be based on merit and contribution the chosen candidate will bring to the Board.

During the year, the NEDs and Independent Directors, led by the independent Chairman, met once without the presence of Management. The Chairman of the meeting then provides feedback to the Board and/or Management, as appropriate. The Company also benefits from Management’s ready access to its Directors for guidance and exchange of views both within and outside the formal environment of the Board and Board Committee meetings.

# CORPORATE GOVERNANCE REPORT

## Chairman and Chief Executive Officer

*Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.*

The Board is chaired by Mr. Chong Weng Hoe, Non-Executive Chairman (“**Chairman**”) and Independent Director of the Company while Dr. Heah Sieu Min is the Chief Executive Officer (“**CEO**”) of the Company.

The Chairman and the CEO are not related. Hence, there is a clear division of responsibilities to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for decision-making and representation.

The Chairman is responsible for:–

- leading the Board to ensure its effectiveness;
- managing the Board’s business, including supervising the work of the Board Committees;
- setting the Board’s agenda and ensuring the information flow and timing are adequate for discussion of all set agenda items, in particular strategic issues;
- setting the tone of Board discussion to promote open and frank debate and effective decision-making;
- facilitating the effective contribution of Non-Executive and Independent Directors;
- promoting high standards of corporate governance;
- ensuring effective communication with shareholders; and
- encouraging constructive relations within the Board and between the Board and Management.

The CEO is responsible for:–

- developing the Group’s business and operational strategies;
- managing the present businesses of the Group;
- implementing the Board’s decisions;
- providing oversight of the commercial, marketing, business development, quality, health, safety, security and environmental functions; and
- managing and overseeing the ongoing debts and corporate restructuring exercise of the Group.

The Chairman and the CEO positions in the Company are separately held by two unrelated individuals and the Chairman is an independent director. In light of the foregoing, the Board believes that there is currently no need to appoint a lead independent director.

# CORPORATE GOVERNANCE REPORT

## Board Membership

*Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.*

The NC comprises the following three members, the majority of whom, including the NC Chairman, are Independent Directors:

- Mr. Chong Weng Hoe (NC Chairman), Non-Executive Chairman and Independent Director
- Mr. Ooi Seng Soon, Independent Non-Executive Director
- Mr. Lim Chye Lai, Gjan, Non-Independent Non-Executive Director

The NC's principal functions include:–

- nomination and re-nomination of the Directors of the Company for re-election, having regard to their contribution, performance, and ability to commit sufficient time and attention to the affairs of the Group, taking into account their respective commitments outside the Group;
- determine on an annual basis, whether a Director is independent;
- assess whether a Director is able to and has been adequately carrying out his/her duties as a Director;
- review of Board succession plans for Directors, and in particular, the appointment and/or replacement of the Chairman, the CEO and Key Management Personnel;
- develop and implement a process and criteria for evaluation of the performance of the Board, the Board Committees and Directors;
- assess the effectiveness of the Board as a whole, the Board Committees and each individual Director;
- review of training and professional development programs for the Board and its Directors;
- review and approve new employment of persons related to the Directors and controlling shareholders and the proposed terms of their employment; and
- appointment and re-appointment of directors (including alternate directors, if any).

The Company has no alternate director on its Board.

The NC has put in place a formal process for the selection of new directors to increase transparency of the nomination process in identifying and evaluating nominees for directors. The NC leads the process as follows:–

- evaluates the balance, skills, knowledge, and experience of the existing Board and the requirements of the Group, including taking reference to the board diversity policy. In light of such evaluation, the NC determines the role and the key attributes that an incoming director should have;
- after endorsement by the Board of the key attributes, the NC taps on the resources of Directors' personal contacts and recommendations of the potential candidates and goes through a short-listing process. If candidates identified from this process are not suitable, executive recruitment agencies are appointed in the search process;
- meets the shortlisted candidate(s) to assess suitability and to ensure that the candidate(s) is/are aware of the expectations and the level of commitment required; and
- recommends the most suitable candidate to the Board for appointment as director.



# CORPORATE GOVERNANCE REPORT

The NC also ensures that new directors are aware of their duties and obligations.

The NC is responsible for recommending retiring Directors for re-election. In its deliberations on the nomination of re-election of existing Directors, the NC takes into consideration the Director's contribution and performance (including his contribution and performance as an Independent Director, if applicable).

The assessment parameters include attendance record and preparedness at meetings of the Board and Board Committees as well as the quality of input to matters arising and any other special contribution.

All Directors submit themselves for re-nomination and re-election at regular intervals of at least once every three years. The Company's Constitution provides that one-third of the Directors (or, if their number is not a multiple of three, the number nearest to but not less than one third) shall retire from office by rotation and be subject to re-election at the Annual General Meeting ("**AGM**") of the Company.

In addition, the Company's Constitution provides that a newly appointed director by the Board during the financial year must retire and submit himself/herself for election at the next AGM following his/her appointment. Thereafter, he/she is subject to be re-elected at least once every three years.

Pursuant to Regulation 97 of the Company's Constitution, Dr. Heah Sieu Min and Mr. Chong Weng Hoe are subject to retirement by rotation at the forthcoming AGM. Both the retiring Directors, being eligible, have offered themselves for re-election as a Director of the Company. The Board is satisfied that the retiring Directors are qualified for re-election by virtue of their skills, experience and their contribution of guidance and time to the Board. Each of the retiring Directors has abstained from deciding on his own nomination.

Dr. Heah Sieu Min will, upon re-election as a Director of the Company, remain as the Executive Director and CEO.

Mr. Chong Weng Hoe will, upon re-election as a Director of the Company, remain as the Independent Non-Executive Chairman of the Board. He will also remain as the chairman of the RC and NC, and a member of the ARMC.

Pursuant to Rule 720(5) of the Catalist Rules, the information relating to Directors submitting for re-election as set out in Appendix 7F of the Catalist Rules is disclosed on pages 152 to 158 of the Annual Report.

The NC determines annually, and as and when circumstances require, based on a Director's Independence Checklist completed, if a director is independent, having regard to the circumstances or independence criteria set forth in provision 2.1 of the Code and Rule 406(3)(d) of the Catalist Rules. The NC determined that, during the course of FY2024, there was no Director whose relationships with the Company, its related corporations, its substantial shareholders or its officers, if any, affect their independence as an Independent Director of the Company. In addition, none of the Directors fall under any circumstances pursuant to Rule 406(3)(d) of the Catalist Rules. The Board is in accord with the NC's determination.

In cases where a Director has multiple Board representations, the NC also assesses whether such Director has been adequately carrying out his duties as a Director of the Company. To address competing time commitments when Directors serve on multiple Boards, the Board had set a maximum limit of six directorships that a Director may hold concurrently for listed companies. The NC also takes into account the principal commitments and assessment results of each director, as well as the respective Directors' actual conduct on the Board.

## **Board Performance**

*Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.*

The NC conducts an annual assessment on the performance of the Board as a whole, the Board Committees and individual Directors and takes into account each Director's contribution and devotion of time and attention given to the Company. It also assesses whether each Director is willing and able to constructively challenge and contribute effectively to the Board.

# CORPORATE GOVERNANCE REPORT

This process is conducted using a questionnaire designed to assess the performance of the Board and the Board Committees. Individual Directors are assessed on self-evaluation basis. The responses received from the questionnaires are then tabulated and collated before giving to the Chairman of the NC for his review and discussion at the NC meeting. The conclusion of the assessment derived from the consolidated results and recommendations are then presented to the Board for its review and adoption, if deemed necessary.

The Board reviews the evaluation conducted by the NC based on the consolidated results received from the Directors and recommendations put forward by the Directors for improvement of performance and effectiveness of the Board, the Board Committees and individual Directors. Following the review, the Board is of the view that the Board, the Board Committees and individual Directors performed consistently well and operated effectively for FY2024.

The Directors, led by the NC, assessed the performance of the Chairman of the Board for FY2024 at the Board meeting held on 25 July 2024.

There was no external consultant or facilitator involved in the Board evaluation process in FY2024.

The NC performed the following activities in FY2024: –

- review of the current Board size and composition;
- review of the election and re-election of Directors, and made recommendation to the Board for their approval;
- review of the independence of the Independent Directors;
- evaluation of the performance and effectiveness of the Board, the Board Committees, Individual Directors and the Chairman;
- review of the training and professional development programs for the Directors;
- review of and set objective performance criteria for the Board, the Board Committees, Individual Directors and the Chairman;
- review of matters relating to Board diversity; and
- review of succession plans for the Board and Key Management Personnel.

## **(B) REMUNERATION MATTERS**

### **Procedures for Developing Remuneration Policies**

*Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and Key Management Personnel. No director is involved in deciding his or her own remuneration.*

The RC comprises the following three members, all of whom are Non-Executive, and the majority of whom, including the RC Chairman, are Independent Directors:

- Mr. Chong Weng Hoe (RC Chairman), Non-Executive Chairman and Independent Director
- Mr. Ooi Seng Soon, Independent Non-Executive Director
- Mr. Lim Chye Lai, Gjan, Non-Independent Non-Executive Director

# CORPORATE GOVERNANCE REPORT

The RC is responsible for ensuring a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual Directors and Key Management Personnel, including termination terms. No member of the RC is involved in deliberations and voting on any resolution in respect of any remuneration, compensation, options, or any form of benefits to be granted to him or that of employees related to him.

The members of the RC carried out their duties in accordance with the terms of reference which include the following:–

- review and recommend to the Board for endorsement, a framework of remuneration for the Board and Key Management Personnel. The framework covers all aspects of remuneration, including but not limited to, Director's fees, salaries, allowances, bonuses, options and benefits-in-kind;
- review and recommend to the Board, the specific remuneration packages for each Director as well as for the Key Management Personnel;
- consult professional consultancy firms where necessary in determining remuneration packages;
- consider the various disclosure requirements for Directors' remuneration and ensure that there is adequate disclosure in the financial statements and annual report to enhance transparency between the Company and relevant interested parties; and
- review all aspects of remuneration of Executive Directors and Key Management Personnel including the Company's obligations arising in the event of termination of their service contracts, to ensure the contracts contain fair and reasonable termination clauses which are not overly generous.

The RC has access to the professional advice of external experts in the area of remuneration, where required. No remuneration consultants were engaged by the Company in FY2024.

## Level and Mix of Remuneration

*Principle 7: The level and structure of remuneration of the Board and Key Management Personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.*

The Company adopts a remuneration policy for its Executive Directors and Key Management Personnel comprising a fixed component and a variable component. The fixed component is in the form of a base salary. The variable component is in the form of a variable bonus that is linked to the performance of the Company and the individual. The remuneration policy is aligned with the interests of the shareholders and other stakeholders and promotes long-term success of the Group.

The RC reviews the service contracts of the Company's Executive Directors and Key Management Personnel. The compensation commitments in service contracts are reviewed periodically or as and when necessary. The Company has entered into a service agreement with each of the Executive Directors, Dr. Heah Sieu Min and Dr. Chia Kok Hoong on 30 September 2016 pursuant to the listing of the Company. Under the service agreements, each of the Executive Directors' employment will continue for a term of three years from the effective date of 30 September 2016 and will be automatically renewed annually unless otherwise terminated by not less than six (6) months' notice in writing by either party. The service agreements do not provide benefits upon termination of employment. For further details, please refer to pages 138 to 139 of the Company's offer document ("**Offer Document**") dated 25 October 2016.

# CORPORATE GOVERNANCE REPORT

The Company currently does not have any contractual provisions which allow it to reclaim incentives from the Executive Directors and Key Management Personnel in certain circumstances. The Board is of the view that as the Group pays performance bonuses based on actual performance of the Group and/or Company (and not forward-looking results) as well as the actual performance of its Executive Directors and Key Management Personnel, "claw back" provisions may not be relevant or appropriate.

For the purpose of assessing the performance of the Executive Directors and Key Management Personnel, key performance indicators ("KPIs") are set out for each year. The KPIs are principally based on the achievement of the objectives of the respective functions that the Executive Directors and Key Management Personnel are in.

The RC reviews the remuneration of the NEDs to ensure the remuneration of the NEDs of the Company is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities. NEDs are also eligible to participate in the Share Plans so as to better align the interests of such NEDs with the interests of shareholders.

The RC ensures the Independent Directors are not over-compensated to the extent that their independence may be compromised. None of the Independent Directors have any service contracts with the Company.

The Board concurred with the RC's proposal for Independent Directors' fees for FY2024 and is of the view that the Directors' fees are appropriate and not excessive.

The remuneration of the Company's Directors and Key Management Personnel has been formulated to attract, retain and motivate the Directors to provide good stewardship of the Company and the Key Management Personnel to successfully manage the Company for the long term. The level and structure of remuneration are aligned with the long-term interests and risk policies of the Company.

## Disclosure on Remuneration

*Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.*

Although the Code recommends full disclosure of the total remuneration paid to each individual Director and the CEO on a named basis, the Board, after analyzing the advantages and disadvantages in relation to the disclosure of remuneration of each Director, is of the view that such disclosure would be prejudicial to its business interest given the highly competitive environment.

Remuneration paid/payable to Executive Directors and Key Management Personnel is determined by the Board after considering the performance of the individual, the Company and against comparable organisations. The total remuneration package of Executive Directors and Key Management Personnel comprises a fixed cash component, an annual performance incentive and a long-term incentive. The annual fixed cash component comprises the annual basic salary, statutory employer's contributions to the Central Provident Fund ("CPF") and other fixed allowances. The annual performance incentive is tied to the performance of the Group and respective KPIs allocated to the individual employee. To align the interests of the Directors and Key Management Personnel with the interests of shareholders, the Group has also adopted the HCSS Performance Share Plan ("HCSS PSP") and HCSS Employee Share Option Scheme ("HCSS ESOS") (collectively the "Share Plans"). The Executive Directors and Key Management Personnel had met their respective KPIs in respect of FY2024.

# CORPORATE GOVERNANCE REPORT

The breakdown of the remuneration of the Directors of the Company for FY2024 in bands of S\$250,000, and for the Directors who are also substantial shareholders in bands of S\$100,000, is set out below: –

Directors	Fee %	Salary <sup>(1)</sup> %	Bonus <sup>(1)</sup> %	Other Benefits <sup>(2)</sup> %	Total %
<b>S\$1,000,001 to S\$1,100,000</b>					
Dr. Heah Sieu Min	–	77.0	22.0	1.0	100.0
<b>S\$600,001 to S\$700,000</b>					
Dr. Chia Kok Hoong	–	79.0	20.0	1.0	100.0
<b>Below S\$250,000</b>					
Mr. Chong Weng Hoe	100.0	–	–	–	100.0
Mr. Ooi Seng Soon	100.0	–	–	–	100.0
Mr. Lim Chye Lai, Gjan	100.0	–	–	–	100.0

**Notes:**

<sup>(1)</sup> Salary and bonus include employer's contributions to CPF.

<sup>(2)</sup> Other benefits refer to the medical conference and transport allowance made available to the Executive Directors.

The structure of the fees paid or payable to Non-Executive Directors of the Company for FY2024 is as follows: –

Types of Appointment	Fee per annum (S\$)
<b>Board Chairman</b>	6,000
<b>Board of Directors</b>	
Basic retainer	20,000
<b>Audit and Risk Management Committee</b>	
Chairman	10,000
Member	5,000
<b>Nominating Committee</b>	
Chairman	8,000
Member	5,000
<b>Remuneration Committee</b>	
Chairman	8,000
Member	5,000

Total Directors' fees for FY2024 is S\$122,000.

# CORPORATE GOVERNANCE REPORT

In FY2024, the Company had three Key Management Personnel. The breakdown of the remuneration of the three Key Management Personnel of the Company (who are not Directors or CEO) in bands of S\$250,000 is as follows:–

Key Management Personnel	Fee %	Salary <sup>(1)</sup> %	Bonus <sup>(1)</sup> %	Other Benefits <sup>(2)</sup> %	Total %
<b>S\$250,001 and S\$500,000</b>					
Ms. Sophia Ong	–	76.0	24.0	–	100.0
<b>Below S\$250,000</b>					
Ms. Melissa Josephine Tio @ Melissa Josephine Susantio	–	69.0	31.0	–	100.0
Ms. Lee Hui Theng	–	79.0	21.0	–	100.0

**Notes:**

<sup>(1)</sup> Salary and bonus include employer's contributions to CPF

<sup>(2)</sup> Other benefits refer to incentives made available to employees

The aggregate total remuneration for the three Key Management Personnel (who are not Directors or CEO) is not disclosed as the Board is of the view that such disclosure would be prejudicial to its business interest given the highly competitive environment.

There were no employees who are immediate family members of a Director or the CEO or a substantial shareholder of the Company and whose remuneration exceeded S\$100,000 in FY2024.

Save for Dr. Heah Sieu Min and Dr. Chia Kok Hoong who are also substantial shareholders of the Company, there is no employee who is a substantial shareholder of the Company.

The Company is transparent on remuneration policies as it has been disclosed not only as part of its compliance with Principle 8 but also in respect of Principle 7 of the Code. In particular, the Company has elaborated on the remuneration policy governing the remuneration of Executive Directors and Key Management Personnel and the factors taken into account for the remuneration of the NEDs. The Company has also disclosed the remuneration paid to each Director, the Chairman and the Key Management Personnel using bands no wider than S\$250,000 for transparency.

The procedure for setting remuneration is clearly disclosed and the relationships between remuneration, performance and value creation are disclosed through the Company's disclosure on its remuneration policies, as well as the disclosed remuneration in bands of no wider than S\$250,000 and the breakdown of the components of their remuneration.

The Board is of the view that in light of the above and despite its deviation from Provision 8.1 and Provision 8.2 of the Code as highlighted above, the Company has provided a high level of transparency on remuneration matters, as information on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation had been disclosed in detail in the preceding paragraphs. Accordingly, the Board is of the view that the non-disclosure of the exact quantum of the remuneration of each Director and Key Management Personnel will not be prejudicial to the interest of shareholders and complies with Principle 8 of the Code.

The Company has in place two Share Plans namely the HCSS PSP and HCSS ESOS.

# CORPORATE GOVERNANCE REPORT

## HCSS PSP

Summary of the HCSS PSP	HCSS PSP is a compensation scheme that promotes higher performance goals and recognises exceptional achievement. HCSS PSP is based on the principle of pay-for-performance and is designed to enable the Company to reward, retain and motivate employees of the Group to achieve superior performance. The purpose of the HCSS PSP is to give the Company greater flexibility to align the interest of employees of the Group, especially key executives with the interest of shareholders.
Participants of the HCSS PSP	HCSS PSP allows for participation by full-time employees of the Group (including the Executive Directors) and NEDs (including Independent Directors), controlling shareholders and their associates provided they have met the eligibility criteria.
Administration of the HCSS PSP	The HCSS PSP shall be managed by the members of the HCSS PSP Administration Committee, which comprises the Nominating Committee and Remuneration Committee of the Company (" <b>Administration Committee</b> "), which has the absolute discretion to determine persons who will be eligible to participate in the HCSS PSP.
Awards Entitlement	Awards represent the right of a participant to receive fully-paid shares free of charge (" <b>Awards</b> ").
Size of HCSS PSP	The aggregate number of shares which may be offered under the Share Plans should not exceed 15% of the Company's total issued capital (excluding treasury shares) on the date preceding the date of the relevant grant.
Vesting Period	No minimum vesting period is prescribed under the HCSS PSP for Awards and the length of the vesting period in respect of each Award will be determined on a case-by-case basis by the Administration Committee.

There were no Awards granted under the HCSS PSP in FY2024. Other than 16,100 Shares granted to an employee (who was not a director or controlling shareholder of the Company) in FY2017, there were no Awards granted under the HCSS PSP to (i) Directors of the Company; (ii) participants who are controlling shareholders of the Company and their associates; and (iii) participants other than Directors of the Company and controlling shareholders of the Company and their associates, who received Awards comprising shares representing five per cent (5.0%) or more of the aggregate of the total number of new shares available under the HCSS PSP and the total number of existing Shares purchased for delivery of Awards released under the HCSS PSP since the commencement of the HCSS PSP. The Company does not have a parent company.

The vesting and release of the Awards granted to eligible participants under the HCSS PSP are based on pre-determined performance goals and conditional on the satisfactory completion of time-based service conditions.

Further details on the HCSS PSP are set out in the Company's Offer Document dated 25 October 2016.

# CORPORATE GOVERNANCE REPORT

## HCSS ESOS

Summary of the HCSS ESOS	HCSS ESOS will provide eligible participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty. HCSS ESOS is designed to primarily reward and retain employees whose services are vital to the Company's success.
Participants of the HCSS ESOS	HCSS ESOS allows for participation by confirmed employees of the Group (including the Executive Directors) and NEDs (including Independent Directors), controlling shareholders and their associates provided they have met the eligibility criteria.
Administration of HCSS ESOS	The HCSS ESOS shall be administered by the members of the HCSS ESOS Administration Committee, which comprises the Nominating Committee and Remuneration Committee of the Company, which shall have the powers to determine, <i>inter alia</i> , the following:–  <ul style="list-style-type: none"> <li>(a) persons to be granted HCSS ESOS;</li> <li>(b) number of options to be offered; and</li> <li>(c) recommendations for modification to the HCSS ESOS.</li> </ul>
Size of HCSS ESOS	The aggregate number of shares which may be offered under the Share Plans should not exceed 15.0% of the Company's total issued capital (excluding treasury shares) on the date preceding the date of the relevant grant.
Exercise Period	No minimum exercise period is prescribed under the HCSS ESOS for options and the length of the exercise period in respect of each option will be determined on a case-by-case basis by the Administration Committee.
Exercise Price of Options under the HCSS ESOS	The Exercise Price for each option shall be determined by the Administration Committee, in its absolute discretion, on the date of grant, at:–  <ul style="list-style-type: none"> <li>(a) a price equal to the market price; or</li> <li>(b) a price which is set at a discount to the market price, provided that: <ul style="list-style-type: none"> <li>(i) the maximum discount shall not exceed 20.0% of the market price (or such other percentage or amount as may be determined by the Administration Committee and permitted by the SGX-ST); and</li> <li>(ii) the shareholders in general meeting shall have authorised, in a separate resolution, the making of offers and grants of options under the HCSS ESOS at a discount not exceeding the maximum discount as aforesaid.</li> </ul> </li> </ul>



# CORPORATE GOVERNANCE REPORT

The aggregate number of shares which may be offered under the Share Plans should not exceed 15.0% of the Company's total issued capital (excluding treasury shares) on the date preceding the date of the relevant grant. The Share Plans were adopted on 28 September 2016 for a period of ten years and will expire on 27 September 2026.

There were no options granted under the HCSS ESOS since the adoption of the HCSS ESOS on 28 September 2016 to 31 May 2024. Further details on the HCSS ESOS are set out in the Company's Offer Document dated 25 October 2016.

The RC performed the following activities in FY2024:–

- review of the remuneration packages for employees and key executives and making recommendation to the Board for approval;
- review of the Directors' fees and making recommendation to the Board for approval; and
- administration of the HCSS PSP and HCSS ESOS.

## (C) ACCOUNTABILITY AND AUDIT

### Risk Management and Internal Controls

*Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders.*

The Board is responsible for the governance of risk. It ensures that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets. The Board determines the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation. The duties and responsibilities of the ARMC of the Company include specifically addressing these issues.

