

HC Surgical Specialists Limited
(Incorporated in the Republic of Singapore)
(Company Registration No. 201533429G)

**Unaudited Financial Statement and Dividend Announcement
For the Full Year Ended 31 May 2017**

Background

The Company was incorporated on 1 September 2015 in Singapore under the Singapore Companies Act as a company limited by shares under the name of “HC Endoscopy & Surgery Pte. Ltd.”. The Company changed its name to “HC Surgical Specialists Pte. Ltd.” on 25 August 2016, and subsequently to “HC Surgical Specialists Limited” on 28 September 2016. The Company and its subsidiaries and associated company (the “**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. Prior to the listing on the Catalist of the SGX-ST on 3 November 2016, the Group undertook a restructuring exercise (the “**Restructuring Exercise**”). Please refer to the Company’s offer document dated 25 October 2016 (the “**Offer Document**”) for further details on the Restructuring Exercise. For the purpose of this announcement, the results of the Group for the financial year ended 31 May 2017 (“**FY2017**”) and the comparative results of the Group for the financial year ended 31 May 2016 (“**FY2016**”), have been presented on the basis that the Restructuring Exercise, following the completion, has been in place since 1 June 2015.

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3) AND FULL YEAR RESULTS

- 1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group		
	Full Year Ended		
	31 May 2017 (Unaudited) S\$'000	31 May 2016 (Audited) S\$'000	Change %
Revenue	9,475	7,907	19.8%
<i>Other items of income</i>			
Other income	210	71	195.8%
Fair value gain on derivative financial instruments	45	366	-87.7%
<i>Items of expense</i>			
Inventories and consumables used	(1,067)	(1,036)	3.0%
Employee benefits expense	(3,327)	(1,610)	106.6%
Depreciation of plant and equipment	(189)	(210)	-10.0%
Other expenses	(3,304)	(1,570)	110.4%
Finance costs	(306)	(444)	-31.1%
Share of results of an associate, net of tax	-	(130)	-100.0%
Profit before income tax	1,537	3,344	-54.0%
Income tax expense	(273)	(576)	-52.6%
Profit for the financial year, representing total comprehensive income for the financial year	1,264	2,768	-54.3%
Profit and total comprehensive income attributable to:			
Owners of the parent	1,308	2,738	-52.2%
Non-controlling interests	(44)	30	N.M.
	1,264	2,768	-54.3%

N.M. – Not meaningful

1(a)(ii) Notes to Consolidated Statement of Comprehensive Income

	Full Year Ended	
	31 May 2017 (Unaudited) S\$'000	31 May 2016 (Audited) S\$'000
Profit for the financial year is stated after charging the following:		
Allowance for doubtful debts	37	-
Bad third parties trade receivables written off	14	22
Amortisation of intangible asset	10	-
Depreciation of plant and equipment	189	210
Loss on striking off of subsidiaries	10	-
IPO expense	1,258	426

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group		Company	
	31 May 2017 (Unaudited) S\$'000	31 May 2016 (Audited) S\$'000	31 May 2017 (Unaudited) S\$'000	31 May 2016 (Audited) S\$'000
ASSETS				
Non-current assets				
Plant and equipment	1,440	523	41	9
Deferred tax assets	2	-	-	-
Investment in subsidiaries	-	-	4,316	976
Investment in associate	-	-	-	159
Available-for-sale financial assets	100	-	100	-
Goodwill	3,388	-	-	-
Intangible asset	33	-	3	-
	4,963	523	4,460	1,144
Current assets				
Inventories	125	47	-	-
Trade and other receivables	1,544	745	4,165	735
Prepayments	181	30	74	9
Cash and cash equivalents	8,757	5,834	6,308	4,114
	10,607	6,656	10,547	4,858
Total assets	15,570	7,179	15,007	6,002
EQUITY AND LIABILITIES				
Equity				
Share capital	13,014	10	13,014	10
Merger reserve	(815)	(815)	-	-
Retained earnings	1,631	2,957	1,489	(505)
Equity attributable to owners of the parent	13,830	2,152	14,503	(495)
Non-controlling interests	95	46	-	-
Total equity	13,925	2,198	14,503	(495)
Non-current liabilities				
Derivative financial instrument	36	-	36	-
Provision	50	-	13	-
	86	-	49	-
Current liabilities				
Trade and other payables	1,238	2,358	455	4,419
Redeemable convertible loans	-	699	-	699
Derivative financial instruments	-	1,379	-	1,379
Current income tax payable	321	545	-	-
	1,559	4,981	455	6,497
Total liabilities	1,645	4,981	504	6,497
Total equity and liabilities	15,570	7,179	15,007	6,002

