

HC SURGICAL SPECIALISTS LIMITED

Incorporated in the Republic of Singapore

Registration No. 201533429G

FURTHER UPDATE TO THE ANNOUNCEMENT OF 6 AUGUST 2020

Unless otherwise defined, capitalised terms used in this announcement shall have the same meaning as that in the Company's announcement dated 6 August 2020 in relation to the dismissal of the application under Section 216A(2) of the Companies Act, Chapter 50 of Singapore (the "Announcement").

The Board would like to announce that the High Court has issued its written Grounds of Decision on 28 September 2020, setting out the decision by Justice Chua Lee Ming to dismiss the application by Ms Tiong for leave to bring an action in the name and on behalf of the Company against Dr Heah. Ms Tiong's application was premised on an allegation that Dr Heah has breached his duties as a director of the Company in relation to the acquisition by the Company of an additional 19% interest in Julian Ong Endoscopy & Surgery Pte. Ltd. in or around September 2019 (the "**19% Acquisition**") (the "**Application**"), which allegation the Court has rejected.

Grounds of Decision

The Court noted that Section 216A(3) of the Companies Act requires the Court to be satisfied of the following before granting leave under Section 216A(2):

- (1) that Ms Tiong had given 14 days' notice to the directors of the Company of her intention to apply to the Court under Section 216A(2) if the directors of the Company did not bring the action against Dr Heah;
- (2) that Ms Tiong is acting in good faith; and
- (3) that it appeared to be *prima facie* in the interests of the Company that the action against Dr Heah be brought.

The Court found that while the first requirement above had been met, Ms Tiong had failed to satisfy the second and third requirements on the following premises:

1. While Ms Tiong premised her proposed action against Dr Heah "on the assertion that the decision to proceed with the 19% Acquisition ignored the complaint with the Singapore Medical Council ("**Complaint**") or did not take into consideration the possibility that the allegations in the Complaint were true", the Court held that the evidence "showed that this could not have been further from the truth". Instead, it was clear that "the Board had considered the benefits and risks (including the risk that the allegations in the Complaint might be true) and concluded that the 19% Acquisition was nevertheless still in the interests of the Company", with sufficient safeguards in place. Ms Tiong had herself asserted that she was not challenging the commercial soundness of the decision to proceed with the 19% Acquisition. The requirement under Section 216A(3)(c) of the Companies Act was not met.

2. The Court held that Ms Tiong had also failed to satisfy the requirement under Section 216A(3)(b) of the Companies Act that she was acting in good faith. On the contrary, the Court found, *inter alia*, that Ms Tiong had tried to stop the 19% Acquisition so as to “punish Dr Ong by preventing Dr Ong from receiving the consideration” for the 19% Acquisition, and “held Dr Heah responsible” for the failure to stop the 19% Acquisition. Ms Tiong’s application was therefore “motivated by her desire to punish [Dr Heah]”.

The Court noted that Ms Tiong showed no concern about the commercial aspects of the 19% Acquisition or with the Board’s considerations, and that she was “so motivated by vendetta, perceived or real, that [her] judgment will be clouded by purely personal considerations”.

3. Ms Tiong was “hardly the genuinely aggrieved shareholder that Section 216A is meant to protect”. She was not even a shareholder of the Company at the point when she first contacted the Company about her court action against Dr Ong, and had no personal knowledge of Dr Heah’s or the board of directors’ internal deliberations leading up to the 19% Acquisition. She then became a shareholder by buying the minimum traded lot of 100 shares in an attempt to attend the Company’s annual general meeting so that she could tell the shareholders about the Complaint and the defamation action.

The Company understands that the Grounds of Decision, available at <https://www.supremecourt.gov.sg/docs/default-source/module-document/judgement/-2020-sghc-201-pdf.pdf>, is subject to final editorial corrections and may be published in LawNet and/or the Singapore Law Reports in due course.

The Company will provide further updates on this matter if necessary and in compliance with the Catalist Rules.

By Order of the Board

Dr Heah Sieu Min
Executive Director and Chief Executive Officer
4 October 2020

About HC Surgical Specialists Limited

HC Surgical Specialists Limited (the “Company”) was incorporated on 1 September 2015 in Singapore and listed on Catalist of the Singapore Exchange Securities Trading Limited on 3 November 2016. The Company, its subsidiaries and associated company are a medical services group primarily engaged in the provision of endoscopic procedures, including gastroscopies and colonoscopies, and general surgery services with a focus on colorectal procedures across a network of 18 clinics located throughout Singapore.

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

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

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