The Board acknowledges that it is responsible for maintaining a sound system of internal control and risk management, but recognises that no cost effective internal control system and risk management will preclude all errors and irregularities. Internal controls and risk management can provide only reasonable and not absolute assurance against material misstatement, losses, human errors, fraud or other irregularities.

Management is responsible to the Board for the design, implementation, and monitoring of the Group's risk management and internal control systems and to provide the Board with a basis to determine the Group's level of risk tolerance and risk policies. The Board and the ARMC work with the internal auditors, external auditors, and Management on their recommendations to institute and execute relevant controls to manage the risks identified in the assessment.

The Board received assurance from the CEO and the Chief Financial Officer ("CFO") that the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and the Group's risk management and internal control systems are adequate and effective as at 31 May 2024.

Based on the internal controls established and maintained by the Group, work performed by the internal auditors, discussions with external auditors, reviews performed by Management and the assurances provided by the CEO and CFO as stated in the above paragraph, the Board, with the concurrence of the ARMC, is of the view that the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective for FY2024.

# CORPORATE GOVERNANCE REPORT

## Audit and Risk Management Committee

*Principle 10: The Board has an Audit Committee which discharges its duties objectively.*

The ARMC comprises the following three members, all of whom are Non-Executive and the majority of whom, including the ARMC Chairman, are independent:–

- Mr. Ooi Seng Soon (ARMC Chairman), Independent Non-Executive Director
- Mr. Chong Weng Hoe, Non-Executive Chairman and Independent Director
- Mr. Lim Chye Lai, Gjan, Non-Independent Non-Executive Director

The Chairman of the ARMC, Mr. Ooi Seng Soon, graduated from the University of Singapore with a Bachelor of Arts in 1971 and has more than 24 years of experience in the banking and finance sector.

Mr. Chong Weng Hoe graduated from National University of Singapore with a Bachelor of Engineering (Electrical) in June 1989 and obtained a Master of Business Administration (Accountancy) from the Nanyang Technological University in March 1997. He has held numerous positions within TÜV SÜD PSB Pte. Ltd. since 1991 and sits on several listed companies as independent director.

Mr. Lim Chye Lai, Gjan graduated from Temasek Polytechnic with a Diploma in Electronics in 1998 and has worked in the medical equipment industry for over 20 years.

More detailed profiles of the Directors can be found in the Board of Directors profile section of the Annual Report.

The NC and the Board are satisfied that the members of the ARMC have recent and relevant accounting or related financial management expertise and experience to discharge the ARMC functions.

No former partner or director of the Company's existing auditing firm or auditing corporation is a member of the ARMC. The duties of the ARMC include:–

- review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Group and any announcements relating to the Group's financial performance;
- review at least annually the adequacy and effectiveness of the Group's internal controls and risk management systems;
- review the assurance from the CEO and the CFO on the financial records and financial statements;
- make recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;
- review the adequacy, effectiveness, independence, scope and results of the external audit and the internal audit functions; and
- review the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on, and ensure that the Company publicly discloses, and clearly communicates to employees, the existence of a whistleblowing policy and procedures for raising such concerns.

During the course of review of the financial statements for FY2024, the ARMC discussed with Management and the external auditors on the significant issues that were brought to the ARMC's attention. Material issues which the external auditors assessed to be most significant in its audit of the financial statements for the year under review are highlighted in the key audit matters section of Independent Auditor's Report on pages 68 to 70 of the Annual Report.

# CORPORATE GOVERNANCE REPORT

The ARMC reviewed the work performed by Management and made enquiries relevant to the key audit matters. In addition, the ARMC also reviewed and discussed the findings presented and related work performed by the external auditors. The ARMC was satisfied that these material issues have been properly addressed and appropriately adopted and disclosed in the financial statements.

The ARMC reviews the independence and objectivity of the external auditors through discussions with the external auditors as well as reviewing the non-audit fees awarded to them. The total fees paid in respect of audit and non-audit fees to the external auditors, Messrs. BDO LLP for FY2024 are as stated below.

<b>External Auditors Fees for FY2024</b>	<b>S\$</b>	<b>% of total fees</b>
Total audit fees	203,500	100.0
Total non-audit fees	–	–
Total fees paid	203,500	100.0

There were no non-audit fees paid to the external auditors for FY2024. The ARMC has reviewed and confirmed the objectivity of the external auditors.

The Company and the Group have complied with Catalist Rules 712 and 715 in the appointment of its auditors. The ARMC recommends to the Board the re-appointment of Messrs. BDO LLP as the external auditors of the Company at the forthcoming AGM, taking into consideration the Audit Quality Indicators Disclosure Framework published by the Accounting and Corporate Regulatory Authority.

In the course of FY2024, the ARMC carried out the following activities:–

- review of the financial statements of the Company and the consolidated financial statements of the Group, and any announcements relating to the Group's financial performance before submission to the Board for approval;
- review of interested/related parties transactions;
- review of audit plan and assessed the independence of external auditors;
- review of internal audit plan and the appointment of internal auditors;
- review of the nomination of external auditors for re-appointment at the AGM and determined their remuneration, and made appropriate recommendations to the Board for approval; and
- met with the internal and external auditors of the Company without the presence of Management.

The Group recognises the importance of providing the Board with accurate and relevant information on a timely basis. Management provides the Board with management accounts, operations reviews and related explanations together with the financial statements on a half-yearly basis and as the Board may require from time to time. The ARMC reviews the financial statements and reports to the Board for approval.

The Board reviews and approves the results before its release. For FY2024, the Board had provided shareholders with half-yearly and annual financial reports. The financial statements for the half-year and the full financial year were released to shareholders within the timeframe in line with Rule 705 of the Catalist Rules. In presenting the financial statements to shareholders, the Board aims to provide shareholders with a balanced and clear assessment of the Group's performance, position and prospects.

The ARMC is kept abreast by Management, the Company Secretaries and the independent auditors of changes to accounting standards, Catalist Rules and other regulations which could have an impact on the Group's business and financial statements.

# CORPORATE GOVERNANCE REPORT

The Company has adopted a whistleblowing policy since 2016 which sets the framework to encourage the reporting in good faith of serious concerns or escalate serious matters on a confidential basis without fear of reprisal, dismissal, or discriminatory treatment, by keeping the identity of the whistleblower confidential. The whistleblowing policy provides procedures to validate concerns and for investigation to be carried out independently by the ARMC, which comprised of the Non-Executive Directors, led by Mr. Ooi Seng Soon ("**Mr. Ooi**"), the Company's Independent Non-Executive Director. Upon receiving the whistle-blowing reports, Mr. Ooi will reach out to the whistleblower to understand the concern further, discuss among the ARMC on the action and investigate the concern raised as may be necessary. The ARMC may also exclude from its meetings any person it deems appropriate, depending on the nature of the complaint. The whistleblowing policy has been circulated to all employees of the Group and is available on the Company's website. No whistleblowing report was received in FY2024.

The Company had outsourced its internal audit function to NLA Risk Consulting Pte. Ltd. ("**NLA**") with effect from 1 February 2022. The primary reporting line of the internal audit function is to the ARMC, which also decides on the appointment, termination and remuneration of the firm for the internal audit function. The internal audit function has unfettered access to the Company's documents, records, properties and personnel, including the ARMC, and has appropriate standing within the Company.

Mr. Gary Ng, the head of internal audit in NLA is a Certified Internal Auditor and Chartered Accountant of Singapore, who has more than 20 years of external and internal audit experience. He graduated from Nanyang Technological University with a Bachelor of Accountancy. The team members supporting him include members of the Institute of Internal Auditors and cybersecurity professionals. The internal audit team was guided by the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors in carrying out its functions.

NLA is part of NLA DFK, a group of accounting and corporate advisory firms, providing various professional services for many years. NLA DFK is a member of one of the top 10 international associations of independent accounting firms and business advisers. NLA is a corporate member of the Institute of Internal Auditors, Singapore and currently is the internal auditor for over 20 listed companies in Singapore.

The ARMC conducts regular meetings with the internal auditors to evaluate the system of internal controls, the review of cybersecurity, their audit findings, the adequacy and the effectiveness of financial, operational and compliance controls as well as overall risk management of the Company.

The ARMC is satisfied with the independence, adequacy and effectiveness of its outsourced internal auditors.

The ARMC has met with the external auditors and the internal auditors, without the presence of Management, twice in FY2024.

## **(D) SHAREHOLDER RIGHTS AND ENGAGEMENT**

### **Shareholder Rights and Conduct of General Meetings**

*Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.*

The Group recognises the importance of maintaining transparency and accountability to its shareholders. The Board ensures that all the Company's shareholders are treated equitably and the rights of all investors, including non-controlling shareholders, are protected.

The Group is committed to providing shareholders with adequate, timely, and sufficient information pertaining to changes in the Group's business which could have a material impact on the Company's share price.

# CORPORATE GOVERNANCE REPORT

The Group strongly encourages shareholders' participation during the AGM. Shareholders are able to proactively engage the Board and Management on the Group's business activities, financial performance, and other business-related matters.

The Board believes that general meetings serve as an opportune forum for shareholders to meet the Board and Key Management Personnel, and to interact with them. Information on general meetings is disseminated through notices in the annual reports or circulars sent to all shareholders. The notices are also released via SGXNet, as well as posted on the Company's website.

At the AGM, a member who is a relevant intermediary which provide nominee or custodial services is entitled to appoint more than two proxies to attend, speak and vote at the meeting, so shareholders who hold shares through such intermediary can attend and participate in general meeting as proxies.

The Company conducts poll voting for all proposed resolutions at AGM for greater transparency in the voting process. The total numbers of votes cast for or against the resolutions will also be announced after the meeting via SGXNet.

The Company Secretary prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meetings, and responses from the Board and Management. Minutes of general meetings are published on the Company's corporate website at <https://www.hcsurgicalspecialists.com/en/investor-relation/news> as soon as it is practicable.

The Company provides for separate resolutions at general meetings on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are interlinked, the Company will explain the reasons and material implications in the notice of meeting.

All the resolutions at the general meetings are single item resolutions.

The Chairman of the Board and the Directors attend all general meetings to address questions and issues raised by shareholders. The external auditors are also present to address any relevant queries from shareholders on the conduct of audit and the preparation and content of the auditors' report. Key Management executives are also present at the general meetings to respond to operational questions from shareholders.

All Directors attended the AGM of the Company held on 26 September 2023.

The Company's Constitution allows all shareholders to appoint up to two proxies to attend general meetings and vote on their behalf. As the authentication of shareholders' identity information and other related security issues still remain a concern, the Group has decided, for the time being, not to implement voting in absentia by mail, email or fax.

The Company does not have a fixed dividend policy. However, the Directors target to recommend and distribute dividends of not less than 70.0% of the Group's operating profit after tax to shareholders. The Company may declare an annual dividend with the approval of the shareholders in a general meeting, but the amount of such dividend shall not exceed the amount recommended by the Board. The Board may also declare an interim dividend without the approval of the shareholders. For FY2024, the Company had paid an interim dividend of 0.7 Singapore cents per ordinary share and is recommending a final dividend of 0.7 Singapore cents per ordinary share to be approved by shareholders at the forthcoming AGM. Subject to shareholders' approval of the final dividend, the aggregate amount of dividends recommended and/or distributed per ordinary share would be 1.4 Singapore cents for FY2024, representing approximately 55.3% of the Group's earnings per share of 2.53 Singapore cents for FY2024, and 41.8% of the Group's operating profit after tax, lower than 70.0%, so as to conserve cash.

# CORPORATE GOVERNANCE REPORT

## Engagement With Shareholders

*Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.*

The Group is committed to maintaining high standards of corporate disclosure and transparency. The Group values dialogue sessions with its shareholders. The Group believes in regular, effective, and fair communication with shareholders and is committed to hearing shareholders' views and addressing their concerns.

Material information is disclosed in an adequate, accurate, and timely manner via SGXNet, press releases, and the Group's corporate website. In the event that unpublished material information is inadvertently disclosed to any selected group in the course of the Group's interactions with the investing community, a media release or announcement will be released to the public via SGXNet.

The Group's corporate website is the key resource of information for shareholders. In addition to the financial results materials, it contains a wealth of investor-related information on the Group, including profiles of Key Management Personnel, list of announcements made via SGXNet, annual reports, dividend information and important Company policies like the whistleblowing policy and personal data protection policy.

All shareholders are encouraged to contact the Company with any queries or concerns. The contact details of the Company can be found easily on the corporate website. General meetings are good platforms for shareholders to engage with the Board and Management, as shareholders will be invited and are encouraged to ask questions on the resolutions tabled and to express their views. At the same time, they will be updated on the Group's corporate achievements and financial performance.

The Company has established an investor relations policy that governs regular, effective and fair communication with shareholders. A copy of the Company's investor relations policy is available on the corporate website of the Company.

The investor relations policy provided in the Company's website sets out the mechanism through which shareholders may contact the Company with questions and through which the Company may respond to such questions.

## (E) MANAGING STAKEHOLDERS RELATIONSHIPS

### Engagement With Stakeholders

*Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.*

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to work towards sustainable growth. The Company's efforts on sustainability are focused on creating sustainable value for our key stakeholders, which include employees, lenders, investors, clients and regulators/Government.

The Company's strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period can be found in the Sustainability Report, which is released together with the Annual Report.

The Company maintains a current corporate website at <https://www.hcsurgicalspecialists.com>. Members of the public may visit the website for updates on the Company's corporate information and SGXNet announcements.

Stakeholders may contact the Company, if required, at [contact@hcsurgicalspecialists.com](mailto:contact@hcsurgicalspecialists.com).

With the above, the Company hopes to maintain good communication and engagement with all its stakeholders.

# CORPORATE GOVERNANCE REPORT

## (F) OTHER CORPORATE GOVERNANCE MATTERS

### Interested Person Transactions (“IPTs”)

Catalist Rule 1204(17)

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the ARMC, and that transactions are conducted on an arm’s length basis and are not prejudicial to the interests of the shareholders.

The Company does not have any prior shareholders’ mandate pursuant to Catalist Rule 920. The details of IPTs entered into in FY2024 are set out as follows:–

Name of Interested Person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders’ mandate pursuant to Rule 920) (S\$’000)	Aggregate value of all interested person transactions conducted under shareholders’ mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) (S\$’000)
Heah Sieu Min (RVP) Pte. Ltd. (“RVP”) <sup>(1)</sup>	Associate of Dr. Heah Sieu Min (“HSM”), the Executive Director of the Company	139	–
CH Investment Holdings Pte. Ltd. (“CHIH”) <sup>(2)</sup>	Associate of HSM	482	–
G 7 Investment Holdings Pte. Ltd. (“G7”) <sup>(3)</sup>	Associate of Dr. Chia Kok Hoong (“CKH”), the Executive Director of the Company	392	–

#### Notes:

- <sup>(1)</sup> Rental of office space at 233 River Valley Road #B1-04/05 RV Point Singapore 238291 from RVP, which is 100% owned by HSM, the Executive Director of the Company.
- <sup>(2)</sup> Rental of a portion of the entire clinic premise at Blk 190 Lorong 6 Toa Payoh #01-572 Singapore 310190 from CHIH, which is 100% owned by HSM, the Executive Director of the Company. Please refer to announcement made on 6 September 2023.
- <sup>(3)</sup> Rental of (a) a portion of the entire clinic premise at Blk 801 Tampines Avenue 4 #01-273 (2nd Floor) Singapore 520801 and (b) a portion of the entire clinic premise at Blk 801 Tampines Avenue 4 #01-273 (1st Floor) Singapore 520801 from G7, which is 100% owned by CKH, the Executive Director of the Company.

### Material Contracts

Catalist Rule 1204(8)

Save for those disclosed under the section “Interested Person Transactions”, there were no material contracts entered into by the Company and its subsidiaries involving the interests of its CEO, Directors or controlling shareholders which are either still subsisting at the end of FY2024 or if not then subsisting, entered into since the end of the previous financial year.

# CORPORATE GOVERNANCE REPORT

## **Dealing In Securities**

Catalist Rule 1204(19)

The Company has adopted an internal code on dealings in securities. The Company, its Directors, officers and employees are not allowed to deal in the Company's securities during the period commencing one month before announcement of the Group's half-yearly and full year results and ending on the date of announcement of the relevant results, or when they are in possession of unpublished price-sensitive information of the Group. In addition, the officers of the Company are advised not to deal in the Company's securities on short term considerations and are expected to observe the insider trading rules at all times even when dealing in the Company's securities within the permitted trading periods.

## **Non-Sponsor Fees**

Catalist Rule 1204(21)

There was no non-sponsor fee paid to the Company's sponsor, Novus Corporate Finance Pte. Ltd. in FY2024.

## **Sustainability Reporting**

Catalist Rule 711A, 711B

The Company has prepared a sustainability report that outlines the Company's efforts, pursuits and initiatives towards achieving the Group's sustainability goals through operational and business practices. It covers the material Environment, Social and Governance factors relevant to the Group. The Company's sustainability report will be released via SGXNet and the Company's website together with this Annual Report.



# DIRECTORS' STATEMENT

The directors of HC Surgical Specialists Limited (the Company) present their statement to the members together with the audited consolidated financial statements of the Company and its subsidiaries (the Group) for the financial year ended 31 May 2024 and the statement of financial position of the Company as at 31 May 2024.

## 1. Opinion of the Directors

In the opinion of the Board of Directors,

- (a) the consolidated financial statements of the Group and the statement of financial position of the Company together with the notes thereon are properly drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 May 2024, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Group and the Company will be able to pay its debts as and when they fall due.

## 2. Directors

The directors of the Company in office at the date of this statement are as follows:

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

## 3. Arrangements to enable Directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## 4. Directors' interests in shares or debentures

The directors of the Company holding office at the end of the financial year had no interests in the shares or debentures of the Company or its related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act 1967 (the Act), except as follows:

	Shareholdings registered in the name of directors or nominees		Shareholdings in which a director is deemed to have an interest	
	Balance at 1 June 2023	Balance at 31 May 2024	Balance at 1 June 2023	Balance at 31 May 2024
<b><u>The Company</u></b>				
			<b>Number of ordinary shares</b>	
Mr. Chong Weng Hoe	167,600	<b>167,600</b>	–	–
Dr. Heah Sieu Min	63,988,980	<b>63,988,980</b>	–	–
Dr. Chia Kok Hoong	34,753,440	<b>34,753,440</b>	–	–
Mr. Lim Chye Lai, Gjan	220,000	<b>220,000</b>	30,000	<b>30,000</b>

# DIRECTORS' STATEMENT

## 4. Directors' interests in shares or debentures (Continued)

By virtue of Section 7 of the Act, Dr. Heah Sieu Min and Dr. Chia Kok Hoong are deemed to have interests in the shares of all subsidiary corporations of the Company at the beginning and at the end of the financial year.

In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited (SGX-ST), the directors of the Company state that, according to the Register of Directors' Shareholdings, the directors' interest as at 21 June 2024 in the shares of the Company have not changed from those disclosed as at 31 May 2024.

## 5. Share options

No options were granted during the financial year to subscribe for unissued shares of the Company or its subsidiary corporations.

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations.

There were no unissued shares of the Company or its subsidiary corporations under option at the end of the financial year.

### Employee Share Option Scheme

The Company has implemented an Employee Share Option Scheme known as the HCSS Employee Share Option Scheme (HCSS ESOS). The HCSS ESOS was approved and adopted by the shareholders at an Extraordinary General Meeting of the Company held on 28 September 2016. No options have been granted pursuant to the HCSS ESOS as at the date of this report.

### Performance Share Plan

The Company has implemented a Performance Share Plan known as the HCSS Performance Share Plan (HCSS PSP). The HCSS PSP was approved and adopted by the shareholders at an Extraordinary General Meeting of the Company held on 28 September 2016. During the financial year ended 31 May 2017, 16,100 shares were granted to an employee (who was not a director or controlling shareholder of the Company) pursuant to the HCSS PSP.

## 6. Audit and Risk Management Committee

The Audit and Risk Management Committee of the Company is chaired by Mr. Ooi Seng Soon, an Independent Director, and includes Mr. Chong Weng Hoe, a Non-executive Chairman and Independent Director and Mr. Lim Chye Lai, Gjan, a Non-Independent Non-executive Director. The Audit and Risk Management Committee has met two times since the last Annual General Meeting and has carried out its functions in accordance with section 201B(5) of the Act, including reviewing the following, where relevant, with the executive Directors and external auditors of the Company:

- (i) assisting the Board of Directors in the discharge of its responsibilities on financial reporting matters;
- (ii) reviewing the audit plans, scope of work, evaluation of the system of internal accounting controls, management letter and management's response, and results compiled by the Group's internal and external auditors;

# DIRECTORS' STATEMENT

## 6. Audit and Risk Management Committee (Continued)

- (iii) reviewing the half year and full year results announcements and annual financial statements and the external auditor's report on those financial statements before submission to the Board of Directors for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant judgements resulting from the audit, the going concern statement, compliance with financial reporting standards as well as compliance with the Catalist Rules and any other statutory or regulatory requirements;
- (iv) reviewing the assurance from the Chief Executive Officer and Chief Financial Officer on the financial records and financial statements;
- (v) reviewing the effectiveness and adequacy of the Group's internal control and procedures, including accounting, financial controls and procedures and ensure coordination between the Group's internal and external auditors, and management; reviewing the assistance given by the management to the auditors, and discuss problems and concern, if any, arising from the audit, and any matters which the auditors may wish to discuss (in the absence of the management where necessary);
- (vi) reviewing the adequacy, effectiveness, independence, scope and results of the external audit, and the Company's internal audit functions;
- (vii) reviewing and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the management's response;
- (viii) making recommendation to the Board of Directors on the proposals to shareholders on the appointment and removal of the external auditors, and the remuneration and terms of engagement of the external auditors;
- (ix) reviewing significant financial reporting issues and judgements with the Chief Financial Officer and the external auditors so as to ensure the integrity of the financial statements of the Group and any announcements relating to the Group's financial performance before their submission to the Board of Directors;
- (x) reviewing and report to the Board of Directors at least annually the adequacy and effectiveness of the Group's material internal controls and risk management systems with the Chief Financial Officer and the internal and external auditors, including financial, operation, compliance and information technology controls via reviews carried out by the internal auditors;
- (xi) reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on, and ensuring that the Company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns;
- (xii) reviewing and approve transactions falling within the scope of Chapter 9 and Chapter 10 of Catalist Rules (if any);
- (xiii) reviewing any potential conflicts of interest;
- (xiv) undertaking other reviews and projects as may be requested by the Board and report to the Board of Directors the findings from time to time on matters arising and requiring the attention of the Audit and Risk Management Committee;

# DIRECTORS' STATEMENT

## 6. Audit and Risk Management Committee (Continued)

- (xv) reviewing and establish procedures for receipt, retention and treatment of complaints received by the Group, inter alia, criminal offences involving the Group or the employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group; and
- (xvi) generally to undertake such other functions and duties as may be required by statute or the Catalyst Rules, and by such amendments made thereto from time to time.

The Audit and Risk Management Committee confirmed that it has undertaken a review of all non-audit services provided by the external auditors to the Group and is satisfied that the nature and extent of such services would not affect the independence of the external auditors.