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 31 May 2017 (Unaudited)		As at 31 May 2016 (Audited)	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	-	-	-

Amount repayable after one year

As at 31 May 2017 (Unaudited)		As at 31 May 2016 (Audited)	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	-	-	-

Details of collateral

Not applicable.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Cash Flows

	Full Year Ended	
	31 May 2017 (Unaudited) S\$'000	31 May 2016 (Audited) S\$'000
Operating activities		
Profit before income tax	1,537	3,344
Adjustments for:		
Allowance for doubtful debts	37	-
Bad third parties trade receivables written off	14	22
Amortisation of intangible asset	10	-
Depreciation of plant and equipment	189	210
Plant and equipment written off	-	5
Loss from striking off of subsidiaries	10	-
Share-based payments - Bonus	37	-
Initial Public Offering expenses	1,258	-
Interest income	(59)	(8)
Interest expense	306	444
Fair value gain on derivative financial instruments	(45)	(366)
Operating cash flows before working capital changes	3,294	3,781
Working capital changes:		
Inventories	(68)	(33)
Trade and other receivables	(686)	(98)
Prepayments	(132)	(16)
Trade and other payables	197	(413)
Cash generated from operations	2,605	3,221
Income tax paid	(492)	(422)
Net cash from operating activities	2,113	2,799
Investing activities		
Acquisition of subsidiaries, net of cash acquired	(2,120)	-
Additional investment in an associate	-	(130)
Interest received	59	8
Investment in available-for-sale financial assets	(100)	-
Purchase of intangible asset	(38)	-
Purchase of plant and equipment	(1,059)	(192)
Net cash used in investing activities	(3,258)	(314)

	Full Year Ended	
	31 May 2017	31 May 2016
	(Unaudited)	(Audited)
	S\$'000	S\$'000
Financing activities		
Advances from Directors of the Company	-	871
Dividends paid to owners of the parent	(2,634)	(72)
Dividends paid to non-controlling interests	(5)	(58)
Initial Public Offering expenses	(1,491)	-
Proceeds from issuance of ordinary shares	8,100	10
Proceeds from issuance of redeemable convertible loans	-	2,000
Subscription for shares in subsidiary by a non-controlling interest	98	49
Net cash from financing activities	4,068	2,800
Net change in cash and cash equivalents	2,923	5,285
Cash and cash equivalents at beginning of financial year	5,834	549
Cash and cash equivalents at end of financial year	8,757	5,834

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

**Consolidated Statement of Changes in Equity
Group**

(Unaudited)

	Share capital S\$'000	Merger reserve S\$'000	Retained earnings S\$'000	Equity attributable to owners of the Parent S\$'000	Non- controlling interests S\$'000	Total equity S\$'000
Balance at 1 June 2016	10	(815)	2,957	2,152	46	2,198
Profit/(Loss) for the financial year	-	-	1,308	1,308	(44)	1,264
Total comprehensive income for the financial year	-	-	1,308	1,308	(44)	1,264
Contributions by and distributions to owners						
Issue of shares	13,735	-	-	13,735	-	13,735
Share issue expense	(731)	-	-	(731)	-	(731)
Dividends	-	-	(2,634)	(2,634)	-	(2,634)
Total transactions with owners	13,004	-	(2,634)	10,370	-	10,370
Transactions with non-controlling interests						
Subscriptions of shares by non-controlling interest in a subsidiary	-	-	-	-	98	98
Dividends	-	-	-	-	(5)	(5)
Total transactions with non-controlling interests	-	-	-	-	93	93
Balance at 31 May 2017	13,014	(815)	1,631	13,830	95	13,925

