

## **HC SURGICAL SPECIALISTS LIMITED**

Incorporated in the Republic of Singapore

Registration No. 201533429G

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### **ACQUISITION OF AN ADDITIONAL 50% OF THE ISSUED AND PAID-UP SHARE CAPITAL IN MEDICAL SERVICES @ TAMPINES PTE. LTD.**

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#### **1. INTRODUCTION**

The Board of Directors (the "**Board**") of HC Surgical Specialists Limited (the "**Company**") and together with its subsidiaries, the "**Group**") is pleased to inform shareholders that it has today, entered into a sale and purchase agreement ("**SPA**") for, and completed the acquisition of, an additional 50% of the total issued and paid-up share capital of the Company's associated company, Medical Services @ Tampines Pte. Ltd. ("**MST**") for a total purchase consideration of S\$135,000 which was paid in cash ("**Purchase Consideration**") (the "**Acquisition**").

As at the date of this announcement, MST has a paid-up share capital consisting of 555,695 ordinary shares of S\$1 each. Immediately prior to the Acquisition, the Company owned 33.33% of the total issued shares in MST. The vendors are independent from the Company's Directors, Chief Executive Officer and controlling shareholders and their respective associates. Following the completion of the Acquisition, MST has become a 83.33% subsidiary of the Company. MST was incorporated on 17 March 2010 in the Republic of Singapore and operates an endoscopy and radiology clinic.

Based on the audited accounts of MST for the twelve months ended 31 May 2018 ("**12M2018**"), the loss before tax of MST was approximately S\$55,000 and the net tangible liability and net liability value of MST as at 31 May 2018 was S\$78,000.

Novus Corporate Finance Pte. Ltd. has acted as the financial adviser to the Company on the Acquisition.

#### **2. RATIONALE FOR THE ACQUISITION**

The Acquisition is to attain control of MST so as to implement plans for growth, as it is the only endoscopy clinic in the east region of Singapore within the Group. The Board is of the view that the Acquisition is in line with the Group's plan for growth and will expand the Group's presence in Singapore.

#### **3. PURCHASE CONSIDERATION**

The total Purchase Consideration of S\$135,000 has been satisfied in full in cash payment to the vendors upon the signing of the SPA.

The Purchase Consideration was arrived at on a willing buyer willing seller basis, taking into account the future potential of MST and the synergistic benefits for the Group. The aggregate cash payment in relation to the Acquisition has been funded through the net proceeds from the

placement of shares pursuant to the Company's initial public offering ("IPO") in November 2016. Please refer to Section 6 of this announcement for further details.

#### 4. RELATIVE FIGURES

Based on the Group's latest announced audited financial statements for the financial year ended 31 May 2018 ("FY2018"), the relative figures of the Acquisition computed on the bases set out in Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited Section B: Rules of Catalyst ("Catalist Rules") are as follows:

Catalist Rule	Relative Figures
<b>1006(a)</b>	
The net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets.	Not applicable.
<b>1006(b)</b>	
The net profits <sup>(1)</sup> attributable to the assets acquired <sup>(2)</sup> , compared with the Group's net profits <sup>(1)</sup> .	-0.46%
<b>1006(c)</b>	
The aggregate value of the consideration given, compared with the issuer's market capitalization based on the total number of issued shares excluding treasury shares <sup>(3)</sup>	0.14%
<b>1006(d)</b>	
The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable.
<b>1006(e)</b>	
The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable.

**Notes:**

- (1) "Net profits" means profit or loss before income tax, minority interests and extraordinary items.
- (2) Computed based on 50% of the net loss attributable to MST for 12M2018 of approximately S\$28,000 and the Group's net profit of approximately S\$6,067,000 for 12M2018.
- (3) Computed based on the Purchase Consideration of S\$135,000 and the market capitalisation of the Company of approximately S\$97,754,856, which is determined by multiplying the issued share capital, excluding treasury shares, of the Company of 149,175,730 shares with the volume weighted average price of such shares transacted on the date preceding the date of SPA of S\$0.6553 per share.

The negative relative figure under Catalyst Rule 1006(b) was due to MST's audited loss before tax of S\$55,000 in 12M2018. However, the Acquisition is not expected to have a significant adverse impact on the financial position and results of the Group and will not result in an adverse change in the risk profile of the Group. The negative ratio under Catalyst Rule 1006(b) is therefore not regarded as meaningful.

As the relative figure under Catalyst Rule 1006(c) does not exceed 5%, the Acquisition is a "non-discloseable transaction" pursuant to the Chapter 10 of the Catalyst Rules and the announcement on the Acquisition is made under Catalyst Rules 704(16)(d) and 1008(2).

## 5. PRO FORMA FINANCIAL EFFECTS OF THE ACQUISITION

The Acquisition is not expected to have any material impact on the net tangible assets per share and earnings per share of the Group for the current financial year ending 31 May 2019.

## 6. IPO PROCEEDS

Subsequent to the Acquisition, the status on the use of the IPO net proceeds is as follows:

<u>Use of IPO net proceeds</u>	<u>Amount allocated</u> <u>(\$S'000)</u>	<u>Amount allocated after Reallocation</u> <u>(\$S'000)</u>	<u>Amount utilised</u> <u>(\$S'000)</u>	<u>Balance</u> <u>(\$S'000)</u>	<u>Note</u>
Expand business operations locally and regionally	2,800	4,800	(4,595)	205	(1)
Expand surgical facilities	1,200	400	(112)	288	(2)
Working capital	2,180	980	(650)	330	(3)
<b>Total</b>	<b>6,180</b>	<b>6,180</b>	<b>(5,357)</b>	<b>823</b>	

Notes:

(1) Use of IPO net proceeds on expansion of business operations

	<u>Announcement date</u>	<u>Amount</u> <u>(\$S'000)</u>
Investment in Joint Venture - HSN Healthcare Pte. Ltd.	03-Jan-17	800
Acquisition of Julian Ong Endoscopy & Surgery Pte. Ltd.	01-Feb-17	1,569
Acquisition of Medical L & C Services Pte. Ltd.	01-Jun-17	790
Acquisition of HMC Medical Pte. Ltd.	02-Jan-18	673
Acquisition of Jason Lim Endoscopy and Surgery Pte. Ltd.	07-May-18	150
Acquisition of Jason Lim Endoscopy and Surgery Pte. Ltd.	13-Aug-18	478
Acquisition of an additional 50% stake in MST		135
		<u>4,595</u>

(2) Utilised for purchase of medical equipment and consumables for HC and Island Family Pte. Ltd.

(3) Utilised for payments related to consultancy fee, professional fee, insurance, advertising and promotion and rental expenses

## 7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Acquisition, other than through their respective shareholdings in the Company (if any).

## 8. DOCUMENT FOR INSPECTION

A copy of the SPA is available for inspection during normal business hours at the Company's registered office for three months from the date of this announcement.

By Order of the Board

Dr. Heah Sieu Min  
Executive Director and Chief Executive Officer

20 September 2018

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HC Surgical Specialists Limited (the "**Company**") was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 3 November 2016. The initial public offering of the Company was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**").

This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.

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

The contact person for the Sponsor is Ms Jennifer Tan, Senior Manager, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).