The Audit and Risk Management Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its functions properly. It also has full discretion to invite any Director and Executive Officer of the Group to attend its meetings. The external auditors have unrestricted access to the Audit and Risk Management Committee.

The Audit and Risk Management Committee has recommended to the Board of Directors the nomination of BDO LLP, for re-appointment as external auditors of the Company at the forthcoming Annual General Meeting.

## 7. Independent auditor

The independent auditor, BDO LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors,

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**Dr. Heah Sieu Min**  
Director

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**Dr. Chia Kok Hoong**  
Director

Singapore  
26 August 2024

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HC SURGICAL SPECIALISTS LIMITED

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of HC Surgical Specialists Limited (the Company) and its subsidiaries (the Group) as set out on pages 73 to 144, which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 May 2024;
- the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows of the Group for the year then ended; and
- notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)s) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 May 2024, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HC SURGICAL SPECIALISTS LIMITED

## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## KEY AUDIT MATTER

## AUDIT RESPONSE

### 1 Impairment assessment of goodwill

As at 31 May 2024, the Group's goodwill amounted to approximately \$3,358,000.

Under SFRS(I) 1-36 *Impairment of Assets*, the Group is required to test goodwill for impairment annually, or more frequently if there are indicators that goodwill may be impaired.

For the purpose of impairment assessment, the management applied the value-in-use (discounted cash flow forecasts) method to determine the recoverable amounts for the respective cash generating units to which the goodwill belongs. Any shortfall between the recoverable amount and the carrying amount of the respective cash generating unit would be recognised as an impairment loss. Based on the assessment, no impairment loss of goodwill was recognised during the financial year.

We have determined impairment assessment of goodwill to be a key audit matter as the impairment assessment involved significant management judgements and estimates with regard to the key assumptions used in estimating the discounted future cash flows, such as the revenue growth rates and the discount rate.

Refer to Notes 2.4, 3.2(ii) and 5 to the accompanying financial statements.

We performed the following audit procedures, amongst others:

- Discussed with management and evaluated the reasonableness of the key assumptions made by management in preparing the discounted cash flows, including performing analytical procedures and comparing the revenue growth rates against historical performance and industry outlook, as appropriate;
- Engaged our internal valuation specialists to evaluate reasonableness of the discount rate used;
- Performed sensitivity analysis around the key assumptions, including the revenue growth rates and discount rate used in the cash flow forecasts; and
- Assessed the adequacy of the disclosure in the financial statements.

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HC SURGICAL SPECIALISTS LIMITED

## Key Audit Matters

KEY AUDIT MATTER	AUDIT RESPONSE
<p><b>2 Impairment assessment of investments in subsidiaries and associates</b></p> <p>As at 31 May 2024, the carrying amount of the Company's investments in subsidiaries and associates amounted to approximately \$13,464,000 and \$2,785,000 respectively. The subsidiaries and associates comprise a network of clinics located throughout Singapore and are primarily engaged in providing medical services.</p> <p>During the financial year ended 31 May 2024, arising from indicators of impairment in certain subsidiaries and associates, the management carried out an impairment assessment to determine whether an impairment loss should be recognised in the financial statements.</p> <p>Management determined the recoverable amounts based on the value-in-use calculations by estimating the expected discounted future cash flows to be derived from the investments in those subsidiaries and associates. Arising from the assessment, an impairment loss of approximately \$243,000 was recognised on the investment in an associate during the financial year.</p> <p>We focused on the impairment assessment of investments in subsidiaries and associates as a key audit matter owing to the significant management judgements and estimates involved in the key assumptions used in estimating the expected discounted future cash flows, such as the revenue growth rates and the discount rate.</p> <hr/> <p>Refer to Notes 2.7, 3.2(i), 7, 8 and 33 to the accompanying financial statements.</p>	<p>We performed the following audit procedures, amongst others:</p> <ul style="list-style-type: none"> <li>Discussed with management and evaluated the reasonableness of the key assumptions made by management in preparing the discounted cash flows, including performing analytical procedures and comparing the revenue growth rates against historical performance and industry outlook, as appropriate;</li> <li>Engaged our internal valuation specialists to evaluate reasonableness of the discount rate used;</li> <li>Performed sensitivity analysis around the key assumptions, including the revenue growth rates and discount rates used in the cash flow forecasts; and</li> <li>Assessed the adequacy of the disclosure in the financial statements with respect to impairment assessment of investments in subsidiaries and associates.</li> </ul>

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HC SURGICAL SPECIALISTS LIMITED

## Key Audit Matters

KEY AUDIT MATTER	AUDIT RESPONSE
<p><b>3 Fair value of derivative financial instruments</b></p> <p>As at 31 May 2024, the derivative financial instruments in relation to the put option, option to re-purchase, 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 vendors of associates and non-controlling interests of certain subsidiaries as disclosed in Note 14 to the financial statements are stated at their fair values based on independent external valuations.</p> <p>The fair value of these derivative financial instruments for the Group and the Company amounted to approximately \$223,000 and \$656,000 as at 31 May 2024 respectively.</p> <p>We have determined fair value of derivative financial instruments to be a key audit matter owing to the significant management judgements and estimations, including equity value, estimated profit after tax for future years, volatility rate, risk-free rate and probability of the option being exercised, involved in determining the fair value of the derivative financial instruments as at the financial year end, taking into account that the fair values are measured using significant unobservable inputs (Level 3).</p> <hr/> <p>Refer to Notes 2.11, 3.2(iv), 14 and 38.5 to the accompanying financial statements.</p>	<p>We performed the following audit procedures, amongst others:</p> <ul style="list-style-type: none"><li>• Assessed the independence and competency of the external valuer which included considering the valuer's experiences and qualification in performing valuations for such derivative financial instruments;</li><li>• Discussed with management and evaluated the reasonableness of key assumptions and estimates used in deriving the equity value and estimated profit after tax for future years, including performing analytical procedures of the key assumptions and comparing the revenue growth rates against historical performance and industry outlook, as appropriate;</li><li>• Engaged our internal valuation specialists to evaluate the valuation methodologies and reasonableness of the key assumptions used (i.e. volatility rate and risk-free rate) by external valuer;</li><li>• Assessed the reasonableness of the probability of the option being exercised; and</li><li>• Assessed the adequacy of the disclosure in the financial statements with respect to fair value of derivative financial instruments.</li></ul>



# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HC SURGICAL SPECIALISTS LIMITED

## Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HC SURGICAL SPECIALISTS LIMITED

## Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company, and by those subsidiary corporations in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Tei Tong Huat.

**BDO LLP**  
Public Accountants and  
Chartered Accountants

Singapore  
26 August 2024

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 MAY 2024

	Note	Group		Company	
		2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Plant and equipment	4	1,022	1,598	9	13
Intangible assets	5	3,358	3,358	–	–
Right-of-use assets	6	2,954	2,898	167	39
Investments in subsidiaries	7	–	–	13,464	13,464
Investment in associates	8	2,785	3,116	2,785	3,116
Investment in joint ventures	9	182	182	182	182
Financial assets at fair value through profit or loss (FVTPL)	11	6,077	5,850	6,077	5,850
Deferred tax assets	12	17	43	–	–
Derivative financial instruments	14	491	1,397	492	1,901
Other receivables	13	80	119	80	155
		<b>16,966</b>	<b>18,561</b>	<b>23,256</b>	<b>24,720</b>
<b>Current assets</b>					
Inventories	15	367	445	–	–
Trade and other receivables	13	1,882	1,749	2,576	2,466
Prepayments		228	246	75	95
Debt instruments at amortised cost	10	–	1,882	–	1,882
Derivative financial instruments	14	338	–	770	–
Financial assets at fair value through profit or loss (FVTPL)	11	701	2,193	701	2,193
Cash and bank balances	16	7,362	6,187	4,083	3,205
		<b>10,878</b>	<b>12,702</b>	<b>8,205</b>	<b>9,841</b>
<b>Total assets</b>		<b>27,844</b>	<b>31,263</b>	<b>31,461</b>	<b>34,561</b>

*The accompanying notes form an integral part of these financial statements.*

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 MAY 2024 (Continued)

	Note	Group		Company	
		2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	17	17,231	15,419	17,231	15,419
Treasury shares	18	(996)	(996)	(996)	(996)
Merger reserve	19	(815)	(815)	–	–
Capital reserve	20	(13,652)	(13,652)	(164)	(164)
Other reserve	21	(1,629)	(1,172)	–	–
Retained earnings	22	14,551	13,320	8,750	7,310
<b>Equity attributable to owners of the parent</b>		<b>14,690</b>	12,104	<b>24,821</b>	21,569
Non-controlling interests		(216)	(21)	–	–
<b>Total equity</b>		<b>14,474</b>	12,083	<b>24,821</b>	21,569
<b>Non-current liabilities</b>					
Deferred tax liabilities	12	200	88	–	–
Derivative financial instruments	14	606	556	606	556
Other financial liabilities	23	–	578	–	–
Other payables	27	–	3,204	–	3,204
Bank borrowing	24	–	1,288	–	1,288
Provisions	25	160	144	8	21
Lease liabilities	26	1,863	1,897	106	36
		<b>2,829</b>	7,755	<b>720</b>	5,105
<b>Current liabilities</b>					
Trade and other payables	27	6,063	8,096	4,282	6,201
Bank borrowing	24	1,288	1,262	1,288	1,262
Other financial liabilities	23	1,035	–	–	–
Provisions	25	–	13	–	–
Lease liabilities	26	1,185	1,049	98	181
Current income tax payable		970	1,005	252	243
		<b>10,541</b>	11,425	<b>5,920</b>	7,887
<b>Total liabilities</b>		<b>13,370</b>	19,180	<b>6,640</b>	12,992
<b>Total equity and liabilities</b>		<b>27,844</b>	31,263	<b>31,461</b>	34,561

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

	Note	2024 \$'000	2023 \$'000
Revenue	28	18,810	19,077
<b>Other items of income</b>			
Other income	29	1,106	1,476
Fair value gain on financial assets at FVTPL	11	174	–
Gain on redemption of debt instruments at amortised cost	10	117	–
<b>Items of expense</b>			
Changes in inventories		(78)	69
Inventories, consumables and surgery expenses		(2,770)	(2,697)
Employee benefits expense	30	(6,951)	(6,646)
Depreciation and amortisation	31	(1,791)	(1,744)
Lease expenses		(22)	(21)
Fair value loss on derivative financial instruments	14	(618)	(50)
Fair value loss on financial assets at FVTPL	11	–	(1,742)
Loss allowance for other receivables from an associate and a joint venture	13	(244)	–
Other expenses		(2,084)	(3,033)
Finance costs	32	(500)	(636)
Share of results of an associate, net of tax		(88)	–
<b>Profit before income tax</b>	33	5,061	4,053
Income tax expense	34	(1,122)	(1,068)
<b>Profit for the financial year, representing total comprehensive income for the financial year</b>		<b>3,939</b>	<b>2,985</b>
<b>Profit and total comprehensive income attributable to:</b>			
Owners of the parent		3,846	2,919
Non-controlling interests		93	66
		<b>3,939</b>	<b>2,985</b>
<b>Earnings per share (in cents)</b>			
- Basic and diluted	35	2.53	1.96

*The accompanying notes form an integral part of these financial statements.*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

Note	Share capital \$'000	Treasury shares \$'000	Merger reserve \$'000	Capital reserve \$'000	Other reserve \$'000	Retained earnings \$'000	Equity attributable to owners of the parent \$'000	Non-controlling interests \$'000	Total equity \$'000
Balance at 1 June 2023	15,419	(996)	(815)	(13,652)	(1,172)	13,320	12,104	(21)	12,083
Profit for the financial year	-	-	-	-	-	3,846	3,846	93	3,939
<b>Total comprehensive income for the financial year</b>	-	-	-	-	-	3,846	3,846	93	3,939
<b>Distributions to owners</b>									
Dividends	-	-	-	-	-	(2,615)	(2,615)	-	(2,615)
Issuance of shares pursuant to deferred consideration	1,812	-	-	-	-	-	1,812	-	1,812
<b>Total transactions with owners</b>	1,812	-	-	-	-	(2,615)	(803)	-	(803)
<b>Transactions with non-controlling interests</b>									
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(288)	(288)
<b>Total transactions with non-controlling interests</b>	-	-	-	-	-	-	-	(288)	(288)
<b>Others</b>									
Present value of forward purchase contract	-	-	-	-	(457)	-	(457)	-	(457)
<b>Total others</b>	-	-	-	-	(457)	-	(457)	-	(457)
Balance at 31 May 2024	17,231	(996)	(815)	(13,652)	(1,629)	14,551	14,690	(216)	14,474

23, 21

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024 (Continued)

Note	Share capital \$'000	Treasury shares \$'000	Merger reserve \$'000	Capital reserve \$'000	Other reserve \$'000	Retained earnings \$'000	Equity attributable to owners		Total equity \$'000
							of the parent \$'000	Non-controlling interests \$'000	
Balance at 1 June 2022	15,419	(996)	(815)	(13,652)	(2,633)	13,677	11,000	221	11,221
Profit for the financial year	-	-	-	-	-	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	-	-	-	-	-	(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

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

	Note	2024 \$'000	2023 \$'000
<b>Operating activities</b>			
Profit before income tax		<b>5,061</b>	4,053
Adjustments for:			
Allowance for impairment loss on goodwill	5	–	677
Allowance for impairment loss on investment in an associate	8	<b>243</b>	–
Allowance for impairment loss on plant and equipment	4	<b>148</b>	135
Allowance/(Reversal of allowance) for impairment loss on right-of-use assets	6	<b>8</b>	(12)
Amortisation of intangible assets	5	–	2
Depreciation of plant and equipment	4	<b>496</b>	440
Depreciation of right-of-use assets	6	<b>1,295</b>	1,302
Dividend income from a joint venture	29	<b>(87)</b>	(37)
Dividend income from financial assets at FVTPL	29	<b>(578)</b>	(642)
Fair value (gain)/loss on financial assets at FVTPL	11	<b>(174)</b>	1,742
Fair value loss on derivative financial instruments	14	<b>618</b>	50
Gain on disposal of investment in financial assets at FVTPL	11, 29	<b>(8)</b>	(17)
Gain on divestment in a financial asset at FVTPL	11, 29	–	(124)
Gain on redemption of debt instruments at amortised cost	10	<b>(117)</b>	–
Gain on modification of other financial liabilities	23, 33	–	(57)
Interest expense	32	<b>500</b>	636
Interest income	29	<b>(106)</b>	(143)
Inventories written off	15	<b>4</b>	2
Loss allowance for other receivables from an associate	13	<b>7</b>	–
Loss allowance for other receivables from a joint venture	13	<b>237</b>	–
Loss on disposal of plant and equipment		–	15
Loss on modification of deferred consideration	33	–	319
Plant and equipment written off	4	<b>3</b>	8
Rent concession	26	–	(4)
Reversal of loss allowance made for third parties trade receivables	13	–	(1)
Reversal of provision for reinstatement cost not utilised	25	<b>(11)</b>	(17)
Share of results of an associate, net of tax		<b>88</b>	–
Third parties trade receivables written off	13	<b>5</b>	2
Operating cash flows before working capital changes		<b>7,632</b>	8,329
Working capital changes:			
Inventories		<b>74</b>	(71)
Trade and other receivables		<b>(364)</b>	(313)
Prepayments		<b>18</b>	9
Trade and other payables		<b>(38)</b>	281
Cash generated from operations		<b>7,322</b>	8,235
Income tax paid		<b>(1,020)</b>	(1,017)
Net cash generated from operating activities		<b>6,302</b>	7,218

*The accompanying notes form an integral part of these financial statements.*



# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024 (Continued)

	Note	2024 \$'000	2023 \$'000
<b>Investing activities</b>			
Acquisition of equity interest in an associate	8	–	(428)
Dividend income from a joint venture	29	87	37
Dividend received from financial assets at FVTPL	29	578	642
Interest received		127	142
Payment of deferred consideration	27	(3,726)	(1,812)
Proceeds from capital reduction in financial assets at FVTPL	11	88	83
Proceeds from disposal of plant and equipment		1	7
Proceeds from disposal of investment in financial assets at FVTPL	11	1,359	317
Proceeds from maturity of debt instruments at amortised cost		2,000	–
Purchase of plant and equipment	4	(72)	(707)
Net cash generated from/(used in) investing activities		442	(1,719)
<b>Financing activities</b>			
Dividends paid to owners of the parent	36	(2,615)	(3,276)
Dividends paid to non-controlling interests		(288)	(308)
Interest paid		(37)	(62)
Repayment of bank borrowings		(1,262)	(1,237)
Repayment of principal portion of lease liabilities	A	(1,243)	(1,252)
Repayment of interest portion of lease liabilities	A	(124)	(105)
Net cash used in financing activities		(5,569)	(6,240)
Net change in cash and cash equivalents		1,175	(741)
Cash and cash equivalents at beginning of financial year		6,187	6,928
Cash and cash equivalents at end of financial year	16	7,362	6,187

Note A: Reconciliation of liabilities arising from financing activities:

	1 June 2023 \$'000	Cash flows \$'000	Non-cash changes			31 May 2024 \$'000	
			Additions \$'000	Lease modification \$'000	Rent concession \$'000		Accretion of interest \$'000
Lease liabilities	2,946	(1,367)	1,106	239	–	124	3,048
	1 June 2022 \$'000	Cash flows \$'000	Non-cash changes			31 May 2023 \$'000	
			Additions \$'000	Lease modification \$'000	Rent concession \$'000		Accretion of interest \$'000
Lease liabilities	2,465	(1,357)	1,737	–	(4)	105	2,946

The accompanying notes form an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

These notes form an integral part of and should be read in conjunction with the financial statements.

## 1. General 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).

The Company's registered office is located at 9 Raffles Place #26-01 Republic Plaza Singapore 048619 and its principal place of business is located at 233 River Valley Road #B1-04/05 RV Point Singapore 238291. The registration number of the Company is 201533429G. The Group's ultimate controlling party is Dr. Heah Sieu Min.

The principal activity of the Company is that of an investment holding company.

The principal activities of the subsidiaries are set out in Note 7 to the financial statements.

## 2. Material accounting policy information

### 2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)s) and are prepared under the historical cost convention, except as disclosed in the accounting policies below.

Items included in the individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore dollar, which is the functional currency of the Company and the presentation currency of the financial statements. The financial statements are expressed in Singapore dollar (\$) and rounded to the nearest thousand (\$'000), unless otherwise stated.

The preparation of financial statements in compliance with SFRS(I)s requires management to make judgements, estimates and assumptions that affect the Group's application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. Estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed in Note 3 to the financial statements.

#### Changes in accounting policies

##### *New standards, amendments and interpretations effective from 1 June 2023*

On 1 June 2023, the Group adopted the new or amended SFRS(I)s and interpretations to SFRS(I)s that are mandatory for application for the financial year. The adoption of these standards did not result in significant changes to the Group's accounting policies and had no material impact to the Group's financial statements, except as disclosed below:

##### *Amendments to SFRS(I) 1-1 Presentation of Financial Statements: Disclosures of Accounting Policies and SFRS(I) Practice Statement 2*

The amendments change the disclosure requirements with respect to accounting policies from 'significant accounting policies' to 'material accounting policy information'. The amendments provide guidance on when accounting policy is likely to be considered material.

Management has followed the guidance in the amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2 in determining which accounting policy information is material and disclosure has been disclosed in Note 2 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

## 2. Material accounting policy information (Continued)

### 2.1 Basis of preparation (Continued)

#### Changes in accounting policies (Continued)

##### *New standards, amendments and interpretations effective from 1 June 2023 (Continued)*

##### *Amendments to SFRS(I) 1-12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments clarify whether the initial recognition exemption applies to certain transactions that result in both an asset and a liability being recognised simultaneously. The amendments introduce an additional criterion for the initial recognition exemption under paragraph 15 of SFRS(I) 1-12, whereby the exemption does not apply to the initial recognition of an asset or liability which at the time of transaction, gives rise to equal taxable and deductible temporary differences.

Deferred tax assets should be recognised to the extent that it is probable that they can be utilised and deferred tax liabilities should be recognised at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with leases. While these would qualify for offsetting in the balance sheet, the notes would need to disclose the gross amounts.

The amendments have no significant effect on the financial statements of the Group for the year ended 31 May 2024 and relevant disclosure is included in Note 12 to the financial statements.

##### *New standards, amendments and interpretations issued but not yet effective*

At the date of authorisation of these financial statements, the following standards were issued but not yet effective, and have not been adopted early in these financial statements:

	<b>Effective date (annual periods beginning on or after)</b>
SFRS(I) 1-1 (Amendments) : Classification of Liabilities as Current or Non-current	1 January 2024*
SFRS(I) 1-7, SFRS(I) 7 (Amendments) : Supplier Finance Arrangements	1 January 2024
SFRS(I) 16 (Amendments) : Lease Liability in a Sale and Leaseback	1 January 2024
Various : Amendments to SFRS(I) 1-1: Non-current Liabilities with Covenants	1 January 2024
SFRS(I) 10 and SFRS(I) 1-28 (Amendments) : Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
SFRS(I) 1-21, SFRS(I) 1 (Amendments) : Lack of Exchangeability	1 January 2025

\* The mandatory effective date of this Amendment had been revised from 1 January 2022 to 1 January 2023 issued in July 2020 via Amendment to SFRS(I) 1-1: *Classification of Liabilities as Current or Non-current—Deferral of Effective Date* and further revised to 1 January 2024 in December 2022 via Amendments to SFRS(I) 1-1: *Non-current Liabilities with Covenants*.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

## 2. Material accounting policy information (Continued)

### 2.1 Basis of preparation (Continued)

Changes in accounting policies (Continued)

*New standards, amendments and interpretations issued but not yet effective (Continued)*

Consequential amendments were also made to various standards as a result of these new or revised standards.

Management anticipates that the adoption of the above standards, if applicable, in future periods will not have a material impact on the financial statements of the Group and the Company in the period of their initial adoption.

### 2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries made up to the end of the reporting period. The financial statements of the subsidiaries are prepared for the same reporting date as that of the parent company.

Accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group to ensure consistency.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which that control ceases. In preparing the consolidated financial statements, inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment loss of the asset transferred.

Non-controlling interests in subsidiaries relate to the equity in subsidiaries which is not attributable directly or indirectly to the owners of the parent. They are shown separately in the consolidated statements of comprehensive income, financial position and changes in equity.

Non-controlling interests in the acquiree that have a present ownership interest and entitle its holders to a proportionate share of the equity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having deficit balance.

Changes in the Group's interest in subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

When the Group loses control of subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

## 2. Material accounting policy information (Continued)

### 2.3 Plant and equipment

Plant and equipment are initially recorded at cost. Subsequent to initial recognition, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, estimated useful life and depreciation method are reviewed at each financial year-end to ensure that the residual values, period of depreciation and depreciation method are consistent with previous estimates and expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment.

Depreciation is calculated using the straight-line method to allocate the depreciable amounts of the plant and equipment over their estimated useful life as follows:

	<u>Years</u>
Computer	3
Furniture, fittings and office equipment	5
Medical equipment	8
Renovation	5

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use.