(Audited)

	Share capital S\$'000	Merger reserve S\$'000	Retained earnings S\$'000	Equity attributable to owners of the Parent S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
Balance at 1 June 2015	110	-	291	401	25	426
Profit for the financial year	-	-	2,738	2,738	30	2,768
Total comprehensive income for the financial year	-	-	2,738	2,738	30	2,768
Contributions by and distributions to owners						
Adjustment pursuant to restructuring exercise	(110)	(815)	-	(925)	-	(925)
Issue of shares	10	-	-	10	-	10
Dividends	-	-	(72)	(72)	-	(72)
Total transactions with owners	(100)	(815)	(72)	(987)	-	(987)
Transactions with non-controlling interests						
Subscriptions of shares by non-controlling interest in a newly-incorporated subsidiary	-	-	-	-	49	49
Dividends	-	-	-	-	(58)	(58)
Total transactions with non-controlling interests	-	-	-	-	(9)	(9)
Balance at 31 May 2016	10	(815)	2,957	2,152	46	2,198

**Statement of Changes in Equity
Company**

(Unaudited)

	Share capital S\$'000	Retained earnings S\$'000	Total equity S\$'000
Balance at 1 June 2016	10	(505)	(495)
Profit for the financial year	-	4,628	4,628
Total comprehensive income for the financial year	-	4,628	4,628
Contributions by and distributions to owners			
Issue of shares	13,735	-	13,735
Share issue expense	(731)		(731)
Dividends	-	(2,634)	(2,634)
Total transactions with owners	13,004	(2,634)	10,370
Balance at 31 May 2017	13,014	1,489	14,503

(Audited)

Contributions by and distributions to owners

Issue of subscribers' shares on 1 September 2015 (date of incorporation)	10	-	10
Total transactions with owners	10	-	10
Loss for the financial period	-	(505)	(505)
Total comprehensive income for the financial period	-	(505)	(505)
Balance at 31 May 2016	10	(505)	(495)

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Shares Capital – Ordinary Shares

	Number of issued shares	Issued and paid-up share capital (S\$)
Balance as at 30 November 2016	146,311,530	12,428,670
Issue of PSP Shares (Note 1)	16,100	9,966
Issued for acquisition of subsidiary (Note 2)	1,000,000	575,000
Balance as at 31 May 2017	147,327,630	13,013,636

Notes:-

- (1) The Company had on 11 January 2017 awarded 16,100 ordinary shares under the HCSS Performance Share Plan ("PSP Shares").
- (2) The Company had on 31 March 2017 issued 1,000,000 ordinary shares to Dr Julian Ong ("Dr Ong Shares"), pursuant to the sale and purchase agreement dated 1 February 2017 between the Company and Dr Ong, to acquire 51.0% of the total issued share capital in Julian Ong Endoscopy & Surgery Pte. Ltd..

The Company did not have any convertible instruments as at 31 May 2017. As at 31 May 2016, the Company had outstanding redeemable convertible loan amounting to S\$699,000 which was converted into 12,345,674 ordinary shares of the Company on 25 October 2016.

The Company did not have any treasury shares and subsidiary holdings as at 31 May 2017 and 31 May 2016.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year**

	As at 31 May 2017	As at 31 May 2016
Total number of issued shares	147,327,630	10,000

The Company did not have any treasury shares as at 31 May 2017 and 31 May 2016.

