

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

**Unaudited Financial Statement and Dividend Announcement
For the Half Year Ended 30 November 2017**

Background

The Company was incorporated on 1 September 2015 in Singapore under the Singapore Companies Act (Chapter 50) 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 half year ended 30 November 2017 (“**HYFY2018**”) and the comparative results of the Group for the half year ended 30 November 2016 (“**HYFY2017**”), 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		
	Half Year Ended		
	30 November 2017 (Unaudited) S\$'000	30 November 2016 (Unaudited) S\$'000	Change %
Revenue	7,704	4,281	80.0%
<i>Other items of income</i>			
Other income	55	54	1.9%
Fair value gain on derivative financial instruments	-	45	N.M.
<i>Items of expense</i>			
Inventories and consumables used	(843)	(541)	55.8%
Employee benefits expense	(2,584)	(1,337)	93.3%
Depreciation of plant and equipment	(168)	(84)	100.0%
Other expenses	(1,638)	(2,013)	-18.6%
Finance costs	-	(306)	N.M.
Share of results of an associate, net of tax	750	-	N.M.
Profit before income tax	3,276	99	3209.1%
Income tax expense	(359)	(80)	348.8%
Profit for the financial period, representing total comprehensive income for the financial period	2,917	19	15252.6%
Profit and total comprehensive income attributable to:			
Owners of the Company	2,456	104	2261.5%
Non-controlling interests	461	(85)	N.M.
	2,917	19	15252.6%

N.M. – Not meaningful

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

Profit for the financial period is stated after charging the following:	Half Year Ended	
	30 November 2017 (Unaudited) S\$'000	30 November 2016 (Unaudited) S\$'000
Bad third parties trade receivables written off	-	8
Allowance for impairment loss on doubtful Investee non-trade receivables	361	-
Amortisation of intangible asset	6	3
Depreciation of plant and equipment	168	84
IPO expenses	-	1,258

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	
	30 November 2017 (Unaudited) S\$'000	31 May 2017 (Audited) S\$'000	30 November 2017 (Unaudited) S\$'000	31 May 2017 (Audited) S\$'000
ASSETS				
Non-current assets				
Plant and equipment	1,304	1,440	34	41
Deferred tax assets	2	2	-	-
Investments in subsidiaries	-	-	5,382	4,316
Investments in associates	6,033	-	5,381	-
Available-for-sale financial assets	100	100	100	100
Held-to-maturity financial assets	2,000	-	2,000	-
Goodwill	4,377	3,388	-	-
Intangible asset	30	33	2	3
	13,846	4,963	12,899	4,460
Current assets				
Inventories	154	125	-	-
Trade and other receivables	1,693	1,544	2,890	4,165
Prepayments	206	181	92	74
Cash and cash equivalents	5,361	8,757	2,935	6,308
	7,414	10,607	5,917	10,547
Total assets	21,260	15,570	18,816	15,007
EQUITY AND LIABILITIES				
Equity				
Share capital	14,433	13,014	14,433	13,014
Treasury shares	(321)	-	(321)	-
Merger reserve	(815)	(815)	-	-
Retained earnings	3,040	1,631	1,867	1,489
Equity attributable to owners of the parent	16,337	13,830	15,979	14,503
Non-controlling interests	386	95	-	-
Total equity	16,723	13,925	15,979	14,503
Non-current liabilities				
Derivative financial instruments	36	36	36	36
Provisions	50	50	13	13
	86	86	49	49
Current liabilities				
Trade and other payables	2,428	1,238	1,222	455
Bank borrowings	1,500	-	1,500	-
Current income tax payable	523	321	66	-
	4,451	1,559	2,788	455
Total liabilities	4,537	1,645	2,837	504
Total equity and liabilities	21,260	15,570	18,816	15,007

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

Amount repayable in one year or less, or on demand

As at 30 November 2017 (Unaudited)		As at 31 May 2017 (Audited)	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	1,500	-	-

Amount repayable after one year

As at 30 November 2017 (Unaudited)		As at 31 May 2017 (Audited)	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	-	-	-