### 2.4 Intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

The useful life of intangible assets is assessed to be either finite or indefinite. Intangible assets with finite life are amortised on a straight-line basis over the estimated economic useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least once at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful life is recognised in profit or loss.

Intangible assets with indefinite useful life or not yet available for use are tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying amount may be impaired either at individual or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the changes in useful life from indefinite to finite is made on prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

## 2. Material accounting policy information (Continued)

### 2.4 Intangible assets (Continued)

#### *Goodwill*

Goodwill arising on the acquisition of subsidiary represents the excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition date fair value of any previously held equity interest in the acquiree over the acquisition date fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition.

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

### 2.5 Subsidiaries

Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from its involvement with the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Investments in subsidiaries are accounted for at cost, less impairment loss, if any, in the Company's statement of financial position.

### 2.6 Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Associates are initially recognised in the consolidated statement of financial position at cost and subsequently accounted for using the equity method less any impairment losses. Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is included in the carrying amount of the investments in associates.

In applying the equity method of accounting, the Group's share of associates' post-acquisition results and other comprehensive income is recognised in the consolidated statement of comprehensive income. These post-acquisition movements and distributions received are adjusted against the carrying amount of the investments. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or has made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits after its share of the profits equals the share of losses not recognised.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

## 2. Material accounting policy information (Continued)

### 2.6 Associates (Continued)

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

After application of the equity method of accounting, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investments in associates.

Investments in associates are accounted for at cost, less impairment loss, if any, in the Group and the Company's statement of financial position.

### 2.7 Impairment of non-financial assets excluding goodwill

The carrying amounts of non-financial assets excluding goodwill are reviewed at the end of each reporting period to determine whether there is any indication of impairment loss and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups of assets. Impairment loss is recognised in profit or loss.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value-in-use. Recoverable amount is determined for individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, the recoverable amount is determined for the cash-generating unit to which the assets belong. The fair value less costs to sell is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable willing parties less costs of disposal. Value-in-use is the present value of estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life, discounted at pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the asset or cash-generating unit for which the future cash flow estimates have not been adjusted.

An assessment is made at the end of each reporting period as to whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. An impairment loss recognised in prior periods is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment loss are recognised in profit or loss. After such a reversal, the depreciation or amortisation is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

### 2.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

## 2. Material accounting policy information (Continued)

### 2.9 Financial assets

The Group and the Company classify their financial assets into one of the categories below, depending on the Group's and the Company's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset. The Group and the Company shall reclass their affected financial assets when and only when the Group and the Company change their business model for managing these financial assets. Other than financial assets in a qualifying hedging relationship, the Group's and the Company's accounting policy for each category is as follows:

#### *Amortised cost*

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Interest income from these financial assets is included in interest income using the effective interest rate method.

Impairment provisions for trade receivables are recognised based on the simplified approach within SFRS(I) 9 using the lifetime expected credit losses. During this process, the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables which are reported net, such provisions are recorded in a separate provision account with the loss being recognised in the combined statement of comprehensive income. On confirmation that the trade receivable will not be collectible, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from subsidiaries, associates, joint ventures and other receivables due from third parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether at each reporting date, there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group's and the Company's financial assets measured at amortised cost comprise debt instruments, trade and other receivables and cash and bank balances in the statements of financial position.

#### *Financial assets at fair value through profit or loss (FVTPL)*

The Group and the Company have a number of investments in listed and unlisted entities which are not accounted for as subsidiaries, associates or jointly controlled entities. They are carried at fair value with changes in fair value recognised in profit or loss.

Dividends are recognised in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment, in which case the full or partial amount of the dividend is recorded against the associated investments' carrying amount.

Purchases and sales of financial assets measured at fair value through profit or loss are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the fair value through profit or loss.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

## 2. Material accounting policy information (Continued)

### 2.9 Financial assets (Continued)

*Financial assets at fair value through profit or loss (FVTPL) (Continued)*

#### Derecognition of financial assets

The Group and the Company derecognise a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

### 2.10 Financial liabilities

The Group and the Company determine the classification of their financial liabilities at initial recognition.

#### (i) Trade and other payables

Trade and other payables are recognised initially at cost which represents the fair value of the consideration to be paid in the future, less transaction cost, for goods received or services rendered, whether or not billed to the Group and the Company, and are subsequently measured at amortised cost using the effective interest method.

#### (ii) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to profit or loss over the period of the borrowings using the effective interest method.

Borrowings which are due to be settled within 12 months after the end of the reporting period are presented as current borrowings even though the original terms were for a period longer than 12 months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the end of the reporting period and before the financial statements are authorised for issue. Other borrowings due to be settled more than 12 months after the end of the reporting period are presented as non-current borrowings in the statements of financial position.

#### (iii) Other financial liabilities

Other financial liabilities comprise gross obligation of forward purchase contract, which are initially recognised at present value. Subsequent to initial recognition, the other financial liabilities are accreted through finance charges in the other reserves included in Group equity over the forward contract periods up to the final redemption amount. If the Group revises its estimates of the obligation of forward purchase contract, the carrying amount of the financial liabilities shall be adjusted with any changes recognised in the other reserves included in Group equity. The Group reassesses the carrying amount by estimating the present value of estimated future cash flows at the financial instrument's original effective interest rate.

#### *Derecognition of financial liabilities*

The Group and the Company derecognise their financial liabilities when, and only when, the Group's and the Company's obligations are discharged or cancelled or expired. The difference between the carrying amount and the consideration paid is recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

## 2. Material accounting policy information (Continued)

### 2.11 Derivative financial instruments

Derivative financial instruments held by the Group and the Company are recognised as assets or liabilities on the statements of financial position and classified as financial assets or financial liabilities at fair value through profit or loss.

The Group and the Company classified the put option, option to re-purchase, option to purchase and forward purchase contracts as derivative financial instruments. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivative financial instruments that do not qualify for hedge accounting are recognised in profit or loss for the financial years, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### 2.12 Revenue recognition

Revenue is recognised when a performance obligation is satisfied. Revenue is measured based on consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (i.e. sales related taxes). The consideration promised in the contracts with customers may include fixed amounts and variable amounts, if any.

#### Provision of medical services

Revenue from the provision of medical services generally relate to performance obligations to provide consultations, clinical treatments, endoscopic procedures, surgery, diagnostic imaging, radiology services, general medical services and related products, net of discounts to customers. In the rendering of these services, there are no variable considerations noted in the contracts with customers. Performance obligations for all services are satisfied over a period of less than one day when services are rendered. Hence, revenue is recognised at a point in time upon completion of the services.

#### Consultancy fee income

Consultancy fee income is recognised based on the provision of services in accordance with terms as stated in the consultancy agreement.

#### Management fee income

Management fee income is recognised based on the provision of services in accordance with terms as stated in the management fee agreement.

#### Interest income

Interest income is recognised using the effective interest rate method.

#### Dividend income

Dividend income from investments is recognised when the shareholders' right to receive payment has been established.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

## 2. Material accounting policy information (Continued)

### 2.13 Leases

*Group as lessee*

#### Initial measurement

Leases are recognised as right-of-use assets and corresponding lease liabilities at the date of which the leased assets are available for use by the Group. Each lease payment is allocated between the lease liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on their remaining balance of the liability for each period.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used.

#### Subsequent measurement

Right-of-use assets are subsequently measured at cost less accumulated depreciation and any accumulated impairment loss and, if applicable, adjusted for any remeasurement of the lease liabilities. The right-of-use assets under cost model are depreciated on a straight-line basis over the shorter of either the remaining lease term or the remaining useful life of the right-of-use assets. If the lease transfers ownership of the underlying asset by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise the purchase option, the right-of-use assets are depreciated over the useful life of the underlying asset on the following basis:

	<u>Years</u>
Office	3 - 5
Clinic premises	2 - 6

The carrying amount of right-of-use assets are reviewed for impairment when events or changes in circumstances indicate that the right-of-use assets may be impaired. The accounting policy on impairment is as described in Note 2.7 to the financial statements.

Subsequent to initial measurement, lease liabilities are adjusted to reflect interest charged at a constant periodic rate over the remaining lease liabilities, lease payment made and if applicable, account for any remeasurement due to reassessment or lease modifications.

After the commencement date, interest on the lease liabilities is recognised in profit or loss, unless the costs are eligible for capitalisation in accordance with other applicable standards.

When the Group revises its estimate of any lease term (i.e. probability of extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments over the revised term. The carrying amount of lease liabilities is similarly revised when the variable element of the future lease payment dependent on a rate or index is revised. In both cases, an equivalent adjustment is made to the carrying amount of the right-of-use assets. If the carrying amount of the right-of-use assets is reduced to zero and there is a further reduction in the measurement of lease liabilities, the remaining amount of the remeasurement is recognised directly in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

## 3. Critical accounting judgements and key sources of estimation uncertainty

### 3.1 Critical judgements made in applying the accounting policies

In the process of applying the accounting policies, the management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements except as discussed below.

#### Critical judgement over lease term

As at 31 May 2024, the Group's and the Company's lease liabilities, which are measured with reference to an estimate of the lease term, amounted to \$3,048,000 and \$204,000 (2023: \$2,946,000 and \$217,000) respectively, of which \$37,000 and \$Nil (2023: \$439,000 and \$36,000) arose from extension options respectively. Extension options is included in the lease term if the lease is reasonably certain to be extended. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise the extension option.

For lease of clinic premises and office premises, the following factors are considered to be most relevant:

- if any leasehold improvements are expected to have a significant remaining value, the Group and the Company typically include the extension option in lease liabilities;
- If the clinic premises is located in a strategic location that will contribute to the continued profitability of the Group and the Company, the Group and the Company typically include the extension option in lease liabilities; and
- Otherwise, the Group and the Company consider other factors including its historical lease periods for similar assets, costs required to obtain replacement assets, and business disruptions.

The assessment of reasonably certain to exercise extension options is only revised if a significant change in circumstances occurs that is within the control of the lessee.

As at 31 May 2024, potential future (undiscounted) cash outflows of approximately \$1,615,000 and \$288,000 (2023: \$2,087,000 and \$731,000) have not been included in lease liabilities of the Group and the Company because it is not reasonably certain that the leases will be extended.

### 3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and the reported amounts of revenue and expenses within the next financial year are discussed below:

- (i) Impairment of investments in subsidiaries and associates

The management follows the guidance of SFRS(I) 1-36 *Impairment of Assets* and SFRS(I) 1-28 *Investments in Associates and Joint Ventures*, in determining whether investments in subsidiaries and associates respectively are impaired. This determination requires significant judgements and assumptions. The management evaluates, among other factors, the duration and extent to which the recoverable amount of an investment is less than its carrying amount, the financial health and near-term business outlook of the investments, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

## 3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

### 3.2 Key sources of estimation uncertainty (Continued)

(i) Impairment of investments in subsidiaries and associates (Continued)

Investments in subsidiaries and associates are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. The recoverable amounts of these assets and where applicable, cash-generating units (CGU) have been determined based on value-in-use calculations. The value-in-use calculation requires the Company to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value.

The Company's carrying amount of investments in subsidiaries as at 31 May 2024 was \$13,464,000 (2023: \$13,464,000). In previous financial year, a net allowance for impairment loss on investments in subsidiaries of approximately \$875,000 was recognised as disclosed in Note 7 to the financial statements.

The Group's and the Company's carrying amount of investments in associates as at 31 May 2024 was \$2,785,000 (2023: \$3,116,000). An allowance for impairment loss on investment in an associate of approximately \$243,000 was recognised during the financial year ended 31 May 2024 as disclosed in Note 8 to the financial statements.

(ii) Goodwill

Management determines whether goodwill is impaired at least on an annual basis and whenever there is an indication that they are impaired. The process of evaluating potential impairment of goodwill requires significant judgements and assumptions. Management estimates the recoverable amount of the CGU to which the goodwill has been allocated based on value-in-use calculations derived from discounted cash flow model. The recoverable amount is most sensitive to discount rate and revenue growth rates used for the discounted cash flow model. Any excess of the carrying values over the discounted future cash flows are recognised as impairment loss in the consolidated statement of comprehensive income. The carrying amount of the Group's goodwill as at 31 May 2024 was \$3,358,000 (2023: \$3,358,000) and there is no impairment loss recognised (2023: an allowance for impairment loss of \$677,000 was recognised) during the financial year ended 31 May 2024 as disclosed in Note 5 to the financial statements.

(iii) Loss allowance for trade and other receivables

*Trade and other receivables*

Management determines the expected loss based on the simplified approach arising from default for trade receivables, by categorising them based on its historical loss pattern, historical payment profile as well as credit risk profile of customers. Notwithstanding the above, the Group evaluates the expected credit loss on customers in financial difficulties separately. Specific allowance for impairment of trade receivables was made for those customers identified in financial difficulties during the financial year. For non-trade receivables, management considers the performance, financial capability as well as payment profile of these non-trade receivables in order to determine the appropriate stage of expected credit loss for these receivables. Probability or risk of default is then being estimated by considering the future conditions. The carrying amounts of trade and other receivables are disclosed in Note 13 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

## 3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

### 3.2 Key sources of estimation uncertainty (Continued)

- (iii) Loss allowance for trade and other receivables (Continued)

*Non-trade amounts due from subsidiaries, associates and joint venture*

Management determines whether there is significant increase in credit risk of these subsidiaries, associates and joint venture since initial recognition. Management reviews the financial performance and results of these subsidiaries, associates and joint venture. A net loss allowance amounted to \$381,000 (2023: \$162,000) was recognised for the amounts due from subsidiaries during the financial year ended 31 May 2024.

A loss allowance amount to \$7,000 (2023: \$Nil) and \$237,000 (2023: \$Nil) was recognised for the amounts due from an associate and a joint venture respectively during the financial year ended 31 May 2024. The amounts due from subsidiaries, associates and joint venture are disclosed in Note 13 to the financial statements.

- (iv) Fair value of derivative financial instruments

The derivative financial instruments arise from the granting of options to re-purchase, put option, forward purchase contracts and option to purchase for the acquired subsidiaries and associates as disclosed in Note 8 and Note 14 to the financial statements, and are measured at fair value as at the end of the reporting period.

*Put option and option to re-purchase*

As at the end of the reporting period, the fair value of derivative financial instrument has been determined by management, assisted by its external valuer, and is considered as level 3 recurring fair value measurements. The significant judgement and assumptions to the valuation include expected volatility rate and risk-free rate. Significant assumptions were made by the management in estimating the probability of the option being exercised as at the end of the reporting period. The carrying values of the derivative financial instrument of the Group and the Company relating to the put option and option to re-purchase as at 31 May 2024 were \$400,000 and \$28,000 (2023: \$457,000 and \$28,000) respectively.

If the probability that the option is exercised is higher or lower by 5% from management's estimates, the Group's profit would have been higher or lower by \$400,000 and \$28,000 (2023: \$457,000 and \$28,000) respectively.

*Forward purchase contracts and option to purchase*

As at the end of the reporting period, the fair values of derivative financial instruments have been determined by management, assisted by its external valuer, and are considered as level 3 recurring fair value measurements. The significant judgements and assumptions to the valuations include estimated profit after tax for future years, expected volatility rate and risk-free rate. The carrying value of the derivative financial instruments of the Group relating to the forward purchase contracts recognised as assets and liabilities as at 31 May 2024 were \$429,000 and \$578,000 (2023: \$940,000 and \$528,000) respectively.

The carrying values of the derivative financial instruments of the Company relating to the forward purchase contracts and option to purchase recognised as assets and liabilities as at 31 May 2024 were \$862,000 and \$578,000 (2023: \$1,444,000 and \$528,000) respectively.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

## 3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

### 3.2 Key sources of estimation uncertainty (Continued)

(v) Impairment of plant and equipment and right-of-use assets

Plant and equipment and right-of-use assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flow (its cash generating unit or CGU) and the recoverable amount are determined based on value-in-use, by discounting the expected future cash flows for each CGU. The recoverable amount is sensitive to discount rates as well as the revenue growth rates used.

Following the review, an impairment loss on plant and equipment and right-of-use assets amounted to \$148,000 and \$8,000 (2023: \$135,000 and \$Nil) respectively were recognised in profit or loss for the financial year ended 31 May 2024. The carrying amount of the Group's and the Company's plant and equipment were \$1,022,000 and \$9,000 (2023: \$1,598,000 and \$13,000) respectively and right-of-use assets as at 31 May 2024 were \$2,954,000 and \$167,000 (2023: \$2,898,000 and \$39,000) respectively.

(vi) Accounting for leases

The Group and the Company have determined the discount rate by reference to the respective lessee's incremental borrowing rate when the rate inherent in the lease is not readily determinable. The Group and the Company obtain the relevant market interest rate after considering the applicable geographical location where the lessee operates as well as the term of the lease. Management considers its own credit spread information from its recent borrowings, industry data available as well as any security available in order to adjust the market interest rate obtained from similar economic environment, term and value of the lease.

The incremental borrowing rate applied to lease liabilities as at 31 May 2024 was 3.67% to 4.00% (2023: 3.67% to 4.00%) per annum. The carrying amount of lease liabilities of the Group and the Company as at 31 May 2024 were \$3,048,000 and \$204,000 (2023: \$2,946,000 and \$217,000) respectively. If the incremental borrowing rate had been 1.0% (2023: 0.5%) higher or lower than management's estimates, the Group's and the Company's lease liabilities would have been lower or higher by \$53,000 and \$9,000 (2023: \$24,000 and \$1,000) respectively.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

## 4. Plant and equipment

	Computer \$'000	Furniture, fittings and office equipment \$'000	Medical equipment \$'000	Renovation \$'000	Total \$'000
<b>Group</b>					
<b>Cost</b>					
Balance at 1 June 2023	168	190	1,952	1,716	4,026
Additions	12	13	16	31	72
Written off	(3)	–	(5)	(13)	(21)
Disposals	–	–	(3)	–	(3)
Balance at 31 May 2024	<u>177</u>	<u>203</u>	<u>1,960</u>	<u>1,734</u>	<u>4,074</u>
<b>Accumulated depreciation and impairment</b>					
Balance at 1 June 2023	149	154	1,007	1,118	2,428
Depreciation for the financial year	17	15	225	239	496
Impairment loss for the financial year	–	1	30	117	148
Written off	(3)	–	(2)	(13)	(18)
Disposals	–	–	(2)	–	(2)
Balance at 31 May 2024	<u>163</u>	<u>170</u>	<u>1,258</u>	<u>1,461</u>	<u>3,052</u>
<b>Net carrying amount</b>					
Balance at 31 May 2024	<u>14</u>	<u>33</u>	<u>702</u>	<u>273</u>	<u>1,022</u>
<b>Cost</b>					
Balance at 1 June 2022	165	189	1,820	1,333	3,507
Additions	17	16	187	487	707
Written off	(7)	(15)	(3)	(104)	(129)
Disposals	(7)	–	(52)	–	(59)
Balance at 31 May 2023	<u>168</u>	<u>190</u>	<u>1,952</u>	<u>1,716</u>	<u>4,026</u>
<b>Accumulated depreciation and impairment</b>					
Balance at 1 June 2022	142	153	821	895	2,011
Depreciation for the financial year	21	14	218	187	440
Impairment loss for the financial year	–	–	–	135	135
Written off	(7)	(13)	(2)	(99)	(121)
Disposals	(7)	–	(30)	–	(37)
Balance at 31 May 2023	<u>149</u>	<u>154</u>	<u>1,007</u>	<u>1,118</u>	<u>2,428</u>
<b>Net carrying amount</b>					
Balance at 31 May 2023	<u>19</u>	<u>36</u>	<u>945</u>	<u>598</u>	<u>1,598</u>



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

## 4. Plant and equipment (Continued)

	Computer \$'000	Furniture, fittings and office equipment \$'000	Renovation \$'000	Total \$'000
<b>Company</b>				
<b>Cost</b>				
Balance at 1 June 2023	37	11	43	91
Additions	5	–	–	5
Written off	–	–	(13)	(13)
Balance at 31 May 2024	<u>42</u>	<u>11</u>	<u>30</u>	<u>83</u>
<b>Accumulated depreciation</b>				
Balance at 1 June 2023	27	11	40	78
Depreciation for the financial year	6	–	3	9
Written off	–	–	(13)	(13)
Balance at 31 May 2024	<u>33</u>	<u>11</u>	<u>30</u>	<u>74</u>
<b>Net carrying amount</b>				
Balance at 31 May 2024	<u>9</u>	<u>–</u>	<u>–</u>	<u>9</u>
<b>Cost</b>				
Balance at 1 June 2022	34	19	43	96
Additions	12	–	–	12
Written off	(3)	(8)	–	(11)
Disposals	(6)	–	–	(6)
Balance at 31 May 2023	<u>37</u>	<u>11</u>	<u>43</u>	<u>91</u>
<b>Accumulated depreciation</b>				
Balance at 1 June 2022	31	19	34	84
Depreciation for the financial year	5	–	6	11
Written off	(3)	(8)	–	(11)
Disposals	(6)	–	–	(6)
Balance at 31 May 2023	<u>27</u>	<u>11</u>	<u>40</u>	<u>78</u>
<b>Net carrying amount</b>				
Balance at 31 May 2023	<u>10</u>	<u>–</u>	<u>3</u>	<u>13</u>

During the financial year, the Group carried out a review of the recoverable amount of its plant and equipment for clinic premises (CGUs) with indications of impairment. The recoverable amount of the relevant assets of \$471,000 (2023: \$914,000) has been determined based on its value-in-use calculations. The discount rate used in measuring value-in-use was 10.2% (2023: 10.2%) per annum.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

## 4. Plant and equipment (Continued)

Following the review, there were clinic premises having plant and equipment that are not expected to generate sufficient cash flows in comparison to their carrying amounts. An impairment loss on plant and equipment of approximately \$148,000 (2023: \$135,000), representing the write-down of the excess of the carrying amount over the recoverable amount of the relevant plant and equipment was recognised in the consolidated statement of comprehensive income.

## 5. Intangible assets

	<b>Goodwill</b>	<b>Computer software</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Group</b>			
<b>Cost</b>			
Balance at 1 June 2023 and 31 May 2024	<u>5,917</u>	<u>31</u>	<u>5,948</u>
<b>Accumulated amortisation and impairment</b>			
Balance at 1 June 2023 and 31 May 2024	<u>2,559</u>	<u>31</u>	<u>2,590</u>
<b>Net carrying amount</b>			
Balance at 31 May 2024	<u>3,358</u>	<u>–</u>	<u>3,358</u>
<b>Cost</b>			
Balance at 1 June 2022 and 31 May 2023	<u>5,917</u>	<u>31</u>	<u>5,948</u>
<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	<u>2,559</u>	<u>31</u>	<u>2,590</u>
<b>Net carrying amount</b>			
Balance at 31 May 2023	<u>3,358</u>	<u>–</u>	<u>3,358</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

## 5. Intangible assets (Continued)

	Computer software	
	2024	2023
	\$'000	\$'000
<b>Company</b>		
<b>Cost</b>		
Balance at beginning and end of financial year	<u>13</u>	<u>13</u>
<b>Accumulated amortisation</b>		
Balance at beginning of financial year	13	11
Amortisation for the financial year	<u>-</u>	<u>2</u>
Balance at end of financial year	<u>13</u>	<u>13</u>
<b>Net carrying amount</b>		
Balance at end of financial year	<u>-</u>	<u>-</u>

Amortisation expense of computer software was included in "Depreciation and amortisation" line item of the consolidated statement of comprehensive income using the straight-line method over the estimated useful lives of 3 to 4 years.