- 1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable. The Company did not have any treasury shares during, and at the end of, the financial period reported on.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable, as the Company did not have any subsidiary holdings as at the end of the current financial period reported on.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter)

Not applicable. The figures have not been audited or reviewed by the Company's auditors.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

Except as disclosed in paragraph 5 below, the accounting policies and methods of computation adopted in the financial statements for the reporting period are consistent with those disclosed in the most recently audited combined financial statements for the financial year ended 31 May 2016.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The Group has adopted all the applicable new and revised Singapore Financial Reporting Standards ("SFRS") and Interpretations of Financial Reporting Standards ("INT FRS") that are mandatory for the accounting periods beginning on or after 1 June 2016. The adoption of these new and revised SFRS and INT FRS did not result in any substantial change to the Group's and the Company's accounting policies and has no significant impact on the financial statements for the current financial reporting period.

6. **Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

Earnings per share ("EPS")	Group	
	Full Year Ended	
	31-May-17 (Unaudited)	31-May-16 (Audited)
Profit attributable to owners of the parent (S\$)	1,308,000	2,738,000
Weighted average number of ordinary shares in issue	126,888,706 ⁽¹⁾	98,752,620 ⁽²⁾
Basic EPS (S\$ cents)	1.03	2.77
Fully diluted EPS (S\$ cents) ⁽³⁾	1.19	2.65

Notes:-

- (1) For illustrative purposes, the weighted average number of ordinary shares in issue for the financial year ended 31 May 2017 was computed based on 98,752,620 ordinary shares, adjusted for issue of (i) 12,345,674 shares to the pre-placement investors in connection to the conversion of the redeemable convertible loan; (ii) 3,076,200 Shine Shares; (iii) 1,481,481 CTK Shares; (iv) 555,555 LJK Shares; (v) 100,000 CFO Shares; (vi) 30,000,000 placement shares; (vii) 16,100 PSP Shares and (viii) 1,000,000 Dr Ong Shares.
Items (i) to (v) were issued as at 25 October 2016; item (vi) was issued as at 1 November 2016; item (vii) was issued as at 11 January 2017 and item (viii) was issued as at 31 March 2017. Unless herein defined, the capitalised terms shall have the same meanings as ascribed to them in the Offer Document.
- (2) For comparative and illustrative purposes, the weighted average number of ordinary shares in issue for the financial year ended 31 May 2016 was computed based on 98,752,620 ordinary shares before the issue of shares in item (1) above.
- (3) The fully diluted EPS was adjusted for the impact from the conversion of the redeemable convertible loans as at 25 October 2016 and outstanding as at 31 May 2016 respectively.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the**

- (a) **Current period reported on; and**
(b) **Immediately preceding financial year**

Net asset value ("NAV")	Group		Company	
	31-May-17 (Unaudited)	31-May-16 (Audited)	31-May-17 (Unaudited)	31-May-16 (Audited)
NAV (S\$)	13,830,000	2,152,000	14,503,000	(495,000)
Number of ordinary shares in issue	147,327,630	116,311,530 ⁽¹⁾	147,327,630	116,311,530 ⁽¹⁾
NAV per ordinary share (S\$ cents)	9.39	1.85	9.84	(0.43)

Note:-

- (1) For comparative and illustrative purposes, the number of ordinary shares in issue as at 31 May 2016 was computed based on 116,311,530 ordinary shares immediately before the IPO.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss:-

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial year reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial year reported on

Review for the performance of the Group for the full year ended 31 May 2017 ("FY2017") as compared to the full year ended 31 May 2016 ("FY2016").

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Revenue

The Group recorded a 19.8% increase in revenue for FY2017 as compared to FY2016. The increase was mainly due to the revenue contributions from new subsidiaries during the financial year.

Other items of income

Other income, comprising mainly of fixed deposits interest, government grants, management fee income and rental income, increased by \$139,000 mainly due to government grants and the placements of fixed deposits in FY2017.