Details of collaterals

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

	Half Year Ended	
	30 November 2017 (Unaudited) S\$'000	30 November 2016 (Unaudited) S\$'000
Operating activities		
Profit before income tax	3,276	99
Adjustments for:		
Bad third parties trade receivables written off	-	8
Allowance for impairment loss on doubtful investee non-trade receivables	361	-
Amortisation of intangible asset	6	3
Depreciation of plant and equipment	168	84
Share-based payments		
- Bonus	-	27
- IPO expenses	-	498
Interest income	(18)	(26)
Interest expense	-	306
Fair value gain on derivative financial instruments	-	(45)
Share of results of an associate, net of tax	(750)	-
Operating cash flows before working capital changes	3,043	954
Working capital changes:		
Inventories	(29)	(22)
Trade and other receivables	(461)	185
Prepayments	(25)	(88)
Trade and other payables	1,179	110
Cash generated from operations	3,707	1,139
Income tax paid	(173)	(273)
Net cash from operating activities	3,534	866
Investing activities		
Interest received	18	26
Investment in held-to-maturity financial assets	(2,000)	-
Acquisition of investment in associate	(4,139)	-
Acquisition of subsidiaries, net of cash acquired	(661)	(583)
Purchase of intangible asset	(3)	-
Purchase of plant and equipment	(32)	(165)
Net cash used in investing activities	(6,817)	(722)

	Half Year Ended	
	30 November 2017	30 November 2016
	(Unaudited)	(Unaudited)
	S\$'000	S\$'000
Financing activities		
Dividends paid to owners of the Company	(1,047)	-
Dividends paid to non-controlling interests	(245)	(5)
Proceeds from issuance of ordinary shares	-	8,100
Share issue expenses	-	(731)
Proceeds from bank loans	1,500	-
Share buy-backs	(321)	-
Subscription for shares in subsidiary by a non-controlling interest	-	98
Net cash (used in) from financing activities	<u>(113)</u>	<u>7,462</u>
Net change in cash and cash equivalents	(3,396)	7,606
Cash and cash equivalents at beginning of financial period	<u>8,757</u>	<u>5,834</u>
Cash and cash equivalents at end of financial period	<u><u>5,361</u></u>	<u><u>13,440</u></u>

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	Treasury shares S\$'000	Merger reserve S\$'000	Retained earnings S\$'000	Equity attributable to owners of the Company S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
Balance at 1 June 2017	13,014	-	(815)	1,631	13,830	95	13,925
Profit for the financial period	-	-	-	2,456	2,456	461	2,917
Total comprehensive income for the financial period	-	-	-	2,456	2,456	461	2,917
Contributions by and distributions to owners							
Issue of shares	1,419	-	-	-	1,419	-	1,419
Purchase of treasury shares	-	(321)	-	-	(321)	-	(321)
Dividends	-	-	-	(1,047)	(1,047)	-	(1,047)
Total transactions with owners	1,419	(321)	-	(1,047)	51	-	51
Transactions with non-controlling interests							
Acquisition of non-controlling interests	-	-	-	-	-	75	75
Dividends	-	-	-	-	-	(245)	(245)
Total transactions with non-controlling interests	-	-	-	-	-	(170)	(170)
Balance at 30 November 2017	14,433	(321)	(815)	3,040	16,337	386	16,723
(Unaudited)							
Balance at 1 June 2016	10	-	(815)	2,957	2,152	46	2,198
Profit/(Loss) for the financial period	-	-	-	104	104	(85)	19
Total comprehensive income for the financial period	-	-	-	104	104	(85)	19
Contributions by owners							
Issue of shares	13,150	-	-	-	13,150	-	13,150
Share issue expense	(731)	-	-	-	(731)	-	(731)
Total transactions with owners	12,419	-	-	-	12,419	-	12,419
Transactions with non-controlling interests							
Subscriptions of shares by non-controlling interest in a newly-incorporated subsidiary	-	-	-	-	-	98	98
Dividends	-	-	-	-	-	(5)	(5)
Total transactions with non-controlling interests	-	-	-	-	-	93	93
Balance at 30 November 2016	12,429	-	(815)	3,061	14,675	54	14,729

**Statement of Changes in Equity
Company**

(Unaudited)