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

	Group	
	2024	2023
	\$'000	\$'000
<b>Name of subsidiaries</b>		
LAI BEC Pte. Ltd. (LBPL)	815	815
Julian Ong Endoscopy & Surgery Pte. Ltd. (JOES)	-	-
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
	<u>3,358</u>	<u>3,358</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

## 5. Intangible assets (Continued)

### *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 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.

Key assumptions used for value-in-use calculations:

	Revenue growth rates		Discount rate	
	2024	2023	2024	2023
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%

n.a. - not applicable

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.

In the previous financial year, the Group made an impairment loss of approximately \$677,000 to JOES under the healthcare segment, following the suspension of doctor's license for 2 years from 2 December 2022 to 1 December 2024 by the Singapore Court of Appeal. The carrying amount of such medical service, which represents a CGU by itself, was determined to be higher than its recoverable amount of approximately \$Nil based on its current financial performance. The impairment loss was fully allocated to goodwill and included in "Other expenses" line item of the consolidated statement of comprehensive income.

### *Sensitivity analysis*

As at the current reporting date, based on management's assessment of the CGUs, any reasonably possible change to the key assumptions applied is not likely to cause the recoverable amounts to be below the carrying amounts of the CGUs.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

## 6. Right-of-use assets

	Group		Company	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
<b>Office and clinic premises</b>				
<b>Cost</b>				
Balance at beginning of financial year	5,186	5,098	204	204
Additions	1,120	1,805	130	–
Lease modification	239	–	61	–
Written off	(967)	(1,717)	(131)	–
Balance at end of financial year	<b>5,578</b>	5,186	<b>264</b>	204
<b>Accumulated depreciation and impairment</b>				
Balance at beginning of financial year	2,288	2,715	165	105
Depreciation for the financial year	1,295	1,302	63	60
Written off	(967)	(1,717)	(131)	–
Impairment loss for the financial year	8	–	–	–
Reversal of impairment loss	–	(12)	–	–
Balance at end of financial year	<b>2,624</b>	2,288	<b>97</b>	165
<b>Net carrying amount</b>				
Balance at end of financial year	<b>2,954</b>	2,898	<b>167</b>	39

The Group leases office and clinic premises for the purpose of its operations. There are no externally imposed covenants on these lease arrangements.

During the financial year, the Group carried out an impairment assessment to determine if there is any indication of impairment loss or reversal of impairment previously made of its right-of-use assets for office and clinic premises (CGUs).

Following the review, an impairment loss on right-of-use assets of approximately \$8,000 (2023: a reversal of impairment loss of \$12,000) was recognised in the consolidated statement of comprehensive income. The recoverable amount of the relevant assets of approximately \$Nil (2023: \$182,000) has been determined based on its value-in-use calculations. The discount rate used in measuring value in use was 10.2% (2023: 10.2%) per annum.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

## 7. Investments in subsidiaries

	Company	
	2024	2023
	\$'000	\$'000
Unquoted equity shares, at cost	19,593	19,593
Allowance for impairment loss	(6,129)	(6,129)
	<b>13,464</b>	<b>13,464</b>

Movements in allowance for impairment loss were as follows:

	Company	
	2024	2023
	\$'000	\$'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	<b>6,129</b>	<b>6,129</b>

### *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 recognised for the financial year ended 31 May 2024.

In the previous financial year, an impairment loss of approximately \$1,323,000 was recognised in respect of two subsidiaries due to the deterioration in the business performance, which resulted in an adverse impact on the projected value-in-use of the operations concerned. The recoverable amount of the impaired subsidiaries which was \$Nil, is determined from value-in-use calculations and the discount rate used in measuring the value-in-use was 10.2% per annum.

In the previous financial year, a reversal of impairment loss of approximately \$448,000 was recognised relating to the investment in one subsidiary following an improvement in market conditions and business performance that resulted in an increase in the projected value-in-use of the operations concerned. The recoverable amount of this investment was approximately \$2,777,000, was determined from value-in-use calculations and the discount rate used in measuring the value-in-use was 10.2% per annum.

As at the current reporting date, based on management's assessment, any reasonably possible change to the key assumptions applied is not likely to cause the recoverable amounts to be below the carrying amounts of the investments.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

## 7. Investments in subsidiaries (Continued)

The details of the subsidiaries held by the Company are as follows:

Name of company	Principal place of business	Principal activities	Proportion of ownership interest held by the Company		Proportion of ownership interest held by the non-controlling interests	
			2024	2023	2024	2023
			%	%	%	%
Heah Sieu Min (Mt E) Pte. Ltd. <sup>(1)</sup>	Singapore	Colorectal endoscopy and piles centre	<b>100</b>	100	–	–
Heah Sieu Min (Bukit Batok) Pte. Ltd. <sup>(1)</sup>	Singapore	Provide outpatient consultation services and procedures in the field of Colorectal Endoscopy practices	<b>100</b>	100	–	–
CKH (Farrer Park) Pte. Ltd. <sup>(1)</sup>	Singapore	General, vein laser vascular and laparoscopy surgery and other health services	<b>100</b>	100	–	–
HC (Siglap) Pte. Ltd. <sup>(1)</sup>	Singapore	Specialised medical services (including day surgical centres)/clinics and other general medical services	<b>66</b>	66	<b>34</b>	34
HC (TPY) Pte. Ltd. <sup>(1)</sup>	Singapore	Specialised medical services (including day surgical centres)/other health services	<b>100</b>	100	–	–
Malcolm Lim Pte. Ltd. <sup>(1)</sup>	Singapore	Clinics and other general medical services	<b>51</b>	51	<b>49</b>	49
LAI BEC Pte. Ltd. <sup>(1)</sup>	Singapore	Clinics and other general medical services	<b>51</b>	51	<b>49</b>	49
Hannah Medical Pte. Ltd. <sup>(1)</sup>	Singapore	Clinics and other general medical services	<b>100</b>	100	–	–
HC (Hillford) Pte. Ltd. <sup>(1)</sup>	Singapore	Specialised medical services (including day surgical centres)/clinics and other general medical services	<b>100</b>	100	–	–

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

## 7. Investments in subsidiaries (Continued)

The details of the subsidiaries held by the Company are as follows: (Continued)

Name of company	Principal place of business	Principal activities	Proportion of ownership interest held by the Company		Proportion of ownership interest held by the non-controlling interests	
			2024	2023	2024	2023
			%	%	%	%
HC (GM) Pte. Ltd. <sup>(1)</sup>	Singapore	Specialised medical services (including day surgical centres)/ clinics and other general medical services	100	100	–	–
Julian Ong Endoscopy & Surgery Pte. Ltd. <sup>(1)</sup>	Singapore	Clinics and other general medical services	70	70	30	30
Medical L & C Services Pte. Ltd. <sup>(1)</sup>	Singapore	Clinics and other general medical services	100	100	–	–
HC and Island Family Pte. Ltd. <sup>(2)</sup>	Singapore	Clinics and other general medical services	–	80	–	20
Medical Services @ Tampines Pte. Ltd. <sup>(1)</sup>	Singapore	Clinics and other general medical services/medical shared services	100	100	–	–
Jason Lim Endoscopy and Surgery Pte. Ltd. <sup>(1)</sup>	Singapore	Specialised medical services/clinics and other general medical services	100	100	–	–
HC (Ming) Pte. Ltd. <sup>(1)</sup>	Singapore	Clinics and other general medical services	80	80	20	20
HC (AMK) Pte. Ltd. <sup>(1)</sup>	Singapore	Clinics and other general medical services	100	100	–	–
GMH Endoscopy & Surgery Pte. Ltd. <sup>(1)</sup>	Singapore	Clinics and other general medical services	51	51	49	49

(1) Audited by BDO LLP, Singapore

(2) Struck off on 4 December 2023

On 2 August 2022, HC (Siglap) Pte. Ltd. (HCSIG), a wholly owned subsidiary of the Company increased its issued and paid-up capital by way of allotment and issuance of new ordinary shares to the Company and the Company's 51% owned subsidiaries, LBPL and GMH. Accordingly, the Company's equity interest in HCSIG decreased from 100% to 66%.

On 14 October 2022, the Company entered into an addendum to sale and purchase agreement pertaining to JLES to extend the payment terms and increase the purchase consideration. As a result, a loss on modification of approximately \$319,000 was recognised and included in "Other expenses" line item of the consolidated statement of comprehensive income for the financial year ended 31 May 2023.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

## 7. Investments in subsidiaries (Continued)

### Non-controlling interest

The non-controlling interests of JOES, HC (Ming) Pte. Ltd. (HCMC) and GMH (2023: JOES, HCMC, GMH and HC and Island Family Pte. Ltd.) that are not 100% owned by the Group are considered to be insignificant to the Group.

Summarised financial information in relation to LBPL, Malcolm Lim Pte. Ltd. (MLPL) and HCSIG (2023: LBPL, MLPL and HCSIG) that have non-controlling interests (NCI) that are material to the Group, before intra-group eliminations and together with amounts attributed to NCI, is presented below:

	LBPL		MLPL		HCSIG		TOTAL	
	2024	2023	2024	2023	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Assets and liabilities</b>								
Current assets	1,112	1,039	225	191	240	182	1,577	1,412
Non-current assets	36	142	256	345	569	914	861	1,401
Current liabilities	(376)	(664)	(550)	(409)	(1,211)	(1,027)	(2,137)	(2,100)
Non-current liabilities	–	(36)	(252)	(298)	(414)	(468)	(666)	(802)
Net assets/(liabilities)	772	481	(321)	(171)	(816)	(399)	(365)	(89)
Accumulated NCI	378	236	(157)	(84)	(271)	(128)	(50)	24
Revenue	1,946	1,858	617	677	799	179	3,362	2,714
Profit/(Loss) for the financial year, representing total comprehensive income for the financial year	811	679	(151)	(134)	(417)	(402)	243	143
Profit/(Loss) allocated to NCI	397	333	(74)	(66)	(143)	(128)	180	139
Dividends paid to NCI	255	250	–	–	–	–	255	250
Cash flows generated from/ (used in) operating activities	946	515	130	(25)	194	(8)	1,270	482
Cash flows used in investing activities	–	(1)	–	–	(5)	(560)	(5)	(561)
Cash flows (used in)/generated from financing activities	(868)	(373)	(93)	(91)	(138)	561	(1,099)	97
Net cash inflows/(outflows)	78	141	37	(116)	51	(7)	166	18

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

## 8. Investment in associates

	Group and Company	
	2024	2023
	\$'000	\$'000
Unquoted equity investments, at cost	3,116	3,116
Allowance for impairment loss	(243)	–
Share of results, net of tax	(88)	–
	<b>2,785</b>	<b>3,116</b>

Movement in allowance for impairment loss was as follows:

	Group and Company	
	2024	2023
	\$'000	\$'000
Impairment loss for the financial year	243	–
Balance at end of financial year	<b>243</b>	<b>–</b>

As at the end of the reporting period, the Group and the Company carried out a review of the investment in associates, having regard for indicators of impairment based on the existing performance of associates. Following the review, an impairment loss of approximately \$243,000 (2023: \$Nil) was recognised in respect of an associate, Medistar Services Pte. Ltd. for the financial year ended 31 May 2024 due to the deterioration in the business performance, which resulted in an adverse impact on the projected value-in-use of the operations concerned. The recoverable amount of the impaired associate, which was \$244,000 is determined based on its value-in-use calculations covering a period of 5 years and projection to terminal year using the following key assumptions:

	Group and Company			
	Revenue growth rates		Discount rate	
	2024	2023	2024	2023
Medistar Services Pte. Ltd.	3%	3%	10.2%	10.2%
Total Orthopaedics Pte. Ltd.	<b>5% to 161%</b>	<b>10% to 228%</b>	<b>10.2%</b>	<b>10.2%</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

## 8. Investment in associates (Continued)

The details of associates are as follows:

Name of company	Principal place of business	Principal activities	Effective equity interest	
			2024 %	2023 %
<b>Held by the Company</b>				
Medistar Services Pte. Ltd. <sup>(1)</sup>	Singapore	Clinics and other general medical services	25	25
Total Orthopaedics Pte. Ltd. <sup>(1)</sup>	Singapore	Clinics and other general medical services	35	35

(1) Audited by BDO LLP, Singapore

Medistar Services Pte. Ltd.'s (MDS) primary business is in alignment with the Group, providing outpatients consultation services, medical and related services.

Total Orthopaedics Pte. Ltd.'s (TOPL) primary business is the provision of orthopaedic medical services, which offers synergy with the Group's general surgery and endoscopy services.

### Acquisition of equity interest in an associate

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 \$2,467,000 including any applicable interest amount. The purchase consideration was satisfied in full in the following manner:

- (i) \$857,000 cash payment upon the commencement of doctor employment or such other date as agreed;
- (ii) \$900,000 cash payment in April 2024 or such other date as agreed; and
- (iii) \$710,000 cash payment in December 2024 or such other date as agreed, which is subject to 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.

The vendors further agree to sell and the Group and the Company agree to acquire the remaining 65% of the total issued and paid-up share capital in TOPL within six months after 30 September 2028 or 30 September 2030, or such other date to be agreed, 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 fees paid to the Company and doctors' profit-share, multiplied by 0.65.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

## 8. Investment in associates (Continued)

### *Acquisition of equity interest in an associate (Continued)*

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

	<b>Total \$'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 \$323,000 was determined based on professional valuation carried out by independent valuation specialist.

The effect of acquisitions of the associate on the consolidated statement of cash flows was as follows:

	<b>2023 \$'000</b>
Total purchase consideration	2,467
Less: Fair value adjustment to purchase consideration	(154)
Less: Deferred consideration	(1,885)
Net cash outflow on acquisition	<u>428</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

## 8. Investment in associates (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 \$'000	MDS \$'000	Total \$'000
<b>31 May 2024</b>			
<b>Income and expenses</b>			
Revenue	1,144	1,592	2,736
(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	966
Non-current liabilities	(482)	(7)	(489)
Current liabilities	<u>(1,198)</u>	<u>(130)</u>	<u>(1,328)</u>
Net (liabilities)/assets	<u>(250)</u>	<u>265</u>	<u>15</u>
<b>31 May 2023</b>			
<b>Income and expenses</b>			
Revenue	–	1,746	1,746
Loss for the financial year	(19)	–	(19)
Other comprehensive income	–	–	–
Total comprehensive income	<u>(19)</u>	<u>–</u>	<u>(19)</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>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

## 8. Investment in associates (Continued)

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

	TOPL \$'000	MDS \$'000	Total \$'000
<b>31 May 2024</b>			
Net (liabilities)/assets of the associates	(250)	265	15
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 on acquisition date	323	–	323
Less: Impairment loss	–	(243)	(243)
Carrying amount	<u>2,548</u>	<u>237</u>	<u>2,785</u>
<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 on acquisition date	323	–	323
Less: Fair value of sign-on bonus	–	(1)	(1)
Carrying amount	<u>2,636</u>	<u>480</u>	<u>3,116</u>

## 9. Investment in joint ventures

	Group and Company	
	2024	2023
	\$'000	\$'000
Unquoted equity investment, at cost	<u>182</u>	<u>182</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

## 9. Investment in joint ventures (Continued)

The details of the joint ventures are as follows:

Name of company	Principal place of business	Principal activities	Effective equity interest held by the Group	
			2024 %	2023 %
<b>Held by the Company</b>				
Healthcare Essentials Pte. Ltd.	Singapore	Retail sale of pharmaceutical and medical goods/ general trading of medical supplies/ management consultancy services	20	20
HC Orthopaedics & Surgical Centre Pte. Ltd. <sup>(1)</sup>	Singapore	Clinics and other general medical services	50	–

(1) Audited by BDO LLP, Singapore

On 1 June 2023, the Company and an associate incorporated a joint venture namely HC Orthopaedics & Surgical Centre Pte. Ltd., a company incorporated in Singapore. The Company subscribed for 1 ordinary share at \$1 each, which represented an equity interest of 50%.

*Aggregate information of joint ventures that are not individually material*

The following table summarises, in aggregate, the Group's share of profit/loss and other comprehensive income of the Group's individually immaterial joint ventures accounted for using the equity method:

	Group	
	2024 \$'000	2023 \$'000
The Group's share of profit before tax	152	50
The Group's share of profit after tax	114	38
The Group's share of total comprehensive income	114	38
Carrying value of individually immaterial joint ventures	182	182

*Unrecognised share of losses*

The Group has not recognised its share of losses of HC Orthopaedics & Surgical Centre Pte. Ltd. amounting to approximately \$207,000 for the financial year ended 31 May 2024 because the Group's share of losses exceeds its interest in the joint venture and the Group has no obligation in respect of those losses. The cumulative unrecognised losses with respect to this joint venture amounted to approximately \$207,000 as at the end of the reporting period.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

## 10. Debt instruments at amortised cost

	Group and Company	
	2024	2023
	\$'000	\$'000
Quoted debt securities at amortised cost:		
- Singapore Exchange	-	1,882

In previous year, the quoted debt securities had nominal values amounting to \$2,000,000 with coupon rate of 6.25% per annum. The debt securities matured on 19 August 2023 and the full repayment was received during the financial year ended 31 May 2024.

A gain on redemption of debt instruments at amortised cost of approximately \$117,000 was recognised and included in the consolidated statement of comprehensive income for the financial year ended 31 May 2024.

The fair value of the quoted debt securities was \$1,994,000, which was based on the closing quoted market price on the last market trading day of the previous financial year.

Debt instruments were denominated in Singapore dollar.

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

	Group and Company	
	2024	2023
	\$'000	\$'000
Balance at beginning of financial year	8,043	10,044
Additions during the financial year	-	296
Capital reduction during the financial year	(88)	(83)
Disposal during the financial year	(1,351)	(300)
Divestment during the financial year	-	(172)
Fair value gain/(loss) recognised during the financial year	174	(1,742)
Balance at end of financial year	<b>6,778</b>	<b>8,043</b>
Quoted equity securities at Singapore Exchange:		
- Investment III	5,744	5,563
- Investment II	701	864
- Investment VII	136	178
Unquoted equity securities		
- Investment I (including capital contribution)	197	109
- Investment IV	-	-
- Investment V	-	1,327
- Investment VI	-	2
	<b>6,778</b>	<b>8,043</b>
<u>Presented in statements of financial position</u>		
- Non-current	6,077	5,850
- Current	701	2,193
	<b>6,778</b>	<b>8,043</b>



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

## 11. Financial assets at fair value through profit or loss (FVTPL) (Continued)

In the prior financial year, the Group had not made an irrevocable election for investments in equity securities to present subsequent changes in fair value to other comprehensive income. Therefore, such equity securities are measured at FVTPL. Dividend income recognised for these investments are included in "Other income" line item of the consolidated statement of comprehensive income.

During the financial year, the Group and the Company received \$88,000 (2023: \$83,000) from Investment I as a return of capital for the investment.

During the financial year, the Group and the Company disposed 118,700, 5,677 and 1,800 ordinary shares in Investment II, Investment V and Investment VI (2023: 1,436,500 ordinary shares in Investment II) with total sales proceeds of \$1,359,000 (2023: \$317,000) and the gain on disposal of approximately \$8,000 (2023: \$17,000) was included in "Other income" line item in the consolidated statement of comprehensive income for the financial year ended 31 May 2024.

In the previous financial year, the Group and the Company received 1,748,827 ordinary shares in Aoxin Q&M Dental Group Limited (Aoxin) (Investment VII) as part of a winding up exercise conducted in Acumen Holdings Pte. Ltd. (Investment IV). A gain on divestment of approximately \$124,000 was included in "Other income" line item in the consolidated statement of comprehensive income for the financial year ended 31 May 2023.

As at 31 May 2024, the Group has a capital commitment of \$1,203,000 (2023: \$1,115,000) in relation to unpaid capital contribution in HSN Healthcare Pte. Ltd. (HSN) (Investment I).

The Group and the Company intended to dispose and realise the Investment II (2023: Investment II, Investment V and Investment VI) within the next twelve months after the reporting period. Therefore, they are classified as current assets as at the end of the reporting period.

For the purpose of consolidated statement of cash flows, the Group's additions to financial assets at FVTPL were financed as follows:

	2024 \$'000	2023 \$'000
Additions of financial assets at FVTPL	–	296
Less: Divestment of financial asset at FVTPL	–	(172)
Less: Gain arising from divestment in financial asset at FVTPL (Note 29)	–	(124)
Cash payments to acquire financial assets at FVTPL	–	–

### *Fair value measurement*

The investments in quoted equity securities have no fixed maturity date nor coupon rate. The fair values of these securities are based on closing quoted market prices on the last market day of the financial year.

The fair value of the Group's and the Company's investment in unquoted equity securities including capital contribution was valued by management (2023: management and independent valuation firms) and the valuation techniques used to derive the fair value are disclosed in Note 38.5 to the financial statements.

Financial assets at FVTPL are denominated in Singapore dollar.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

## 12. Deferred tax assets/(liabilities)

	Group	
	2024 \$'000	2023 \$'000
Deferred tax assets	<u>17</u>	<u>43</u>
Deferred tax liabilities	<u>(200)</u>	<u>(88)</u>

The following are the major deferred tax liabilities and assets (prior to offsetting of balances within the same tax jurisdiction) recognised by the Group and the movements during the year.

### Deferred tax assets

	Unutilised tax losses \$'000	Lease liabilities \$'000	Provision \$'000	Others \$'000	Total \$'000
At 1 June 2022	103	157	4	9	273
(Charged)/Credited to profit or loss	(45)	67	5	15	42
At 1 June 2023	58	224	9	24	315
(Charged)/Credited to profit or loss	(37)	64	5	(21)	11
At 31 May 2024	<u>21</u>	<u>288</u>	<u>14</u>	<u>3</u>	<u>326</u>

### Deferred tax liabilities

	Accelerated tax depreciation \$'000	Lease assets \$'000	Others \$'000	Total \$'000
At 1 June 2022	(118)	(145)	2	(261)
Charged to profit or loss	(21)	(75)	(3)	(99)
At 1 June 2023	(139)	(220)	(1)	(360)
Credited/(Charged) to profit or loss	27	(176)	–	(149)
At 31 May 2024	<u>(112)</u>	<u>(396)</u>	<u>(1)</u>	<u>(509)</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

## 13. Trade and other receivables

	Group		Company	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
<b>Non-current assets</b>				
Other receivables				
- third party	80	119	80	119
- lease receivables	-	-	-	36
	<b>80</b>	<b>119</b>	<b>80</b>	<b>155</b>
<b>Current assets</b>				
Trade receivables				
- third parties	1,129	1,261	-	-
- subsidiaries	-	-	449	411
- a joint venture	3	-	3	-
	<b>1,132</b>	<b>1,261</b>	<b>452</b>	<b>411</b>
Other receivables				
- third parties	142	133	162	252
- subsidiaries	-	-	2,299	1,911
- associates	361	87	361	87
- a joint venture	237	-	237	-
- lease receivables	-	-	36	141
Less:				
Loss allowance on other receivables				
- subsidiaries	-	-	(764)	(383)
- an associate	(7)	-	(7)	-
- a joint venture	(237)	-	(237)	-
	<b>496</b>	<b>220</b>	<b>2,087</b>	<b>2,008</b>
Deposits	254	268	37	47
	<b>1,882</b>	<b>1,749</b>	<b>2,576</b>	<b>2,466</b>
Total trade and other receivables	<b>1,962</b>	<b>1,868</b>	<b>2,656</b>	<b>2,621</b>

Trade receivables are unsecured, non-interest bearing and their credit term is generally ranging from 1 to 180 days (2023: 1 to 180 days).