Fair value gain on derivative financial instruments arose from the re-measurement of the fair value of the derivative component of the redeemable convertible loans, which had been subsequently converted to share capital in October 2016.

Items of expenses

Inventories and consumables used increased by \$31,000 or approximately 3.0% due to an increase in medication and consumables.

Employee benefits expense increased by \$1,717,000, of which \$1,196,000 was attributable to increased headcount from new subsidiaries.

Depreciation of plant and equipment decreased by \$21,000 or approximately 10.0% due to a revision in the estimated useful life of the plant and equipment, which was partially offset by additions of plant and equipment for new subsidiaries.

Other expenses increased by \$1,734,000 in FY2017, mainly due to one-off IPO expenses of \$1,258,000 in FY2017 as compared to \$426,000 in FY2016, loss arising from striking off of three subsidiaries amounting to \$10,000, and operating expenses for new subsidiaries incorporated and acquired during FY2017.

Finance costs decreased by \$138,000 or approximately 31.1%, due to interest expense on redeemable convertible loans, which was drawn down in October 2015, and converted to share capital in October 2016.

Share of results of an associate's losses, net of tax, amounting to \$130,000 in FY2016 was due to losses recorded by the associate and additional investment in the associate. No further share of results of the associate was recognised in FY2017, as the accumulated share of losses had exceeded the Group's interest in the associate.

Profit before income tax

As a result of the abovementioned, profit before income tax dropped by \$1,807,000.

Income tax expense

Income tax expense decreased by \$303,000 or approximately 52.6% due to lower profit recorded in FY2017 compared to FY2016.

Profit after income tax

As a result of the above, profit after income tax decreased from \$2,768,000 in FY2016 to \$1,264,000 in FY2017.

Excluding the IPO expenses, interest on redeemable convertible loan and fair value gain on derivative financial instruments, profit after income tax would be \$2,783,000 in FY2017 and \$3,272,000 in FY2016. The decrease was due to higher operating expenses from business expansion, increased headcount and listing status.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The comparative performance for both the assets and liabilities are based on the Group's financial statements as at 31 May 2017 and 31 May 2016.

Non-current assets

Plant and equipment increased by \$917,000 mainly due to the acquisition of subsidiaries and the purchase of plant and equipment for 3 new clinics, partially offset by depreciation of plant and equipment.

Available-for-sale financial assets, amounting to \$100,000 arose from the investment in HSN Healthcare Pte. Ltd..

Goodwill amounting to \$3,388,000 arose from the acquisitions of Lai Bec Pte. Ltd., CTK Tan Surgery Pte. Ltd. and Julian Ong Endoscopy & Surgery Pte. Ltd. in FY2017.

Intangible assets of \$33,000 related to software purchased during the financial year and reclassification from plant and equipment, partially offset by amortisation of intangible assets.

Current assets

Inventories increased by \$78,000 due to acquisitions of subsidiaries and opening of 3 new clinics.

Trade and other receivables increased by \$799,000 due to increased receivables outstanding from patients in line with increased revenue, and advance for working capital in joint venture company, pending conversion into share capital.

Prepayment increased by \$151,000 due to insurance, rental and other expenses.

Cash and cash equivalents increased by \$2,923,000 mainly due to the net proceeds of \$6,180,000 received from the IPO.

Non-current liabilities

Derivative financial instruments relate to the fair value of the options to re-purchase granted under the sale and purchase agreements of Lai Bec Pte. Ltd. and CTK Tan Surgery Pte. Ltd..

Provision amounting to \$50,000 relate to reinstatement costs of leased premises.

Current liabilities

Trade and other payables decreased by \$1,120,000 mainly due to capitalisation of directors' loans of \$1,635,877 into shares of the Company pursuant to the Restructuring Exercise.

Redeemable convertibles loans and derivative financial instruments as at 31 May 2016 were converted into shares of the Company pursuant to the Restructuring Exercise.