	Share capital S\$'000	Treasury shares S\$'000	Retained earnings S\$'000	Total equity S\$'000
Balance at 1 June 2017	13,014	-	1,489	14,503
Profit for the financial period	-	-	1,425	1,425
Total comprehensive income for the financial period	-	-	1,425	1,425
Contributions by and distributions to owners				
Issue of shares	1,419	-	-	1,419
Purchase of treasury shares	-	(321)	-	(321)
Dividends	-	-	(1,047)	(1,047)
Total transactions with owners	1,419	(321)	(1,047)	51
Balance at 30 November 2017	14,433	(321)	1,867	15,979

(Unaudited)

Balance at 1 June 2016	10	-	(505)	(495)
Profit for the financial period	-	-	3,781	3,781
Total comprehensive income for the financial period	-	-	3,781	3,781
Contributions by and distributions to owners				
Issue of shares	12,419	-	-	12,419
Total transactions with owners	12,419	-	-	12,419
Balance at 30 November 2016	12,429	-	3,276	15,705

- 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 31 May 2017	147,327,630	13,013,636
Issued for acquisition of subsidiary (Note 1)	448,000	275,520
Issued for acquisition of associate (Note 2)	1,860,000	1,143,900
Balance as at 30 November 2017	149,635,630	14,433,056

Notes:-

- (1) The Company had on 29 June 2017 issued 448,000 ordinary shares to Dr Lai Junxu ("Dr Lai Shares"), pursuant to the sale and purchase agreement dated 1 June 2017 between the Company and Dr Lai, to acquire 51.0% of the total issued share capital in Medical L & C Services Pte. Ltd. ("MLCS").
- (2) The Company had on 29 June 2017 issued 1,860,000 ordinary shares to Ms Jessie Low ("Jessie Shares"), pursuant to the sale and purchase agreement dated 1 June 2017 between the Company and Jessie, to acquire 49.0% of the total issued share capital in Medinex Pte. Ltd. ("Medinex").

The Company did not have any convertible instruments as at 30 November 2017 and 30 November 2016.

Treasury Shares

	Number of shares	S\$
Balance as at 1 June 2017	-	-
Purchased in HYFY2018	459,900	320,835
Balance as at 30 November 2017	459,900	320,835

The Company did not have any treasury shares as at 30 November 2016. There were no subsidiary holdings as at 30 November 2017 and 30 November 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 30 November 2017	As at 31 May 2017
Total number of issued shares excluding treasury shares	149,175,730	147,327,630

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

- 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.**

Treasury Shares

	Number of shares	S\$
Balance as at 1 June 2017	-	-
Purchased in HYFY2018	459,900	320,835
Balance as at 30 November 2017	459,900	320,835

- 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. There were no subsidiary holdings during and 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 2017.

- 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 2017. 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	
	Half year Ended	
	30-Nov-17 (Unaudited)	30-Nov-16 (Unaudited)
Profit attributable to owners of the parent (S\$)	2,456,000	104,000
Weighted average number of ordinary shares in issue	149,233,708 ⁽¹⁾	107,220,815 ⁽²⁾
Basic EPS (cents per share)	1.65 ⁽³⁾	0.10
Fully diluted EPS (cents per share)	1.65 ⁽³⁾	0.31 ⁽⁴⁾

Notes:-

- (1) The weighted average number of ordinary shares in issue for the financial period ended 30 November 2017 was computed based on 147,327,630 ordinary shares, adjusted for issue of (i) 448,000 Dr Lai Shares; and (ii) 1,860,000 Jessie Shares; and purchase of 459,900 Treasury Shares. Items (i) and (ii) were issued on 29 June 2017; and the Treasury Shares were purchased in HYFY2018.
- (2) The weighted average number of ordinary shares in issue for the financial period ended 30 November 2016 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 Ljh Shares; (v) 100,000 CFO Shares; and (vi) 30,000,000 placement shares. Items (i) to (v) were issued on 25 October 2016; and item (vi) was issued on 1 November 2016. Unless herein defined, the capitalised terms shall have the same meanings as ascribed to them in the Offer Document and previous announcements.
- (3) EPS on a fully diluted basis for the financial period ended 30 November 2017 is the same as the basic EPS because the Company did not have any potentially dilutive ordinary shares during and as at the end of the financial period ended 30 November 2017.
- (4) The fully diluted EPS was adjusted for the impact from the conversion of the redeemable convertible loans on 25 October 2016.