The other receivables due from subsidiaries, associates and a joint venture are unsecured, non-interest bearing and repayable on demand.

The current other receivables due from third parties are unsecured, non-interest bearing and their credit term is generally ranging from 30 to 60 days (2023: 30 to 60 days).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

## 13. Trade and other receivables (Continued)

Included in the third parties' other receivables is a compensation income to be received from the non-controlling interest of JOES following the suspension of the doctor's license for 2 years, pursuant to the revised sales and purchase agreement dated 20 January 2023. The compensation income will be received in monthly instalments of \$4,000 in future financial years.

The lease receivables relate to the clinic premises leased out by the Company to its subsidiaries. The Company's sub-lease of its right-of-use of the clinic premises is classified as finance lease because the sub-lease is for the entire remaining lease term of the head lease. Right-of-use assets relating to the head leases with sub-leases classified as finance lease is derecognised and the net investment in the sub-lease is recognised as lease receivables. As at 31 May 2024, the lease receivables relate to the sub-leases where the relevant head leases are classified as lease liabilities as disclosed in Note 26 to the financial statements.

Deposits relate to refundable deposits paid for rental and utilities.

Movement in the loss allowance for third parties trade receivables was as follows:

	Group	
	2024 \$'000	2023 \$'000
Balance at beginning of financial year	–	1
Reversal of loss allowance made	–	(1)
Balance at end of financial year	<u>–</u>	<u>–</u>

During the financial year ended 31 May 2024, third parties trade receivables written off of approximately \$5,000 (2023: \$2,000) was recognised in "Other expenses" line item in the consolidated statement of comprehensive income.

Movements in the loss allowance on other receivables from subsidiaries, associate and joint venture were as follows:

	Group		Company	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Balance at beginning of financial year				
- subsidiaries	–	–	383	221
Loss allowance made during the financial year				
- subsidiaries	–	–	418	162
- an associate	7	–	7	–
- a joint venture	237	–	237	–
	<u>244</u>	<u>–</u>	<u>662</u>	<u>162</u>
Reversal of loss allowance made				
- subsidiaries	–	–	(37)	–
Balance at end of financial year	<u>244</u>	<u>–</u>	<u>1,008</u>	<u>383</u>



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

## 14. Derivative financial instruments (Continued)

### *Put option*

The non-controlling interest has 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. On 20 January 2023, the Company entered into a revised sale and purchase agreement for amendments to the previous terms, details of which are disclosed in Notes 13 and 29 to the financial statements. As at the end of the reporting period, management assessed that the probability of exercising the put option by the Company to be low.

As at the end of the reporting period, the fair value of the put option has been determined using the Binomial Option Pricing model and is considered as level 3 recurring fair value measurement. The significant judgement and assumptions to the valuation include volatility rate and risk-free rate as disclosed in Note 38.5 to the financial statements.

### *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:

- (a) The Company's further acquisition of another 45% of the 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 \$160,000 multiplied by the vendors' respective shareholding percentage held in MDS; and 15% equity interest for a consideration of \$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;
- (b) The Company's further acquisition of the remaining 30% of the 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;
- (c) The Company's further acquisition of the remaining 49% of the 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; and
- (d) The Company's further acquisition of the remaining 65% of issued and fully paid-up share capital of TOPL as disclosed in Note 8 to the financial statements.

As at the end of the reporting period, the fair values of the 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 values of the option to purchase have been determined based on Binomial Option Pricing model. They are considered as level 3 recurring fair value measurements and the significant judgement and assumptions to the valuations include equity value, estimated profit after tax for future years, risk-free rate and volatility rate as disclosed in Note 38.5 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

## 14. 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).

As at the end of the reporting period, the fair value of derivative financial instrument has been determined using the Binomial Option Pricing model and is considered as level 3 recurring fair value measurement. The significant judgement and assumptions to the valuation include the volatility rate and risk-free rate as disclosed in Note 38.5 to the financial statements.

## 15. Inventories

	Group	
	2024 \$'000	2023 \$'000
Medical and surgical supplies	<b>367</b>	<b>445</b>

During the financial year, the Group carried out a review of the inventory obsolescence and the review led to the recognition of inventories written off amounting to \$4,000 (2023: \$2,000) that have been included in "Other expenses" line item in consolidated statement of comprehensive income.

## 16. Cash and bank balances

	Group		Company	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Fixed deposits	<b>2,520</b>	800	<b>2,520</b>	800
Cash on hand	<b>10</b>	10	–	–
Bank balances	<b>4,832</b>	5,377	<b>1,563</b>	2,405
	<b>7,362</b>	6,187	<b>4,083</b>	3,205

Fixed deposits were placed for a period of 2 weeks to 2 months (2023: 2 weeks to 1 month) and bear effective interest rate of 3.21% to 3.78% (2023: 2.09% to 3.93%) per annum.

The currency profile of cash and bank balances as at the end of the reporting period are as follow:

	Group		Company	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Singapore dollar	<b>7,359</b>	6,184	<b>4,080</b>	3,202
United States dollar	<b>3</b>	3	<b>3</b>	3
	<b>7,362</b>	6,187	<b>4,083</b>	3,205

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

## 17. Share capital

	Group and Company			
	2024	2023	2024	2023
	Number of ordinary shares ('000)		\$'000	
<b>Issued and fully-paid:</b>				
Balance at beginning of financial year	<b>151,396</b>	151,396	<b>15,419</b>	15,419
Issuance of ordinary shares	<b>4,914</b>	–	<b>1,812</b>	–
Balance at end of financial year	<b>156,310</b>	151,396	<b>17,231</b>	15,419

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares have no par value and carry one vote per share without restriction.

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 market price of \$0.3687 per ordinary share as part of the settlement for deferred consideration pursuant to the acquisition of the 49% of the equity interest in JLES.

## 18. Treasury shares

	Group and Company			
	2024	2023	2024	2023
	Number of ordinary shares ('000)		\$'000	
Balance at beginning and end of financial year	<b>2,503</b>	2,503	<b>996</b>	996

## 19. Merger reserve

Merger reserve represents the difference between the consideration paid and the issued and fully-paid share capital of subsidiaries acquired under common control that are accounted for by applying the "pooling-of-interest" method.

## 20. 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.

## 21. Other reserve

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



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

## 22. Retained earnings

Movements in retained earnings of the Company were as follows:

	Company	
	2024 \$'000	2023 \$'000
Balance at beginning of financial year	7,310	6,383
Total comprehensive income for the financial year	4,055	4,203
Dividends (Note 36)	(2,615)	(3,276)
Balance at end of financial year	<b>8,750</b>	<b>7,310</b>

## 23. Other financial liabilities

	Group	
	2024 \$'000	2023 \$'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	<b>1,035</b>	<b>578</b>
<u>Presented in statements of financial position</u>		
- Non-current	–	578
- Current	<b>1,035</b>	–
	<b>1,035</b>	<b>578</b>

Other financial liabilities pertain to the forward purchase contract/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 as referred to in Note 14 to the financial statements; and
- (ii) Remaining 30% of the issued and fully paid-up share capital of JOES as referred to in Note 14 to the financial statements.

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 contract/option to purchase with a corresponding entry to "Other reserve" line item in the Group's equity (Note 21).

The changes in estimated future cash flow and the unwinding interest expenses on other financial liabilities of approximately \$402,000 and \$55,000 (2023: \$1,657,000 and \$196,000) respectively are included in "Other reserve" line item in the Group's equity (Note 21).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

## 23. Other financial liabilities (Continued)

In the previous financial year, the gain on modification of other financial liabilities was included in "Other expenses" line item of the consolidated statement of comprehensive income for the financial year ended 31 May 2023. It was in relation to the revision of sale and purchase agreement pertaining to JOES, details of which are disclosed in Note 14 to the financial statements.

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	
	2024	2023
Discount rate	9.4%	9.4%
<b>Exercise price for forward purchase contracts</b>	<b>\$'000</b>	<b>\$'000</b>
JOES on 31 May 2026	*	162
GMH on 1 November 2024	<b>1,035</b>	<b>537</b>

\* Amount less than \$1,000

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.

Other financial liabilities are denominated in Singapore dollar.

## 24. Bank borrowing

	Group and Company	
	2024	2023
	\$'000	\$'000
<b>Non-current</b>		
<i>Unsecured</i>		
Term loan I	–	1,288
<b>Current</b>		
<i>Unsecured</i>		
Term loan I	<b>1,288</b>	1,262
	<b>1,288</b>	<b>2,550</b>

The Group and the Company had drawn down Term Loan I amounted to \$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% (2023: 2%) per annum. The Term Loan I is subject to financial covenants imposed by the bank.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

## 24. Bank borrowing (Continued)

Further details of the management of liquidity risk are set out in Note 38.3 to the financial statements.

As at the end of the reporting period, the Group and the Company had banking facilities as follows:

	Group and Company	
	2024	2023
	\$'000	\$'000
Facilities granted	<b>11,500</b>	11,500
Facilities unutilised	<b>6,500</b>	6,500

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

Bank borrowings are denominated in Singapore dollar.

## 25. Provisions

	Group		Company	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
<u>Provision for reinstatement cost</u>				
Balance at beginning of financial year	<b>157</b>	106	<b>21</b>	21
Provision made during the financial year	<b>14</b>	68	–	–
Reversal of reinstatement cost not utilised	<b>(11)</b>	(17)	<b>(13)</b>	–
Balance at end of financial year	<b>160</b>	157	<b>8</b>	21
<u>Presented in statements of financial position</u>				
- Non-current	<b>160</b>	144	<b>8</b>	21
- Current	–	13	–	–
	<b>160</b>	157	<b>8</b>	21

The provision for reinstatement cost is the estimated cost of dismantlement, removal or restoration of plant and equipment arising from the acquisition or use of assets, which is capitalised and included in the cost of right-of-use assets and plant and equipment.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

## 26. Lease liabilities

	Group		Company	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Balance at beginning of financial year	2,946	2,465	217	274
Additions	1,106	1,737	129	208
Lease modification	239	–	61	–
Interest expense	124	105	7	10
Lease payments				
- Principal portion	(1,243)	(1,252)	(203)	(265)
- Interest portion	(124)	(105)	(7)	(10)
	(1,367)	(1,357)	(210)	(275)
Rent concession	–	(4)	–	–
Balance at end of financial year	<b>3,048</b>	<b>2,946</b>	<b>204</b>	<b>217</b>

The maturity analysis of lease liabilities of the Group and the Company at the end of the reporting period are as follows:

	Group		Company	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
<b>Contractual undiscounted cash flows</b>				
- Within one financial year	1,281	1,141	104	185
- After one financial year but within five financial years	1,946	1,992	110	36
	3,227	3,133	214	221
Less: Future interest expense	(179)	(187)	(10)	(4)
Present value of lease liabilities	<b>3,048</b>	<b>2,946</b>	<b>204</b>	<b>217</b>
<u>Presented in statements of financial position</u>				
- Non-current	1,863	1,897	106	36
- Current	1,185	1,049	98	181
	<b>3,048</b>	<b>2,946</b>	<b>204</b>	<b>217</b>

The Group and the Company lease a number of office and clinic premises in Singapore. All payments are fixed over the lease terms.

The Group leases certain premises on a short-term basis (i.e. 12 months). The election of short-term leases is made by class of underlying assets with similar nature and used in the Group's and the Company's operations.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

## 26. Lease liabilities (Continued)

As at 31 May 2024, the incremental borrowing rate applied in the lease liabilities measurement was 3.67% to 4.00% (2023: 3.67% to 4.00%) per annum.

Total cash outflow for all leases during the current financial year was \$1,389,000 (2023: \$1,382,000).

Lease liabilities are denominated in Singapore dollar.

## 27. Trade and other payables

	Group		Company	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
<b>Non-current liabilities</b>				
Other payables				
- deferred consideration	–	3,204	–	3,204
<b>Current liabilities</b>				
Trade payables				
- third parties	85	67	–	–
Other payables				
- third parties	439	592	25	44
- subsidiaries	–	–	245	201
	439	592	270	245
Accrued expenses	1,867	1,872	613	607
Goods and services tax payable, net	385	292	203	158
Refundable deposits from customers	91	82	–	–
Deferred consideration	3,196	5,191	3,196	5,191
	6,063	8,096	4,282	6,201
Total trade and other payables	6,063	11,300	4,282	9,405

Trade payables are non-interest bearing, unsecured and the average credit period is 30 to 60 (2023: 30 to 60) days.

The other payables due to subsidiaries are unsecured, non-interest bearing and repayable on demand.

The other payables due to third parties are non-interest bearing, unsecured and the average credit period is 30 to 60 (2023: 30 to 60) days.

Deferred consideration is in respect of the acquisition of the 49% of the issued and fully paid-up capital in JLES and acquisition of 35% of the issued and fully paid-up capital of TOPL.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

## 27. Trade and other payables (Continued)

Management had estimated the fair value of the non-current deferred consideration in the previous financial year with reference to the stipulated repayment period using a discount rate based on the prevailing available market borrowing rates at 7.25% per annum.

The fair value of the non-current deferred consideration was within Level 3 of the fair value hierarchy. Subsequent to the initial recognition, the non-current deferred consideration was measured at amortised cost using the effective interest method and the unwinding of the difference was recognised as interest expense in the consolidated statement of comprehensive income over the expected repayment period. The significant unobservable input used in determining the fair value of non-current deferred consideration was the discount rate.

Trade and other payables are denominated in Singapore dollar.

## 28. Revenue

	Group	
	2024 \$'000	2023 \$'000
<u>Type of goods or services</u>		
Provision of medical services	<b>18,810</b>	19,077
<u>Timing of transfer of goods and services</u>		
Point in time	<b>18,810</b>	19,077

The revenue of the Group is all generated within Singapore.

## 29. Other income

	Group	
	2024 \$'000	2023 \$'000
Government grants	87	73
Dividend income from financial assets at FVTPL	578	642
Dividend income from a joint venture	87	37
Interest income	106	143
Gain on disposal of investment in financial assets at FVTPL (Note 11)	8	17
Gain on divestment in financial asset at FVTPL (Note 11)	–	124
Compensation income (Note 13)	–	227
Consultancy fee income	105	85
Management fee income	51	16
Others	84	112
	<b>1,106</b>	1,476

Compensation income was in respect of the amount to be received from the non-controlling interest of JOES pursuant to the revised sales and purchase agreement dated 20 January 2023, details of which are disclosed in Note 13 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

## 30. Employee benefits expense

	Group	
	2024	2023
	\$'000	\$'000
Salaries, bonuses and other short-term benefits	6,396	6,141
Employer's contributions to defined contribution plans	555	505
	<b>6,951</b>	<b>6,646</b>

Included in the employee benefits expense were the remuneration of directors of the Company, directors of the subsidiaries and other key management personnel of the Group, as set out in Note 37 to the financial statements.

## 31. Depreciation and amortisation

	Group	
	2024	2023
	\$'000	\$'000
Depreciation of plant and equipment	496	440
Depreciation of right-of-use assets	1,295	1,302
Amortisation of intangible assets	–	2
	<b>1,791</b>	<b>1,744</b>

## 32. Finance costs

	Group	
	2024	2023
	\$'000	\$'000
Interest expenses:		
- bank borrowings	37	62
- lease liabilities	124	105
- amortisation of discount on fair value of deferred consideration	339	469
	<b>500</b>	<b>636</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

## 33. Profit before income tax

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, the above includes the following charges/(credits):

	Group	
	2024	2023
	\$'000	\$'000
<i>Lease expenses</i>		
- short term leases	22	25
- rent concession granted <sup>(1)</sup>	-	(4)
	<b>22</b>	<b>21</b>
<i>Other expenses</i>		
Audit fees		
- auditors of the Company	204	196
Non-audit fees		
(i) Audit related services		
- auditors of the Company	-	-
(ii) Non-audit related services		
- auditors of the Company	-	-
Administrative charges	122	100
Allowance for impairment loss on goodwill	-	677
Allowance for impairment loss on investment in an associate	243	-
Allowance for impairment loss on plant and equipment	148	135
Allowance/(Reversal of allowance) for impairment loss on right-of-use assets	8	(12)
Third parties trade receivables written off	5	2
Credit card charges	147	155
Loss on disposal of plant and equipment	-	15
Inventories written off	4	2
IT expenses	86	84
Plant and equipment written off	3	8
Professional fees	346	503
Loss on modification of deferred consideration	-	319
Gain on modification of other financial liabilities	-	(57)

(1) The variable lease payments are related to rent concessions received from landlords due to the Covid-19 pandemic.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

## 34. Income tax expense

	Group	
	2024 \$'000	2023 \$'000
Current income tax		
- current financial year	966	1,023
- under/(over) provision in prior financial years	18	(1)
	<b>984</b>	<b>1,022</b>
Deferred tax		
- current financial year	(16)	(7)
- under provision in prior financial years	154	53
	<b>138</b>	<b>46</b>
Total income tax expense recognised in consolidated statement of comprehensive income	<b>1,122</b>	<b>1,068</b>

### Reconciliation of effective income tax rate

The income tax expense varied from the amount of income tax expense determined by applying the applicable income tax rate of 17% (2023: 17%) to profit before income tax as a result of the following differences:

	Group	
	2024 \$'000	2023 \$'000
Profit before income tax	<b>5,061</b>	<b>4,053</b>
Income tax calculated at Singapore's statutory income tax rate of 17% (2023: 17%)	860	689
Tax effect of expenses non-deductible for income tax purposes	287	574
Tax effect of income not subject to income tax	(176)	(174)
Tax effect of tax-exempt income	(158)	(164)
Deferred tax assets not recognised	110	129
Under/(Over) provision of current income tax in prior financial years	18	(1)
Under provision of deferred tax in prior financial years	154	53
Others	27	(38)
	<b>1,122</b>	<b>1,068</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

## 34. Income tax expense (Continued)

### Unrecognised deferred tax assets

	Group	
	2024 \$'000	2023 \$'000
Balance at beginning of financial year	403	274
Amount not recognised during the financial year	110	129
Balance at end of financial year	<b>513</b>	<b>403</b>

Unrecognised deferred tax assets are attributable to the following temporary differences computed at statutory income tax rate of 17% (2023: 17%):

	Group	
	2024 \$'000	2023 \$'000
Excess of tax written down values over net book values	69	38
Unutilised tax losses	319	209
Lease liabilities	121	150
Others	4	6
	<b>513</b>	<b>403</b>

As at 31 May 2024, the Group has unutilised tax losses and unutilised capital allowances of \$1,876,000 and \$406,000 (2023: \$1,229,000 and \$224,000) respectively available for offset against future taxable profits subject to the agreement by the tax authorities and provisions of the tax legislations.

These deferred tax assets have not been recognised due to the unpredictability of future profit streams. Accordingly, these deferred tax assets have not been recognised in the financial statements in accordance with the Group's accounting policy.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

## 35. Earnings per share

The calculation for earnings per share is based on:

	Group	
	2024	2023
Profit attributable to owners of the parent (\$'000)	<b>3,846</b>	2,919
Weighted average number of ordinary shares in issue during the financial year applicable to earnings per share ('000)	<b>152,289</b>	148,893
Earnings per share (in cents)		
- Basic and diluted	<b>2.53</b>	1.96

The calculations of basic earnings per share for the relevant periods are based on profit attributable to owners of the parent for the financial years ended 31 May 2024 and 31 May 2023 divided by the weighted average number of ordinary shares in the relevant periods.

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

## 36. Dividends

	Group	
	2024 \$'000	2023 \$'000
Final tax-exempt dividend of \$0.012 per ordinary share for financial year ended 31 May 2022	–	1,787
First interim tax-exempt dividend of \$0.010 per ordinary share for financial year ended 31 May 2023	–	1,489
Final tax-exempt dividend of \$0.010 per ordinary share for financial year ended 31 May 2023	<b>1,538</b>	–
First interim tax-exempt dividend of \$0.007 per ordinary share for financial year ended 31 May 2024	<b>1,077</b>	–
	<b>2,615</b>	3,276

The Board of Directors proposed that a final tax-exempt dividend of \$0.007 (2023: \$0.010) per ordinary share amounting to \$1,077,000 (2023: \$1,538,000) to be paid for the financial year ended 31 May 2024. These dividends have not been recognised as a liability as at the end of the reporting period as it is subject to the approval of the shareholders at the Annual General Meeting.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

## 37. Significant related party transactions

For the purpose of these consolidated financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

In addition to the related party information disclosed elsewhere in the financial statements, the following were significant related party transactions at rates and terms agreed between the Group and the Company with their related parties during the financial year:

	Group		Company	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
<b>With associates</b>				
Management fee income	35	16	35	16
Services rendered income	145	–	–	–
Services rendered expense	35	7	–	–
Consultancy fee income	105	85	105	85
Rental payment	36	36	–	–
<b>With subsidiaries</b>				
Expenses paid on behalf of	–	–	5,397	5,379
Management fee income	–	–	2,194	2,127
Management fee expense	–	–	67	–
Admin fee income	–	–	26	35
Advances from	–	–	200	240
Advances to	–	–	160	430
Dividend income	–	–	3,884	5,649
<b>With joint ventures</b>				
Management fee income	16	–	16	–
Advances to	195	–	195	–
Dividend income	87	37	87	37
<b>With related parties*</b>				
Rental payment	539	518	46	46

\* Related parties refer to entities where the Company's directors have beneficial interests.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

## 37. Significant related party transactions (Continued)

The outstanding balances as at 31 May in respect of the above transactions with related parties are disclosed in Note 13 and Note 27 to the financial statements. There are no outstanding balances with key management personnel.

Key management personnel are directors of the Company, directors of the subsidiaries and those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly and indirectly.

The remuneration of directors and other key management personnel of the Group and the Company during the financial years ended 31 May 2024 and 31 May 2023 were as follows:

	Group		Company	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Directors of the Company				
- short-term employee benefits	<b>1,669</b>	1,781	<b>334</b>	356
- post-employment benefits	<b>24</b>	25	<b>5</b>	5
- Directors' fees	<b>122</b>	122	<b>122</b>	122
	<b>1,815</b>	1,928	<b>461</b>	483
Directors of the subsidiaries				
- short-term employee benefits	<b>1,079</b>	1,118	-	-
- post-employment benefits	<b>84</b>	82	-	-
	<b>1,163</b>	1,200	-	-
Other key management personnel				
- short-term employee benefits	<b>576</b>	586	<b>408</b>	465
- post-employment benefits	<b>50</b>	47	<b>32</b>	33
	<b>626</b>	633	<b>440</b>	498
	<b>3,604</b>	3,761	<b>901</b>	981

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

## **38. Financial instruments, financial risks and capital management**

The Group's and the Company's activities expose them to credit risks, equity price risk and liquidity risk arising in the ordinary course of business. The Group and the Company are not exposed to foreign currency risks as its transactions are carried out in Singapore. The Group's and the Company's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's and the Company's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group and the Company. The Group's and the Company's management then establishes the detailed policies such as risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

There has been no change to the Group's and the Company's exposure to these financial risks or the manner in which the risks are managed and measured.