Current income tax payable decreased by \$224,000 due to lower income tax expenses and the payment of income tax liabilities.

CONSOLIDATED STATEMENT OF CASH FLOWS

The Group recorded a net cash from operating activities of \$2,113,000 in FY2017 compared to \$2,799,000 in FY2016, due to payments for the IPO expenses and increased trade and other receivables.

Net cash used in investing activities amounted to \$3,258,000 in FY2017 related to the acquisitions of subsidiaries, Lai Bec Pte. Ltd., CTK Tan Surgery Pte. Ltd. and Julian Ong Endoscopy & Surgery Pte. Ltd., purchase of plant and equipment and investment in joint venture.

Net cash from financing activities amounted to \$4,068,000, arose mainly from the gross IPO proceeds received in FY2017 of \$8,100,000 offset by dividends paid of \$2,634,000. Net cash from financing activities in FY2016 amounted to \$2,800,000 mainly from the \$2,000,000 proceeds from issuance of redeemable convertible loans.

Overall, the Group recorded a net increase in cash and cash equivalents of \$2,923,000 in FY2017, due to IPO proceeds, which was offset by the acquisitions of new subsidiaries, dividends paid and purchase of plant and equipment.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable as no specific forecast or a prospect statement has been issued previously.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The slow momentum of the economy in Singapore and the region may continue to have a dampening effect on the healthcare industry in general.

During the financial year, the Group completed several acquisitions - CTK Tan Surgery Pte. Ltd. which started on 1 September 2016, Lai Bec Pte. Ltd. started on 15 November 2016 and Julian Ong Endoscopy and Surgery Pte. Ltd. started on 1 April 2017; in addition to investing in HSN Healthcare Pte. Ltd. ("HSN") on 3 January 2017.

Post financial year, the Group acquired Medical L & C Services Pte. Ltd. and Medinex Pte. Ltd., both on 1 June 2017. HSN also entered into a joint venture agreement in July 2017, to establish a joint venture company Nex Healthcare Pte. Ltd..

On the organic growth part, the Group has also recently opened 3 new centres at Dleedon, Ghim Moh and Hillford; to expand its reach into the heartlands in line with its vision of "Healthcare at your doorsteps".

Based on the current economic outlook and barring unforeseen circumstances, the Directors expect the Group to continue growing and remain profitable in financial year 2018.

11. Dividend

If a decision regarding dividend has been made: -

- (a) Whether an interim (final) dividend has been declared (recommended); and

Yes

Name of Dividend	Interim
Dividend Type	Ordinary
Dividend Amount per Share (in S\$ cents)	1.8 cents per ordinary share (one tier tax)
Tax Rate	Tax Exempt

Name of Dividend	Proposed Final
Dividend Type	Ordinary
Dividend Amount per Share (in S\$ cents)	0.7 cents per ordinary share (one tier tax)
Tax Rate	Tax Exempt

- (b) Previous corresponding period (cents)

Nil

- (c) The date the dividend is payable.

The Directors are pleased to recommend a final dividend of 0.7 cents per share amounting approximately to S\$1,047,000 in respect of the financial year ended 31 May 2017 for approval by the shareholders at the next Annual General Meeting to be convened on 26 September 2017. Including the interim dividend of 1.8 cents per share paid in January 2017, the total dividends for the financial year ended 31 May 2017 will be 2.5 cents per share.

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

- (d) The date on which Registrable Transfers receive by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.

The books closure date will be announced at a later date.

12. If no dividend has been declared/recommended, a statement to that effect

Not applicable.

13. If the group has obtained a general mandate from shareholders for interested person transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company does not have a general mandate from shareholders for interested person transactions.