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	
	30-Nov-17 (Unaudited)	31-May-17 (Audited)	30-Nov-17 (Unaudited)	31-May-17 (Audited)
NAV (S\$)	16,337,000	13,830,000	15,979,000	14,503,000
Number of ordinary shares in issue	149,175,730	147,327,630	149,175,730	147,327,630
NAV per ordinary share (S\$ cents)	10.95	9.39	10.71	9.84

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 period 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 period reported on

Review for the performance of the Group for the half year ended 30 November 2017 ("HYFY2018") as compared to the half year ended 30 November 2016 ("HYFY2017").

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Revenue

The Group recorded an increase of \$3,423,000 or approximately 80.0% in revenue for HYFY2018 as compared to HYFY2017. The increase was mainly due to the full six months revenue contributions from new subsidiaries acquired in the previous financial year and during the current financial period.

Other items of income

Other income, comprised mainly of fixed deposits interest, government grants, management fee income and rental income.

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 \$302,000 or approximately 55.8% due to an increase in medication and consumables, in line with the increase in revenue.

Employee benefits expense increased by \$1,247,000 or approximately 93.3%, of which \$810,000 was attributable to increased headcount from new subsidiaries acquired or incorporated in the previous financial year and during the current financial period.

Depreciation of plant and equipment increased by \$84,000 or approximately 100.0% due to additions of plant and equipment for new subsidiaries acquired or incorporated in the previous financial year.

Other expenses decreased by \$375,000 or approximately 18.6%, mainly due to one-off IPO expenses of \$1,258,000 incurred in HYFY2017, and there were no such expenses in HYFY2018. This was partially offset by higher allowance for impairment loss on doubtful investee non-trade receivables of \$361,000 and operating expenses incurred by new subsidiaries acquired or incorporated in the previous financial year and during the current financial period.

Finance costs decreased by \$306,000 due to one-off interest expense on redeemable convertible loans, which was only drawn down in October 2015, and converted to share capital in October 2016.

Share of results of an associate, net of tax, increased by \$750,000 due to share of profits of an associate acquired during the current financial period.

Profit before income tax

As a result of the abovementioned, profit before income tax increased by \$3,177,000.

Income tax expense

Income tax expense increased by \$279,000 due to higher profit recorded in HYFY2018 compared to HYFY2017.

Profit after income tax

As a result of the above, profit after income tax increased from \$19,000 in HYFY2017 to \$2,917,000 in HYFY2018.

Excluding the IPO expenses, interest on redeemable convertible loan and fair value gain on derivative financial instruments, profit after income tax would have been \$1,538,000 in HYFY2017.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The comparative performance for both the assets and liabilities are based on the Group's financial statements as at 30 November 2017 and 31 May 2017.

Non-current assets

Plant and equipment decreased by \$136,000 mainly due to depreciation of plant and equipment, partially offset by additions of plant and equipment.

Investments in associates arose from the investment in Medinex of \$4,381,000 in June 2017, additional investment of \$1,000,000 in November 2017, and share of associate profit of \$750,000 for HYFY2018 partially offset by the dividends income of \$98,000.

Held-to-maturity financial assets comprising of bonds increased by \$2,000,000 due to investment made in HYFY2018.

Goodwill increased by \$989,000 due to the acquisition of MLCS in June 2017.

Intangible assets decreased by \$3,000 due to amortisation of software, partially offset by additional software purchased during the period.

Current assets

Trade and other receivables increased by \$149,000 mainly due to advances made to an investee company for working capital pending conversion into share capital and increased trade receivables outstanding from patients in line with increased revenue.

Prepayment increased by \$25,000 due to rental, insurance, subscriptions and other expenses.

Cash and cash equivalents decreased by \$3,396,000 mainly due to the acquisitions of MLCS and Medinex, both in June 2017, of which the portion of the consideration paid in cash amounted to \$4,027,000; additional investment in Medinex of \$1,000,000 in November 2017 and investment in held-to-maturity financial assets of \$2,000,000; partially offset by operating receipts.

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 increased by \$1,190,000 mainly due to \$800,000 balance consideration for acquisition of Medinex, and accrual of expenses such as CPF, bonus and audit fee.