### **38.1 Credit risks**

Credit risks refer to the risk that counterparty will default on its contractual obligations resulting in a loss to the Group and the Company. The Group and the Company have adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group and the Company perform ongoing credit evaluation of its counterparties' financial condition and generally do not require collaterals.

Concentration of credit risk exists when changes in economic, industry or geographic factors similarly affect group of counterparties whose aggregate credit exposure is significant in relation to the Group's and the Company's total credit exposure. The Group's credit risk is concentrated on trade receivables from 4 (2023: 5) third parties which account for 52% (2023: 74%) of the total trade receivables. The Company has no significant concentration of credit risk, except for the amount due from subsidiaries amounting to \$2,748,000 (2023: \$2,322,000) as at the end of the reporting period.

The carrying amounts of financial assets (excluding FVTPL instruments & derivatives) recorded in the financial statements, grossed up for any allowances for losses, represents the Group's and the Company's maximum exposure to credit risks. The Group and the Company do not hold any collateral.

#### *Trade receivables*

The Group determines expected credit losses on trade receivables from third parties by making individual assessment of expected credit loss for long overdue trade receivables and using a provision matrix for remaining trade receivables that is based on its historical credit loss experience, past due status of the trade receivables and adjusted with forward looking assumptions, as appropriate. Management takes into account historical provision trend and other relevant factors.

The expected credit loss computed is derived from historical data and the credit assessment includes forward-looking information which management is of the view that customer conditions are representative at the reporting date.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

## 38. Financial instruments, financial risks and capital management (Continued)

### 38.1 Credit risks (Continued)

#### *Trade receivables (Continued)*

The following table provides information about the exposure to credit risk and expected credit loss for third parties trade receivables as at 31 May 2024 and 31 May 2023.

	Gross carrying amount \$'000	Loss allowance \$'000	Credit impaired
<b>2024</b>			
<b>Group</b>			
Not past due	977	–	No
Past due but not impaired			
- less than 1 month	73	–	No
- 1 to 3 months	25	–	No
- over 3 months	54	–	No
	<u>1,129</u>	<u>–</u>	
<b>2023</b>			
<b>Group</b>			
Not past due	1,117	–	No
Past due but not impaired			
- less than 1 month	67	–	No
- 1 to 3 months	27	–	No
- over 3 months	50	–	No
	<u>1,261</u>	<u>–</u>	

Management believes that no impairment allowance is necessary for the trade receivables as these are substantially companies with good collection track record and no recent history of default, hence the expected credit loss is not material.

#### *Non-trade amounts due from third parties*

The Group has assessed credit risk for non-trade amounts due from third parties based on 12-month expected loss basis which reflects the low credit risk of the exposures. Management is of the view that the amount of the allowance on remaining balances is insignificant.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

## **38. Financial instruments, financial risks and capital management (Continued)**

### **38.1 Credit risks (Continued)**

#### *Non-trade amounts due from subsidiaries, associates and joint venture*

For amounts due from subsidiaries, associates and joint venture, the Board of Directors has taken into account information that it has available internally about the past, current and expected operating performance and cash flow position of these subsidiaries, associates and joint venture. The Board of Directors monitors and assesses at each reporting date for any indicator of significant increase in credit risk on the amount due from the respective subsidiaries, associates and joint venture, by considering their financial performance and results. At the end of the current reporting period, the management has assessed the financial performance of its subsidiaries, associates and joint venture to meet the contractual cash flow obligations and is of the view that expected credit loss allowance is \$764,000, \$7,000 and \$237,000 for the amounts due from subsidiaries, an associate and a joint venture respectively (2023: \$383,000 for amounts due from subsidiaries). The receivables from remaining subsidiaries, associates and joint venture are considered to be low credit risk and subject to immaterial credit loss. Credit risk for these assets has not increased significantly since their initial recognition.

#### *Cash and bank balances*

Credit risk also arises from bank balances and fixed deposits held with banks and financial institutions. The bank balances and fixed deposits are held with banks and financial institutions counterparties, which are rated P-1, based on Moody's ratings. Impairment on these bank balances and fixed deposits has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group and the Company consider that its bank balances and fixed deposits have low credit risk based on the external credit ratings of the counterparties.

#### *Debt instruments at amortised cost*

In the previous financial year, the Group had quoted debt securities of \$1,882,000 which are exposed to credit risks. The expected credit losses on these quoted debt securities were measured at 12-month expected loss basis. The Group had assessed the financial performance of the issuer of these debt securities and there was no allowance for impairment loss recognised for the financial year ended 31 May 2023. The debt securities matured on 19 August 2023 with full repayment were received during the financial year ended 31 May 2024.

### **38.2 Equity price risk**

The Group's exposure to equity price risk relates primarily to equity investments in quoted equity securities which are classified as financial assets measured at fair value through profit or loss.

Further details of these equity investments can be found in Note 11 to the financial statements.

#### Equity price sensitivity analysis

At the end of the reporting period, if the price of the shares held had been 5% (2023: 5%) higher or lower with all other variables held constant, the Group's profit or loss would have been approximately \$329,000 (2023: \$330,000) higher or lower, arising as a result of an increase or decrease in the fair value of equity securities classified as financial assets measured at FVTPL.

The equity price sensitivity analysis for unquoted equity investments classified as financial assets at FVTPL is disclosed in Note 38.5 to the financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

## 38. Financial instruments, financial risks and capital management (Continued)

### 38.3 Liquidity risks

Liquidity risks refer to the risks in which the Group and the Company encounter difficulties in meeting their short-term obligations. Liquidity risks are managed by matching the payment and receipt cycle.

The Group and the Company actively manage their operating cash flows so as to ensure that all payment needs are met. As part of its overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash to meet their working capital requirements.

#### *Contractual maturity analysis*

The following tables detail the Group's and the Company's remaining contractual maturity for their non-derivative financial instruments. The tables have been drawn up based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group and the Company are expected to pay.

	Within one financial year \$'000	After one financial year but within five financial years \$'000	After five financial years \$'000	Total \$'000
<b>Group</b>				
<b>2024</b>				
<b>Financial liabilities</b>				
Non-interest bearing				
- Trade and other payables	5,753	–	–	5,753
- Other financial liabilities	1,035	–	–	1,035
Interest bearing				
- Bank borrowing	1,299	–	–	1,299
- Lease liabilities	1,281	1,946	–	3,227
Total undiscounted financial liabilities	<b>9,368</b>	<b>1,946</b>	–	<b>11,314</b>
<b>2023</b>				
<b>Financial liabilities</b>				
Non-interest bearing				
- Trade and other payables	8,151	3,271	–	11,422
- Other financial liabilities	–	699	–	699
Interest bearing				
- Bank borrowing	1,300	1,299	–	2,599
- Lease liabilities	1,141	1,992	–	3,133
Total undiscounted financial liabilities	<b>10,592</b>	<b>7,261</b>	–	<b>17,853</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

## 38. Financial instruments, financial risks and capital management (Continued)

### 38.3 Liquidity risks (Continued)

*Contractual maturity analysis (Continued)*

	Within one financial year \$'000	After one financial year but within five financial years \$'000	After five financial years \$'000	Total \$'000
<b>Company</b>				
<b>2024</b>				
<b>Financial liabilities</b>				
Non-interest bearing				
- Trade and other payables	4,154	–	–	4,154
Interest bearing				
- Bank borrowing	1,299	–	–	1,299
- Lease liabilities	104	110	–	214
Total undiscounted financial liabilities	<u>5,557</u>	<u>110</u>	<u>–</u>	<u>5,667</u>
<b>2023</b>				
<b>Financial liabilities</b>				
Non-interest bearing				
- Trade and other payables	6,390	3,271	–	9,661
Interest bearing				
- Bank borrowing	1,300	1,299	–	2,599
- Lease liabilities	185	36	–	221
Total undiscounted financial liabilities	<u>7,875</u>	<u>4,606</u>	<u>–</u>	<u>12,481</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

## **38. Financial instruments, financial risks and capital management (Continued)**

### **38.4 Capital management policies and objectives**

The Group and the Company manage capital to ensure that the Group and the Company are able to continue as a going concern and maintain an optimal capital structure so as to maximise shareholders' value.

The Group and the Company manage their capital structure which consist of equity attributable to owners of the parent, comprising issued share capital, treasury shares, merger reserve, capital reserve, other reserve and retained earnings as disclosed in Notes 17, 18, 19, 20, 21 and 22 to the financial statements and make adjustments to it, in light with changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 May 2024 and 31 May 2023.

In respect of borrowings disclosed in Note 24 to the financial statements, the Group and the Company are subject to and have complied with financial covenant to maintain a debt service coverage ratio of not less than 1:1 for the financial years ended 31 May 2024 and 31 May 2023.

### **38.5 Fair value of financial assets and financial liabilities**

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the fair value of other financial assets and other financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis and other valuation techniques as disclosed in Note 38.5 to the financial statements.

#### *Fair value hierarchy*

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

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

#### *Fair value of financial instruments that are not carried at fair value and whose carrying amounts approximate their fair values*

The carrying amounts of the Group's and the Company's current financial assets and current financial liabilities that are not carried at fair value approximate their respective fair values as at the end of the reporting period due to the relatively short-term maturity of these financial instruments.

The fair value of the quoted debt instruments in previous financial year was disclosed in Note 10 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

## 38. Financial instruments, financial risks and capital management (Continued)

### 38.5 Fair value of financial assets and financial liabilities (Continued)

*Fair values of financial instruments carried at fair value*

The table below classified financial instruments carried at fair value by level of fair value hierarchy as at the end of the reporting period:

	Fair value measurements using			Total \$'000
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
<b>Group</b>				
<b>2024</b>				
<b>Financial assets</b>				
Financial assets at FVTPL				
- Quoted equity securities				
- Investment III	5,744	-	-	5,744
- Investment II	701	-	-	701
- Investment VII	136	-	-	136
- Unquoted equity securities				
- Investment I	-	-	197	197
Derivative financial instruments	-	-	829	829
	<b>6,581</b>	<b>-</b>	<b>1,026</b>	<b>7,607</b>
<b>Financial liabilities</b>				
Derivative financial instruments	-	-	606	606
<b>2023</b>				
<b>Financial assets</b>				
Financial assets at FVTPL				
- Quoted equity securities				
- Investment III	5,563	-	-	5,563
- Investment II	864	-	-	864
- Investment VII	178	-	-	178
- Unquoted equity securities				
- Investment I	-	-	109	109
- Investment V	-	-	1,327	1,327
- Investment VI	-	-	2	2
Derivative financial instruments	-	-	1,397	1,397
	<b>6,605</b>	<b>-</b>	<b>2,835</b>	<b>9,440</b>
<b>Financial liabilities</b>				
Derivative financial instruments	-	-	556	556

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

## 38. Financial instruments, financial risks and capital management (Continued)

### 38.5 Fair value of financial assets and financial liabilities (Continued)

*Fair values of financial instruments carried at fair value (Continued)*

	Fair value measurements using			Total \$'000
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
<b>Company</b>				
<b>2024</b>				
<b>Financial assets</b>				
Financial assets at FVTPL				
- Quoted equity securities				
- Investment III	5,744	-	-	5,744
- Investment II	701	-	-	701
- Investment VII	136	-	-	136
- Unquoted equity securities				
- Investment I	-	-	197	197
Derivative financial instruments	-	-	1,262	1,262
	<b>6,581</b>	<b>-</b>	<b>1,459</b>	<b>8,040</b>
<b>Financial liabilities</b>				
Derivative financial instruments	-	-	606	606
<b>2023</b>				
<b>Financial assets</b>				
Financial assets at FVTPL				
- Quoted equity securities				
- Investment III	5,563	-	-	5,563
- Investment II	864	-	-	864
- Investment VII	178	-	-	178
- Unquoted equity securities				
- Investment I	-	-	109	109
- Investment V	-	-	1,327	1,327
- Investment VI	-	-	2	2
Derivative financial instruments	-	-	1,901	1,901
	<b>6,605</b>	<b>-</b>	<b>3,339</b>	<b>9,944</b>
<b>Financial liabilities</b>				
Derivative financial instruments	-	-	556	556

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

## 38. Financial instruments, financial risks and capital management (Continued)

### 38.5 Fair value of financial assets and financial liabilities (Continued)

*Fair values of financial instruments carried at fair value (Continued)*

The following table presents the changes in Level 3 instruments:-

	Financial assets at FVTPL \$'000	Derivative financial instruments (net) \$'000
<b>Group</b>		
<b>31 May 2024</b>		
Balance at beginning of financial year	1,438	841
Capital reduction during the financial year	(88)	–
Disposal during the financial year	(1,329)	–
Fair value gain/(loss) recognised in profit or loss	176	(618)
Balance at end of financial year	<u>197</u>	<u>223</u>
<b>31 May 2023</b>		
Balance at beginning of financial year	1,640	1,214
Recognition of derivative financial instruments on initial recognition	–	(323)
Capital reduction during the financial year	(83)	–
Divestment during the financial year	(172)	–
Fair value gain/(loss) recognised in profit or loss	53	(50)
Balance at end of financial year	<u>1,438</u>	<u>841</u>
<b>Company</b>		
<b>31 May 2024</b>		
Balance at beginning of financial year	1,438	1,345
Capital reduction during the financial year	(88)	–
Disposal during the financial year	(1,329)	–
Fair value gain/(loss) recognised in profit or loss	176	(689)
Balance at end of financial year	<u>197</u>	<u>656</u>
<b>31 May 2023</b>		
Balance at beginning of financial year	1,640	1,710
Recognition of derivative financial instruments on initial recognition	–	(323)
Capital reduction during the financial year	(83)	–
Divestment during the financial year	(172)	–
Fair value gain/(loss) recognised in profit or loss	53	(42)
Balance at end of financial year	<u>1,438</u>	<u>1,345</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

## 38. Financial instruments, financial risks and capital management (Continued)

### 38.5 Fair value of financial assets and financial liabilities (Continued)

*Fair values of financial instruments carried at fair value (Continued)*

There were no transfers between levels during the financial year and no changes in the valuation techniques of the various classes of financial assets and financial liabilities during the financial years ended 31 May 2024 and 31 May 2023.

The valuation technique and significant unobservable inputs used in determining the fair value measurement of Level 3 financial instruments, as well as the relationship between key unobservable inputs and fair value, are set out in the table below.

Financial instruments	Valuation techniques used	Significant unobservable inputs	2024	2023	Relationship between key unobservable inputs and fair value
Financial assets at fair value through profit or loss:					
- Investment I	Asset approach based on adjusted net asset value method	Adjusted net asset value	<b>\$645,000</b>	\$346,000	A slight increase in the adjusted net asset value would result in an increase in fair value.
		Discount for lack of control (DLOC)	<b>23.8%</b>	23.8%	A slight increase in the DLOC would result in a decrease in fair value.
- Investment V	Income approach based on discounted cash flow	Revenue growth rate	-	5.0%	A slight increase in the revenue growth rates used in isolation would result in an increase in the fair value.
		Discount rate	-	12.0%	A slight increase in the discount rate used in isolation would result in a decrease in the fair value.
		Terminal growth rate	-	2.5%	A slight increase in the terminal growth rate used in isolation would result in an increase in the fair value.
		Discount for lack of control (DLOC)	-	24.4%	A slight increase in the DLOC would result in a decrease in fair value.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

## 38. Financial instruments, financial risks and capital management (Continued)

### 38.5 Fair value of financial assets and financial liabilities (Continued)

*Fair values of financial instruments carried at fair value (Continued)*

Financial instruments	Valuation techniques used	Significant unobservable inputs	2024	2023	Relationship between key unobservable inputs and fair value
Financial assets at fair value through profit or loss: (Continued)					
Put options	Binomial option pricing model	Volatility rate	<b>42.9%</b>	33.9%	A slight increase in the volatility rate would result in an increase in fair value.
		Risk-free rate	<b>3.4%</b>	3.1%	A slight increase in the risk-free rate would result in a decrease in fair value.
Options to re-purchase	Binomial option pricing model	Volatility rate	<b>42.2%</b>	36.1%	A slight increase in the volatility rate would result in an increase in fair value.
		Risk-free rate	<b>3.4%</b>	3.1%	A slight increase in the risk-free rate would result in an increase in fair value.
Forward purchase contracts	The valuation method considers the difference between spot price adjusted for the present value of dividends and the present value of forward price	The fair value of the forward purchase contracts is determined based on the difference between spot price derived from equity value and present value of the forward price derived from estimated profit after tax for future years	–	–	A slight increase in the spot price would result in an increase in fair value.  A slight increase in the present value of the forward price would result in a decrease in fair value.
		Risk-free rate	<b>3.3% to 3.5%</b>	2.9% to 3.8%	A slight increase in the risk-free rate would result in an increase in fair value.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

## 38. Financial instruments, financial risks and capital management (Continued)

### 38.5 Fair value of financial assets and financial liabilities (Continued)

*Fair values of financial instruments carried at fair value (Continued)*

Financial instruments	Valuation techniques used	Significant unobservable inputs	2024	2023	Relationship between key unobservable inputs and fair value
Financial assets at fair value through profit or loss: (Continued)					
Option-to-purchase	Binomial option pricing model	Volatility rate	<b>41.8%</b>	35.8%	A slight increase in the volatility rate would result in an increase in fair value.
		Risk-free rate	<b>3.4%</b>	3.1%	A slight increase in the risk-free rate would result in an increase in fair value.

#### *Valuation policies and procedures*

Management of the Group oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures.

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts to perform the valuation. Management is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and SFRS(I) 13 *Fair Value Measurement guidance*.

For valuations performed by external valuation experts, the management reviews the appropriateness of the valuation methodologies and assumptions adopted. The management also evaluates the appropriateness and reliability of the inputs used in the valuations.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

## 38. Financial instruments, financial risks and capital management (Continued)

### 38.6 Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

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

## 39. Segment information

### Business segment

The Group primarily operates in one business segment, which is the healthcare segment. Accordingly, no segmental information is prepared based on business segment as it is not meaningful.

### Geographical information

During the financial years ended 31 May 2024 and 31 May 2023, the Group operated mainly in Singapore and all non-current assets were located in Singapore. Accordingly, an analysis of non-current assets and revenue of the Group by geographical distribution has not been presented.

### Major customers

The Group's customers comprise mainly individual patients. The Group is not reliant on any individual or corporate customer for its revenue and no one single customer accounted for 10% or more of the Group's total revenue for each of the reporting period.

## 40. Authorisation of financial statements

The statement of financial position of the Company as at 31 May 2024 and the consolidated financial statements of the Group for the financial year ended 31 May 2024 were authorised for issue in accordance with a Directors' resolution dated 26 August 2024.

# STATISTICS OF SHAREHOLDINGS

AS AT 14 AUGUST 2024

## SHARE CAPITAL

Class of Shares	:	Ordinary Shares
Number of issued and paid-up shares (excluding Treasury Shares)	:	153,806,507
Number of Treasury Shares	:	2,503,400
Number of subsidiary holdings	:	–
Number (Percentage) of Treasury Shares to total number of issued shares excluding Treasury Shares*	:	1.63%
Voting rights (excluding Treasury Shares)	:	One vote per ordinary share

\* The Company does not have any subsidiary holdings.

## DISTRIBUTION OF SHAREHOLDINGS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	0	0.00	0	0.00
100 - 1,000	50	10.89	32,884	0.02
1,001 - 10,000	175	38.13	1,103,184	0.72
10,001 - 1,000,000	220	47.93	16,681,139	10.84
1,000,001 and above	14	3.05	135,989,300	88.42
Total	459	100.00	153,806,507	100.00

## LIST OF 20 LARGEST REGISTERED SHAREHOLDERS

No.	Name	No. of Shares	%
1	HEAH SIEU MIN	63,988,980	41.60
2	CITIBANK NOMINEES SINGAPORE PTE LTD	35,064,040	22.80
3	YEO KHEE SENG BENNY	6,839,309	4.45
4	MEDINEX LIMITED	6,090,400	3.96
5	LIM WEI-MIN JASON	5,214,277	3.39
6	DBS NOMINEES PTE LTD	3,909,300	2.54
7	LEO TING PING RONALD	3,415,629	2.22
8	HONG LEONG FINANCE NOMINEES PTE LTD	2,615,000	1.70
9	UOB KAY HIAN PTE LTD	2,343,600	1.52
10	IFAST FINANCIAL PTE LTD	1,743,981	1.13
11	APEX CAPITAL GROUP PTE LTD	1,270,000	0.83
12	LIM AH KAW @ LIM LAN CHING	1,201,700	0.78
13	CHUA CHIN HENG ALAN	1,156,000	0.75
14	PHILLIP SECURITIES PTE LTD	1,137,084	0.74
15	LAI JIUNN HERNG	600,555	0.39
16	RAFFLES NOMINEES (PTE) LIMITED	569,600	0.37
17	LAI WENG KAY	503,400	0.33
18	NG HOCK KON	500,000	0.33
19	TEOU KEM ENG @ TEOU KIM ENG	500,000	0.33
20	LAU HOOI KHENG NANCY	473,500	0.31
	Total:	139,136,355	90.47

# STATISTICS OF SHAREHOLDINGS

AS AT 14 AUGUST 2024

## SUBSTANTIAL SHAREHOLDERS

As recorded in the Register of Substantial Shareholders

Name of Shareholders	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Dr. Heah Sieu Min	63,988,980	41.60	–	–
Dr. Chia Kok Hoong	34,753,440 <sup>(1)</sup>	22.60	–	–

<sup>(1)</sup> 34,753,440 shares were held through Citibank Nominees Singapore Pte Ltd

## SHAREHOLDING HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 14 August 2024, approximately 30.72% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the SGX-ST Listing Manual Section B: Rules of the Catalist is complied with.

