

HC SURGICAL SPECIALISTS LIMITED

Incorporated in the Republic of Singapore

Registration No. 201533429G

JOINT VENTURE AND PROPOSED INVESTMENT IN NUFFIELD DENTAL HOLDINGS PRIVATE LIMITED

1. INTRODUCTION

The Board of Directors (the “**Board**”) of HC Surgical Specialists Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that it has today, entered into a joint venture (the “**Joint Venture**”) with (a) Medinex Limited (“**MDN**”), a 22.92% associated company of the Company which is listed on the Catalist board of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), (b) Shinex Capital Pte. Ltd. (“**Shinex**”), an investment holding company, and (c) Horizon Venture Pte. Ltd. (“**Horizon Venture**”), an investment holding company (each a “**Party**” and collectively known as the “**Parties**”), in respect of Zenmedic Capital Pte. Ltd. (“**Zenmedic**”) and subscribed for 625 new shares in Zenmedic, amounting to approximately 27.8% of the issued share capital of Zenmedic.

Zenmedic has today signed a three (3)-year redeemable convertible loan agreement (“**Agreement**”) with Nuffield Dental Holdings Private Limited (“**Nuffield**”), Dr Samintharaj Kumar S/O Samy Raja (“**Dr Kumar**”) and his spouse, Harvind Kaur (“**Ms Kaur**”), to grant to Nuffield the redeemable convertible loan of the principal sum of S\$2.25 million (the “**Proposed Investment**”), subject to the terms of the Agreement.

Nuffield is owned by Dr Kumar and Ms Kaur. It runs a laboratory and has a chain of nine (9) dental clinics in Singapore. It is the sole exclusive clinic network which is affiliated to Malo Clinic by way of franchise. Malo Clinic is founded in 1995, based in Portugal and recognised worldwide for its know-how and innovation, which included the All-On-4® Dental Implant Protocol. Nuffield provides treatments such as dental implants, cosmetic dentistry, veneers, crowns and bridges, teeth whitening, invisalign, wisdom teeth surgery and emergency dental services. In addition to basic dentistry, Nuffield provides chao pinhole surgery for gum recession, myofunctional orthodontics, smile makeovers, complex full mouth rehabilitation and management of nervous patients. In February 2019, Nuffield was ranked by the Straits Times as Singapore’s second fastest growing company, with compound annual growth rate of 186.8% between 2014 and 2017.¹

2. DETAILS OF THE JOINT VENTURE, ZENMEDIC

Zenmedic was incorporated on 20 September 2017 as an investment holding company. Zenmedic has been dormant since its incorporation. Horizon Venture held two (2) shares in Zenmedic, amounting to 100% of the issued share capital of Zenmedic prior to the Joint Venture. Pursuant to the Joint Venture, the Parties have subscribed for new shares in the share capital of Zenmedic and the resultant investment in Zenmedic is as set out in the table below.

¹ Straits Times, [Singapore's fastest-growing companies: The top 10](https://www.straitstimes.com/business/companies-markets/singapores-fastest-growing-companies-the-top-10), 27 February 2019
<https://www.straitstimes.com/business/companies-markets/singapores-fastest-growing-companies-the-top-10>

	Name of Party	Total capital contribution (S\$)	Number of Zenmedic Shares allotted and issued	% of the issued share capital of Zenmedic held
(i)	HC Surgical Specialists Limited	625	625	27.8%
(ii)	Medinex Limited	625	625	27.8%
(iii)	Horizon Venture Pte. Ltd.	500	500	22.2%
(iv)	Shinex Capital Pte. Ltd.	500	500	22.2%
	Total	2,250	2,250	100%

Zenmedic is intended to be used by the Parties as a special purpose vehicle for the sole purpose of investing in Nuffield.

The Joint Venture and the Proposed Investment will be funded by internal resources.

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

3. RATIONALE FOR THE JOINT VENTURE AND THE PROPOSED INVESTMENT

The Company believes that Nuffield has potential for growth. The Proposed Investment bears a simple interest rate of 5% per annum, due and payable in arrears on a semi-annual basis. It is secured by (i) a personal guarantee from the founder cum existing shareholder of Nuffield, Dr Kumar; (ii) all shares, direct and deemed, owned by Dr Kumar and Ms Kaur in Nuffield; and (iii) a right to seek a fixed and floating charge over Nuffield's fixed assets any time during the Agreement.

4. PRINCIPAL TERMS OF THE AGREEMENT

Completion of the Proposed Investment is subject to, *inter alia*, the following conditions:

- (a) executing of the personal guarantee by Dr Kumar and share charge on all direct and deemed shares of Dr Kumar and Ms Kaur, including the delivery by Dr Kumar and Ms Kaur of the share certificate(s) evidencing their ownership in Nuffield's shares and the relevant instrument of transfer executed in blank form and contents acceptable to Zenmedic and deposited with Nuffield's company secretarial agent who shall hold such documents solely as agent on behalf of Zenmedic;
- (b) entry into a valid and effective service agreement between Nuffield and MDN in relation to the provision of accounting services;
- (c) Nuffield having set up a bank account in Singapore designated for the proceeds and there shall be two (2) joint signatories for the bank account (one (1) signatory nominated from Nuffield and one (1) nominated by Zenmedic). The approval limits and signatory requirements shall be documented prior to disbursement of the Proposed Investment;
- (d) Nuffield having obtained a written waiver from Malo (in terms satisfactory to Zenmedic) to the effect that they agree not to exercise any pre-emptive right pursuant to the Agreement;
- (e) all other consents and approvals as required on the part of Nuffield under any and all applicable laws or regulations or the constitution or as required under Nuffield's contracts with any third party (including any bank or other financial institution) to enter into and/or

to give effect to the transaction(s) contemplated in the Agreement being obtained, and if such approval is obtained subject to any conditions, such conditions being acceptable to Zenmedic, and if such conditions are required to be fulfilled before the completion of the Proposed Investment, such conditions being fulfilled before the completion of the Proposed Investment;

- (f) there has been no occurrence of any event of default and no adverse material developments that have come to the attention of Nuffield that could prejudice the Zenmedic's decision to grant the Proposed Investment; and
- (g) the completion of due diligence on Nuffield to the reasonable satisfaction of Zenmedic.

5. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for their interests in the Company and as disclosed above, none of the Directors or controlling shareholders of the Company or their respective associates has any interest, direct or indirect, in the Joint Venture and the Proposed Investment.

By Order of the Board

Dr. Heah Sieu Min
Executive Director and Chief Executive Officer

2 May 2019

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 (the "SGX-ST") on 3 November 2016. The Company and its subsidiaries 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 16 clinics located throughout Singapore.

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (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 Ling Yuet Shan, Manager, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).