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$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 \$100,000) (S\$'000)
Chee & Heah Surgical Associates Pte. Ltd. ⁽¹⁾	486	-
CH Hillford Investments Pte. Ltd. ⁽²⁾	196	-
Farrer Park Holdings Pte. Ltd. ⁽³⁾	180	-

Notes:-

- (1) Rental of approximately half of the entire clinic space at 3 Mount Elizabeth #12-06 Mount Elizabeth Hospital Singapore 228510 from Chee & Heah Surgical Associates Pte. Ltd., which is 50% owned by Dr. Heah Sieu Min ("HSM"), the Executive Director and Chief Executive Officer of the Company. Please refer to announcement made on 20 January 2017.
- (2) Lease of 182 Jalan Jurong Kechil #01-66 The Hillford Singapore 596152 from CH Hillford Investments Pte. Ltd., which is 50% owned by HSM and 50% owned by Dr. Chia Kok Hoong ("CKH"), the Executive Directors of the Company. Please refer to announcement made on 8 December 2016 and 13 December 2016.
- (3) Rental of entire clinic space at 1 Farrer Park Station Road #13-13 Connexion Singapore 217562 from Farrer Park Holdings Pte. Ltd., which is 100% owned by CKH, the Executive Director of the Company. Please refer to announcement made on 20 January 2017.

14. Use of IPO proceeds

The Company refers to the net cash proceeds amounting to S\$6.18 million (excluding listing expenses of approximately S\$1.68 million) raised from the IPO on the Catalist Board of SGX-ST on 3 November 2016.

As at the date of this announcement, 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>Amount allocated after Re-allocation</u>	<u>Amount utilised</u>	<u>Balance</u>
	<u>(S\$'000)</u>	<u>(S\$'000)</u>	<u>(S\$'000)</u>	<u>(S\$'000)</u>
Expand business operations locally and regionally ⁽¹⁾	2,800	4,000	(3,159)	841
Expand surgical facilities	1,200	1,200	-	1,200
Working capital	2,180	980	-	980
Total	6,180	6,180	(3,159)	3,021

Note:-

(1) The amount utilised was for the following:-

- (a) investment in HSN of \$800,000 as announced on 3 January 2017;
- (b) acquisition of Julian Ong Endoscopy & Surgery Pte. Ltd. of S\$1,569,100 as announced on 1 February 2017; and
- (c) acquisition of Medical L & C Services Pte. Ltd. of S\$790,160 as announced on 1 June 2017.

The above utilisations are in accordance with the intended use as stated in the change of use and re-allocation of the proceeds from the IPO as stated in the announcement dated 1 June 2017.

15. Segmented revenue and results for operating segments (of the group) in the form presented in the issuers most recently audited manual financial statements, with comparative information for the immediately preceding year

(a) Business segments

Not applicable, the Group has only a single business segment.

(b) Geographical segment

Not applicable, the Group has only one geographical segment.

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

Please refer to paragraph 8.

17. Breakdown of Group's revenue and profit/(loss) after tax for first half year and second half year

	FY2017 S\$'000	FY2016 S\$'000	Increase/ (Decrease) %
(a) Sales reported for first half year	4,281	3,853	11.1%
(b) Operating profit after tax before deducting minority interests reported for first half year	19	1,292	-98.5%
(c) Sales reported for second half year	5,194	4,054	28.1%
(d) Operating profit after tax before deducting minority interest reported for second half year	1,245	1,476	-15.7%

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

	FY2017 S\$'000	FY2016 S\$'000
Ordinary shares (tax exempt 1- tier)		
- Interim	2,634	-
- Final (Proposed) ⁽¹⁾	1,047	-
Total Annual Dividend	3,681	-

Note:-

(1) The proposed final ordinary dividend for the financial year 2017 is based on estimated number of shares outstanding as at 20 July 2017.

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

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

20. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)

The Company confirms that it has procured undertakings from all of its directors and executive officers in the required format.

BY ORDER OF THE BOARD

Dr. Heah Sieu Min
Executive Director and Chief Executive Officer
20 July 2017

*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 (the "**IPO**") was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**" or "**PPCF**").*

This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with 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.

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