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at 131 Rifle Range Road, Level 3 Seletar I Room, Temasek Club, Singapore 588406 on Thursday, 26 September 2024 at 2.00 p.m. to transact the following businesses:

## AS ORDINARY BUSINESS

1. To lay before the meeting the Audited Financial Statements of the Company for the financial year ended 31 May 2024 and the Directors' Statement and the Auditor's Report thereon.  
*(Please see explanatory note 1)*
2. To re-elect the following Directors who are retiring in accordance with the provisions of the Company's Constitution:-
  - (a) Mr. Chong Weng Hoe (pursuant to Regulation 97) **(Resolution 1)**  
*(Please see explanatory note 2)*
  - (b) Dr. Heah Sieu Min (pursuant to Regulation 97) **(Resolution 2)**  
*(Please see explanatory note 3)*
3. To approve the payment of Directors' fees of \$122,000/- for the financial year ended 31 May 2024. (FY2023: \$122,000/-) **(Resolution 3)**
4. To declare a final dividend (tax-exempt one-tier) of \$0.007 per ordinary share for the financial year ended 31 May 2024. (FY2023: \$0.01 per ordinary share) **(Resolution 4)**
5. To re-appoint Messrs BDO LLP as auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

## AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following ordinary resolutions with or without modifications:-

6. Authority to allot and issue ordinary shares  

"That, pursuant to Section 161 of the Companies Act 1967 ("**Companies Act**"), and Rule 806 of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"), approval be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors of the Company may in their absolute discretion deem fit, to:

  - (a) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;
  - (b) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "**Instruments**") including but not limited to the creation and issue of options, warrants, debentures or other instruments convertible into shares;
  - (c) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and

# NOTICE OF ANNUAL GENERAL MEETING

- (d) (Notwithstanding the authority conferred by the Shareholders may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the authority was in force, provided always that:
- (i) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed one hundred per cent (100%) of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a *pro-rata* basis to Shareholders of the Company does not exceed fifty percent (50%) of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company, and (subject to such manner of calculation as may be prescribed by the SGX-ST for the purpose of determining the aggregate number of shares that may be issued under this paragraph) for the purpose of this resolution, the issued share capital shall be the Company's total number of issued shares excluding treasury shares and subsidiary holdings at the time this resolution is passed, after adjusting for:
    - (a) new shares arising from the conversion or exercise of convertible securities, or
    - (b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules, and
    - (c) any subsequent bonus issue, consolidation or subdivision of the Company's shares;
  - (ii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and
  - (iii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next annual general meeting ("**AGM**") or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier." **(Resolution 6)**  
*(Please see explanatory note 4)*

7. Authority to offer and grant options and share awards and to allot and issue shares pursuant to the HC Surgical Specialists Limited Performance Share Plan (the "**HCSS Performance Share Plan**").

"That:

- (a) authority be and is hereby given to the Directors of the Company to offer and grant share awards in accordance with the HCSS Performance Share Plan; and
- (b) approval be and is hereby given to the Directors of the Company to exercise full powers of the Company to allot and issue from time to time such number of shares as may be required to be allotted and issued pursuant to the award of shares under the HCSS Performance Share Plan,

provided that the aggregate number of shares to be issued pursuant to the HCSS Employee Share Option Scheme and the HCSS Performance Share Plan shall not exceed fifteen per cent (15%) of the total number of issued shares excluding treasury shares in the capital of the Company from time to time." **(Resolution 7)**  
*(Please see explanatory note 5)*

# NOTICE OF ANNUAL GENERAL MEETING

8. Authority to offer and grant options and to allot and issue shares pursuant to the HC Surgical Specialists Limited Employee Share Option Scheme (the “**HCSS Employee Share Option Scheme**”).

“That:

- (a) authority be and is hereby given to the Directors of the Company to offer and grant options in accordance with the provisions of the HCSS Employee Share Option Scheme; and
- (b) approval be and is hereby given to the Directors of the Company to exercise full powers of the Company to allot and issue from time to time such number of shares in the Company as may be required to be issued pursuant to the exercise of the options under the HCSS Employee Share Option Scheme,

provided that the aggregate number of shares to be issued pursuant to the HCSS Employee Share Option Scheme and the HCSS Performance Share Plan shall not exceed fifteen per cent (15%) of the total number of issued shares excluding treasury shares in the capital of the Company from time to time.” **(Resolution 8)**  
*(Please see explanatory note 5)*

BY ORDER OF THE BOARD

Lin Moi Heyang  
Company Secretary

Singapore, 4 September 2024

## **Explanatory Notes:-**

1. This Agenda is meant for discussion only as under the provisions of Section 201 of the Companies Act and Regulation 142 of the Company's Constitution, the Audited Financial Statements need to be laid before the meeting and hence, the matter will not be put forward for voting.
2. The key information of Mr. Chong Weng Hoe can be found on page 12 in the Annual Report. Mr. Chong Weng Hoe will, upon re-election as an Independent Non-Executive Director of the Company, remain as the Chairman of the Board, the Remuneration Committee and of the Nominating Committee, and a member of the Audit and Risk Management Committee. The Board of Directors of the Company considers Mr. Chong Weng Hoe to be independent for the purpose of Rule 704(7) of the Catalist Rules.
3. The key information of Dr. Heah Sieu Min can be found on page 12 in the Annual Report. Dr. Heah Sieu Min will, upon re-election as a Director of the Company, remain as the Executive Director and CEO.
4. The ordinary resolution 6 above is to authorise the Directors of the Company from the date of the above AGM until the next AGM to issue shares and convertible securities in the Company up to an amount not exceeding in aggregate one hundred per cent (100%) of the issued share capital of the Company of which the total number of shares and convertible securities issued other than on a *pro-rata* basis to existing Shareholders shall not exceed fifty per cent (50%) of the issued share capital of the Company (excluding treasury shares and subsidiary holdings) at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next AGM of the Company.
5. The ordinary resolutions 7 and 8 above are to authorise the Directors of the Company to offer and award shares pursuant to the HCSS Performance Share Plan as well as grant options and to issue shares pursuant to the exercise of the options under the HCSS Employee Share Option Scheme, provided that the aggregate number of shares to be issued shall not exceed fifteen per cent (15%) of the Company's issued shares, excluding treasury shares in the capital of the Company from time to time.

# NOTICE OF ANNUAL GENERAL MEETING

## Documents for the AGM

1. The Notice of AGM, Proxy Form, Annual Report and Appendix to the Annual Report have also been made available on the SGXNet as well as the Company's website at the following URLs:-

SGX's website: <https://www.sgx.com/securities/company-announcements>

Company's website: <https://www.hcsurgicalspecialists.com/en/investor-relation/news>

## Submission of questions prior to the AGM

2. Members may submit questions related to the resolutions to be tabled at the AGM in advance of the AGM. Such questions must be submitted by 11 September 2024 in the following manner:
  - (a) if submitted electronically, by email to [contact@hcsurgicalspecialists.com](mailto:contact@hcsurgicalspecialists.com); or
  - (b) if submitted in hard copy, by post to the Company's office at 233 River Valley Road, #B1-04/05 RV Point, Singapore 238291.

Members who submit questions must provide the following information for authentication: (i) member's full name; (ii) member's identification number / registration number; (iii) member's address; and (iv) the manner in which the member holds shares in the Company (e.g., via CDP, scrip, CPF or SRS), failing which the Company shall be entitled to regard the submission as invalid and not respond to the questions submitted.

All questions submitted in advance of the AGM must be received by the Company by the time and date stated above to be treated as valid.

3. The Company shall only address relevant and substantial questions (as may be determined by the Company in its sole discretion) received prior to the AGM via SGXNet and on its corporate website by 20 September 2024. The Company will publish the minutes of the AGM on SGXNet and the Company's website within one month after the date of the AGM.

## Voting by Proxy

4.
  - (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the AGM. Where a member appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the Proxy Form.
  - (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but such proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the Proxy Form.

"**Relevant intermediary**" has the meaning given to it in Section 181 of the Act.

5. A proxy need not be a member of the Company.
6. The duly executed Proxy Form can be submitted to the Company in the following manner:
  - (a) if submitted in hard copy by post, be lodged at the office of the Company's Share Registrar at 9 Raffles Place, #26-01, Republic Plaza, Singapore 048619; or
  - (b) if submitted electronically, by sending a scanned PDF copy via email to [sg.is.proxy@sg.tricorglobal.com](mailto:sg.is.proxy@sg.tricorglobal.com),

in either case, by **2.00 p.m.** on **23 September 2024** (being at least 72 hours before the time appointed for holding the AGM) (the "**Proxy Deadline**").

7. A member who wishes to submit a Proxy Form must download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or by scanning and sending it electronically to the email address provided above.
8. Investors who hold their Shares through relevant intermediaries as defined in Section 181 of the Companies Act (including CPF investors, SRS investors and holders under depository agents) and who wish to exercise their votes should approach their respective relevant intermediaries (including their respective CPF agent banks, SRS approved banks or depository agents) to submit their votes at least 7 working days before the AGM. CPF/SRS Investors should contact their respective CPF Agent Banks or SRS Operators for any queries they may have with regard to the appointment of proxy for the AGM.



# NOTICE OF ANNUAL GENERAL MEETING

9. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument. Where the Chairman of the AGM is appointed as proxy and in the absence of specific directions as to voting, the Chairman will be able to vote at his discretion.

#### **Personal data privacy:**

By (a) submitting an instrument appointing a proxy(ies) to attend, speak and vote at the AGM and/or any adjournment thereof, or (b) submitting any question prior to the AGM in accordance with this Notice of AGM, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purposes of processing and administration by the Company (or its agents or service providers) of proxy(ies) appointed for the AGM (including any adjournment thereof), and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) for the Purposes; and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

# DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr. Chong Weng Hoe and Dr. Heah Sieu Min are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 26 September 2024 ("AGM") (collectively, the "Retiring Directors").

Pursuant to Rule 720(5) of the Listing Manual Section B: Rules of the Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the following is the information relating to the Retiring Directors as set out in Appendix 7F to the Listing Manual Section B: Rules of the Catalist of the SGX-ST:-

Name	Mr. Chong Weng Hoe	Dr. Heah Sieu Min
Date of Appointment	28 September 2016	1 September 2015
Date of last re-appointment (if applicable)	28 September 2021	27 September 2022
Age	60	60
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations and the search and nomination process)	<p>The Board, having considered the recommendation of the Nominating Committee and assessed the qualifications and experience of Mr. Chong Weng Hoe, is of the view that he has the requisite experience and capabilities to assume the duties and responsibilities as the Non-Executive Chairman and Independent Director of the Company.</p> <p>The Board considers Mr. Chong Weng Hoe to be independent for the purpose of Rule 704(7) of the Catalist Rules.</p>	<p>The Board, having considered the recommendation of the Nominating Committee and assessed the qualifications and experience of Dr. Heah Sieu Min, is of the view that he has the requisite experience and capabilities to assume the duties and responsibilities as Executive Director and Chief Executive Officer of the Company.</p>
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Executive Dr. Heah is responsible for the overall management, strategic planning and business development of the Group.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	<ul style="list-style-type: none"> <li>Non-Executive Chairman and Independent Director</li> <li>Chairman of the Remuneration and Nominating Committees</li> <li>Member of the Audit and Risk Management Committee</li> </ul>	<ul style="list-style-type: none"> <li>Executive Director</li> <li>Chief Executive Officer</li> </ul>
Professional qualifications	Please refer to the Board of Directors section in the Company's Annual Report 2024.	Please refer to the Board of Directors section in the Company's Annual Report 2024.

# DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name	Mr. Chong Weng Hoe	Dr. Heah Sieu Min
Working experience and occupation(s) during the past 10 years	Please refer to the Board of Directors section in the Company's Annual Report 2024.	Please refer to the Board of Directors section in the Company's Annual Report 2024.
Shareholding interest in the listed issuer and its subsidiaries	Direct interest: 167,600 ordinary shares	Direct interest: 63,988,980 ordinary shares
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None	None
Conflict of Interest (including any competing business)	None	None
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments Including Directorships  <u>Past (for the last 5 years)</u>	<u>Past Directorships:</u> <ul style="list-style-type: none"> <li>● Regal International Group Ltd.</li> <li>● TÜV SÜD PSB Pte. Ltd.</li> <li>● Keong Hong Holdings Limited</li> <li>● Singapore Paincare Holdings Limited</li> </ul>	<u>Past Directorships:</u> <ul style="list-style-type: none"> <li>● Heah Holdings Pte Ltd</li> <li>● Heah Hospital Services Pte Ltd</li> <li>● Heah and Chia Surgical Associates Pte Ltd</li> <li>● Heah Sieu Min (Paragon) Pte Ltd</li> <li>● SHL Group Pte Ltd</li> <li>● Heah SM Enterprise Pte Ltd</li> <li>● HMC Medical Pte Ltd</li> <li>● CTK Tan Surgery Pte Ltd</li> <li>● Nex Healthcare Pte Ltd</li> <li>● CKH (Mt E) Pte Ltd</li> <li>● Heah Sen Holdings Pte Ltd</li> <li>● CH Hillford Investments Pte Ltd</li> <li>● G 7 Investment Holdings Pte Ltd</li> <li>● Medico Republic (S) Pte Ltd</li> <li>● PLS Holdings Pte Ltd</li> <li>● HC and Island Family Pte Ltd</li> </ul>

# DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name	Mr. Chong Weng Hoe	Dr. Heah Sieu Min
Present	<p><u>Present Directorships:</u></p> <ul style="list-style-type: none"> <li>● ISEC Healthcare Ltd</li> <li>● Hong Fok Corporation Ltd</li> <li>● Baker Technology Limited</li> <li>● Bund Center Investment Ltd</li> </ul>	<p><u>Present Directorships:</u></p> <ul style="list-style-type: none"> <li>● Heah Sieu Min (Mt E) Pte Ltd</li> <li>● Heah Sieu Min (Bukit Batok) Pte Ltd</li> <li>● CKH (Farrer Park) Pte Ltd</li> <li>● Hannah Medical Pte Ltd</li> <li>● HC (Hillford) Pte Ltd</li> <li>● HC (GM) Pte Ltd</li> <li>● HC (Siglap) Pte Ltd</li> <li>● HC (TPY) Pte Ltd</li> <li>● Lai BEC Pte Ltd</li> <li>● Malcolm Lim Pte Ltd</li> <li>● Medical Services @ Tampines Pte Ltd</li> <li>● HSN Healthcare Pte Ltd</li> <li>● Julian Ong Endoscopy &amp; Surgery Pte Ltd</li> <li>● Medical L &amp; C Services Pte Ltd</li> <li>● Jason Lim Endoscopy and Surgery Pte Ltd</li> <li>● HC (Ming) Pte Ltd</li> <li>● Medistar Services Pte Ltd</li> <li>● HC (AMK) Pte Ltd</li> <li>● GMH Endoscopy &amp; Surgery Pte Ltd</li> <li>● Total Orthopaedics Pte Ltd</li> <li>● HC Orthopaedics &amp; Surgical Centre Pte Ltd</li> <li>● Chee &amp; Heah Surgical Associates Pte Ltd</li> <li>● CH Investment Holdings Pte Ltd</li> <li>● HC3 Pte Ltd</li> <li>● Heah Hillford Holdings Pte Ltd</li> <li>● Heah Sieu Min (Equity) Pte Ltd</li> <li>● Heah Sieu Min (RVP) Pte Ltd</li> <li>● Heah Sieu Min (Novena) Pte Ltd</li> <li>● Heah SM Investments Pte Ltd</li> <li>● HSM City Gate Pte Ltd</li> <li>● King Heah Pte Ltd</li> <li>● HSM (N) Pte Ltd</li> </ul>

# DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name	Mr. Chong Weng Hoe	Dr. Heah Sieu Min
<p><b>Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.</b></p>		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No

# DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name	Mr. Chong Weng Hoe	Dr. Heah Sieu Min
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No

# DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name	Mr. Chong Weng Hoe	Dr. Heah Sieu Min
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-  i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or  ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or  iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or  iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere  in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No

# DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name	Mr. Chong Weng Hoe	Dr. Heah Sieu Min
<p>(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?</p>	<p>No</p>	<p>Dr. Heah was previously being notified by the Singapore Medical Association ("<b>SMA</b>") and/or Singapore Medical Council ("<b>SMC</b>") of the following complaints:-</p> <ul style="list-style-type: none"> <li>(i) by a patient for erroneous billing in December 2012, whereby the error had since been rectified prior to such notification and the complaint was subsequently dismissed by the SMC;</li> <li>(ii) by another specialist doctor for not making inquiries with him personally prior to taking over the case of a patient in January 2010, whereby Dr. Heah cooperated with the SMC during their inquiry and the complaint had since been dismissed; and</li> <li>(iii) in November 2015, by a patient who alleged that Dr. Heah had misdiagnosed her condition, whereby Dr. Heah maintains that his diagnosis had been correct and that, <i>inter alia</i>, the patient had not purchased the medicine he prescribed to her following his diagnosis and had consumed other medication of unverified origin. The SMA had since responded to the complainant and there had been no further action.</li> </ul>
<p><b>Disclosure applicable to the appointment of Director only.</b></p>		
<p>Any prior experience as a director of an issuer listed on the Exchange?</p> <p>If yes, please provide details of prior experience.</p> <p>If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.</p> <p>Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).</p>	<p>N.A.</p>	<p>N.A.</p>



# HC SURGICAL SPECIALISTS LIMITED

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

## IMPORTANT

- Pursuant to Section 181 (1C) of the Companies Act 1967, Relevant Intermediaries may appoint more than two (2) proxies to attend, speak and vote at the Annual General Meeting.
- This Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by Central Provident Fund ("CPF") investment Scheme ("CPFIS")/Supplementary Retirement Scheme ("SRS") investors who held the Company's Shares through CPF Agent Banks/SRS Operators.
- CPFIS/SRS investors who wish to vote should approach their respective CPF Agent Banks/SRS Operators to submit their voting instructions at least seven (7) working days before the date of the AGM.

## PROXY FORM ANNUAL GENERAL MEETING

This Proxy Form has been made available on SGXNet and the Company's website and may be accessed at the URLs: <https://www.sgx.com/securities/company-announcements> and <https://www.hcsurgicalspecialists.com/en/investor-relation/news>.

\*I/We \_\_\_\_\_ (Name) \_\_\_\_\_ (NRIC/Passport Number)

of \_\_\_\_\_ (Address)

being a \*member/members of **HC Surgical Specialists Limited** (the "Company"), hereby appoint

Name	NRIC / Passport No.	Address	Proportion of Shareholdings	
			No. of shares	%

and/or (delete as appropriate)

Name	NRIC / Passport No.	Address	Proportion of Shareholdings	
			No. of shares	%

or failing which, the **Chairman** of the Annual General Meeting (the "AGM"), as \*my/our proxy(ies) to attend, speak and vote for \*me/us on \*my/our behalf at the AGM of the Company to be held at 131 Rifle Range Road, Level 3 Seletar I Room, Temasek Club, Singapore 588406 on Thursday, 26 September 2024 at 2.00 p.m. and at any adjournment thereof. \*I/We direct my/our proxy/proxies to vote for or against or abstain from voting in respect of the ordinary resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies may vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the AGM. Where the Chairman of the AGM is appointed as proxy and in the absence of specific directions as to voting, the Chairman will be able to vote at his discretion.

No.	Ordinary Resolutions	For*	Against*	Abstain*
1.	Re-election of Mr. Chong Weng Hoe as Director			
2.	Re-election of Dr. Heah Sieu Min as Director			
3.	Directors' Fees of \$122,000/- for the financial year ended 31 May 2024			
4.	Declaration of final dividend (tax-exempt one-tier) of \$0.007 per ordinary share for the financial year ended 31 May 2024			
5.	Re-appointment of BDO LLP as auditors of the Company			
6.	Authority to issue ordinary shares			
7.	Authority to issue shares under the HCSS Performance Share Plan			
8.	Authority to issue shares under the HCSS Employee Share Option Scheme			

\* Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" or "Abstain" the resolution, please tick (✓) within the box provided. Alternatively, please indicate the number of votes in the box appropriately. In any other case, the proxy/proxies may vote or abstain as the proxy /proxies deem(s) fit on the resolution if no voting instruction is specified.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2024

Total number of Shares held:	No. of Shares
CDP Register	
Register of Members	

\_\_\_\_\_  
Signature/Common Seal of Member(s)

**IMPORTANT: PLEASE READ NOTES OVERLEAF**



## NOTES:

1. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act 1967, a member is entitled to appoint not more than two (2) proxies to attend, speak and vote at the AGM. Where a member appoints more than one (1) proxy, the proportion of his concerned shareholding to be represented by each proxy shall be specified in the proxy form.
2. Pursuant to Section 181(1C) of the Companies Act 1967, a member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form. A proxy need not be a member of the Company.
3. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer.
4. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with its Constitution and Section 179 of the Companies Act 1967.
5. The duly executed Proxy Form can be submitted to the Company in the following manner:
  - a) if submitted in hard copy by post, be lodged at the office of the Company's Share Registrar at 9 Raffles Place, #26-01, Republic Plaza, Singapore 048619; or
  - b) if submitted electronically, by sending a scanned PDF copy via email to [sg.is.proxy@sg.tricorglobal.com](mailto:sg.is.proxy@sg.tricorglobal.com).

in either case, by **2.00 p.m.** on **23 September 2024** (being at least 72 hours before the time appointed for holding the AGM) (the "**Proxy Deadline**").

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

6. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.
7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of a member of the Company whose shares are entered against his/her name in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such member is not shown to have shares entered against his/her name in the Depository Register at least 72 hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.
8. Investors who hold their Shares through relevant intermediaries as defined in Section 181 of the Companies Act 1967 (including CPF investors, SRS investors and holders under depository agents) and who wish to exercise their votes should approach their respective relevant intermediaries (including their respective CPF agent banks, SRS Operators or depository agents) to submit their votes at least 7 working days before the AGM. CPF/SRS Investors should contact their respective CPF Agent Banks or SRS Operators for any queries they may have with regard to the appointment of proxy for the AGM.

## PERSONAL DATA PRIVACY:

By attending the AGM and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 4 September 2024.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**MR. CHONG WENG HOE**  
Non-Executive Chairman  
and Independent Director

**DR. HEAH SIEU MIN**  
Executive Director and  
Chief Executive Officer

**DR. CHIA KOK HOONG**  
Executive Director and  
Medical Director

**MR. LIM CHYE LAI, GJAN**  
Non-Independent  
Non-Executive Director

**MR. OOI SENG SOON**  
Independent  
Non-Executive Director

## AUDIT AND RISK MANAGEMENT COMMITTEE

**MR. OOI SENG SOON**  
(Chairman)

**MR. CHONG WENG HOE**  
**MR. LIM CHYE LAI, GJAN**

## REMUNERATION COMMITTEE

**MR. CHONG WENG HOE**  
(Chairman)  
**MR. OOI SENG SOON**  
**MR. LIM CHYE LAI, GJAN**

## NOMINATING COMMITTEE

**MR. CHONG WENG HOE**  
(Chairman)  
**MR. OOI SENG SOON**  
**MR. LIM CHYE LAI, GJAN**

## JOINT COMPANY SECRETARIES

**MS. LIN MOI HEYANG**  
**MS. TANG PEI CHAN**

## REGISTERED OFFICE

9 Raffles Place  
#26-01 Republic Plaza  
Singapore 048619  
Tel: +65 6236 3333  
Fax: +65 6236 4399

## SHARE REGISTRAR

**TRICOR BARBINDER SHARE  
REGISTRATION SERVICES**  
(a division of Tricor Singapore Pte. Ltd.)  
9 Raffles Place  
#26-01 Republic Plaza  
Singapore 048619

## AUDITORS

**BDO LLP**  
600 North Bridge Road  
#23-01 Parkview Square  
Singapore 188778  
Partner-in-Charge: TEI TONG HUAT  
(Appointed since the financial  
year ended 31 May 2021)

## PRINCIPAL BANKERS

**OVERSEA-CHINESE BANKING  
CORPORATION LIMITED**  
**UNITED OVERSEAS BANK LIMITED**  
**STANDARD CHARTERED BANK  
(SINGAPORE) LIMITED**  
**THE HONGKONG AND SHANGHAI  
BANKING CORPORATION LIMITED**

## CONTINUING SPONSOR

**NOVUS CORPORATE FINANCE  
PTE. LTD.**  
7 Temasek Boulevard #04-02  
Suntec Tower 1  
Singapore 038987



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