

**FOR IMMEDIATE RELEASE**

## HC Surgical Specialists Reports FY2020 Results

**FY2020 RESULTS HIGHLIGHTS**

- Revenue decreased 8.7% to S\$16.72 million in FY2020 due to disposal of investments in subsidiaries and circuit breaker measures of COVID-19 pandemic
- Proposes final dividend of S\$0.007 per ordinary share. In addition to the interim dividend of S\$0.013 per ordinary share, aggregate dividend will be S\$0.02 per ordinary share for FY2020

Singapore, 28 July 2020 – Catalyst-listed HC Surgical Specialists Limited (SGX:1B1) (“HCSS”, or collectively with its subsidiaries and associated company, the “Group”) today announced its financial results for the financial year ended 31 May 2020 (“FY2020”).

**Financial Overview (Group)**

S\$' million	2HFY2020	2HFY2019	Change %	FY2020	FY2019	Change %
Revenue	6.95	9.85	-29.4%	16.72	18.32	-8.7%
Gross Profit*	6.08	8.75	-30.5%	14.79	16.32	-9.4%
Profit Attributable to Owners of the Company	1.33	5.04	-73.6%	3.50	7.21	-51.5%
Earnings Per Share (S\$ cents)	0.88	3.38	-74.0%	2.33	4.83	-51.8%

*\*Gross Profit is calculated as Revenue - change in inventories – inventories, consumables and surgery expenses.*

The Group’s FY2020 revenue decreased 8.7% to S\$16.72 million primarily due to the disposal of investments in HMC Medical Pte. Ltd. (“HMC”) in July 2019 and CTK Tan Surgery Pte. Ltd. (“CTK”) in September 2019 and the circuit breaker measures of COVID-19 pandemic. This was partially offset by the increase in revenue from existing subsidiaries.

The Group recorded an increase in other income of S\$0.66 million mainly due to higher dividend income from investment in financial assets at fair value through profit or loss (“FVTPL”) of S\$0.25 million; higher government grants (including the Jobs Support Scheme) of S\$0.24 million; and dividend income from joint venture of S\$0.02 million.

Fair value gain on derivative financial instruments of S\$1.92 million arose mainly due to recognition of financial assets for put option of a subsidiary and forward purchase contract of an associate. The disposal of investments in HMC and CTK resulted in a gain of S\$0.20 million.

Employee benefits expenses decreased by S\$0.51 million due to lower provision of bonus for the current financial year.

The above gains was offset by a fair value loss on financial assets at FVTPL of S\$1.98 million due mainly to a drop in the share price of Medinex Limited, where the Company holds a direct interest of 22.92% and a deemed interest of 9.50% of the total issued share capital.

Depreciation and amortisation expenses increased and operating lease expenses decreased due to recognition of lease liabilities upon the adoption of SFRS(I) 16.

Other expenses increased by S\$0.84 million mainly due to allowance for impairment loss on goodwill of S\$0.72 million; loss on de-recognition of convertible bond of S\$0.42 million; and allowance for impairment loss of right-of-use assets and plant and equipment of S\$0.10 million and S\$0.04 million respectively. The increase in finance costs of S\$0.84 million was due to interest paid and finance cost for the equity component of the redeemable convertible bonds of S\$0.20 million and S\$0.12 million respectively; and finance cost on the re-measurement of derivative financial instruments of S\$0.49 million.

As a consequence of the aforementioned, the Group recorded a profit attributable to owners of the Company of S\$3.50 million in FY2020.

### **Dividend**

The Directors are recommending a final dividend of 0.7 Singapore cents, subject to shareholders' approval at the forthcoming Annual General Meeting to be convened. Prior to this, the Group has also paid an interim dividend of 1.3 Singapore cents per share in January 2020. In aggregate, total dividend for FY2020 amount to 2.0 Singapore cents per share, compared to 2.2 Singapore cents in the prior year.

Annotating on the Group's FY2020 results, Chief Executive Officer of HCSS, Dr. Heah Sieu Min said, ***"FY2020 ends on a challenging note with the COVID-19 pandemic and the circuit breaker measures in place in the last two months of the financial year. The Company also had a number of non-operating items that impacted the results. Nevertheless, the Group remains united and with this relentless spirit, we believe we will emerge stronger together with the nation in the coming year."***

### **Moving Forward**

The Group began operations at a new endoscopy centre at Novena Medical Clinic in May 2020, increasing the total number of endoscopy centres to 18 across Singapore; and welcomes its first female surgeon, Dr. Goh Minghui, in July 2020, bringing our team of specialists to 6.

Dr. Heah Sieu Min added, ***"The Group will continue to look out for good opportunities to create long-term value for our shareholders, while remain vigilant and focus on driving revenue, improving operating efficiencies in a bid to contain costs in this pandemic crisis."***

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Incorporated in the Republic of Singapore  
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#### About HC Surgical Specialists Limited

HC Surgical Specialists Limited (“HCSS”) was incorporated on 1 September 2015 in Singapore and listed on the Catalist of the Singapore Exchange Securities Trading Limited on 3 November 2016. HCSS 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 18 clinics located throughout Singapore. For more information, please visit HCSS’ website at [www.hcsurgicalspecialists.com](http://www.hcsurgicalspecialists.com).

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

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