Bank borrowings increased by \$1,500,000 as short-term loans for working capital purpose were drawn down during HYFY2018.

Current income tax payable increased by \$202,000 due to the higher profits generated in HYFY2018.

CONSOLIDATED STATEMENT OF CASH FLOWS

The Group recorded a net cash from operating activities of \$3,534,000 in HYFY2018 compared to \$866,000 in HYFY2017, due to higher operating receipts.

Net cash used in investing activities amounted to \$6,817,000 in HYFY2018 related to the acquisition of MLCS and Medinex, investment in held-to-maturity financial assets, and purchase of plant and equipment.

Net cash used in financing activities amounted to \$113,000 related to the payment of final dividends for FY2017 of \$1,047,000 and purchase of share buy-backs of \$321,000; partially offset by increase in bank loan of \$1,500,000.

Overall, the Group recorded a net decrease in cash and cash equivalents of \$3,396,000 in HYFY2018, due to acquisition of new subsidiary and associate and investments, which was offset by higher operating receipts.

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.

Singapore's healthcare sector is expected to face strong pricing competition from neighbouring countries, such as Malaysia and Thailand where patients are able to also receive quality medical treatment at a fraction of the cost as compared with Singapore, due to the much lower treatment, drug and room costs. Furthermore, the SGD's strength compared to the other key regional countries adds to the pressure on costs, weakening Singapore's appeal to medical tourists (*Source: Extracted from the Edge Singapore dated 20 December 2017*).

In view of the above trend which has been a concern to the industry for a long time, the Group has been mindful of its operations and expansion plans. For the six months ended 30 November 2017, the Group had acquired a new subsidiary, MLCS, on 1 June 2017, which provides both acute and chronic home care and palliative care to both private and government subsidized patients, in a bid to extend its reach to the heartlands. Concurrently, the Group also invested in Medinex, a management and service provider for the medical clinics industry, supporting mainly specialist doctors with a wide range of services.

HYFY2018 also saw the full six months impact from the Group's acquisitions made in FY2017, increasing the revenue by 80.0% to \$7,704,000 from \$4,281,000 year-on-year. We will continue to look for opportunities and suitable partners in our expansion plans.

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	Ordinary (Interim)
Dividend Type	Cash
Dividend Amount per Share (in S\$ cents)	1.1 cents per ordinary share (one tier tax)
Tax Rate	Tax Exempt

(b) Previous corresponding period (cents)

Cash dividend of 1.8 Singapore cents per ordinary share (one tier tax).

(c) The date the dividend is payable.

The dividend will be paid on 30 January 2018.

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

Notice is hereby given that the Share Transfer Books and Register of Members of the Company will be closed at 5.00 p.m. on 17 January 2018 for the purpose of determining shareholders' entitlements to the interim dividends.

Duly completed registrable transfers received by the Company's Share Registrar, Tricor Singapore Pte Ltd, 80 Robinson Road #02-00, Singapore 068898, up to the close of business at 5.00 p.m. on 17 January 2018 will be registered to determine shareholders' entitlements to the interim dividend.

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

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>(\$'000)</u>	<u>(\$'000)</u>	<u>(\$'000)</u>	<u>(\$'000)</u>
Expand business operations locally and regionally ⁽¹⁾	2,800	4,000	(3,832)	168
Expand surgical facilities	1,200	1,200	-	1,200
Working capital	2,180	980	-	980
Total	6,180	6,180	(3,832)	2,348

Note:-

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

- (a) investment in HSN Healthcare Pte. Ltd. of \$800,000 as announced on 3 January 2017;
- (b) acquisition of Julian Ong Endoscopy & Surgery Pte. Ltd. of \$1,569,100 as announced on 1 February 2017;
- (c) acquisition of Medical L & C Services Pte. Ltd. of \$790,160 as announced on 1 June 2017; and
- (d) acquisition of HMC Medical Pte. Ltd. of S\$673,000 as announced on 2 January 2018.

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. 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.

16. Negative Confirmation by the Board Pursuant to Rule 705(5) of the Catalist Listing Manual

The Board of Directors of the Company confirms, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial results for the half year ended 30 November 2017 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Dr. Heah Sieu Min
Executive Director and Chief Executive Officer
9 January 2018

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 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 Email: sponsorship@ppcf.com.sg).