

FOR IMMEDIATE RELEASE**HC Surgical Specialists Posts Higher Net Profit in 1QFY2020****1QFY2020 RESULTS HIGHLIGHTS**

- 1QFY2020 Net Profit attributable to shareholders increased 38% year-on-year to S\$1.2 million
- Revenue up 27.9% year-on-year to S\$4.9 million
- Heliconia invested S\$5 million to augment Group's expansion plans in ASEAN

Singapore, 8 October 2019 – Catalyst-listed HC Surgical Specialists Limited (SGX:1B1) (“HCSS”, or collectively with its subsidiaries and associated companies, the “Group”) today announced its financial results for the three months ended 31 August 2019 (“1QFY2020”).

Financial Overview

S\$' million	1QFY2020	1QFY2019	Change %
Revenue	4.92	3.85	27.9%
Gross Profit*	4.41	3.41	29.3%
Profit Attributable to Owners of the Company	1.21	0.88	38.0%
Earnings Per Share (\$\$ cents)	0.81	0.59	37.3%

*Gross Profit is calculated as Revenue + changes in inventories - inventories, consumables and surgery expenses.

During the quarter, the Group recorded an increase of S\$1.07 million or approximately 27.9% in revenue as compared to the corresponding quarter, primarily due to the revenue contribution from its existing and new subsidiaries acquired in FY2019 - Jason Lim Endoscopy and Surgery Pte. Ltd. (“JLES”) which commenced operations in August 2018 and Medical Services @ Tampines Pte. Ltd. where an additional 50% equity interest was acquired in September 2018.

The Group recorded an increase of other items of income of S\$0.28 million mainly due to dividend income from investment in financial assets at fair value through profit or loss (“FVTPL”) of S\$0.25 million.

Employee benefits expense increased by \$0.28 million or approximately 19.5% for 1QFY2020, due to an increase in headcount from existing and new subsidiaries acquired in FY2019, along with higher accrual of the bonus. The increase in depreciation and amortization expenses of S\$0.18 million in 1QFY2020, correspondingly offset by a similar decline in operating lease expenses is a result of the capitalization of operating leases in line with the adoption of SFRS(I) 16 *Leases*. Other expenses increased by S\$0.48 million for 1QFY2020 as compared to 1QFY2019 mainly due to loss on disposal of investment in a subsidiary amounting to S\$0.40 million.

Share of profits of an associate decreased by S\$0.05 million in comparison to 1QFY2019 due to de-recognition of investment in Medinex Limited in December 2018 upon its IPO.

As a consequence of the aforementioned, the Group’s profit attributable to the owners of the company increased by S\$0.33 million or approximately 38.0% from S\$0.88 million in 1QFY2019 to S\$1.21 million in 1QFY2020.

Annotating on the Group’s 1QFY2020 results, Chief Executive Officer of HCSS, Dr. Heah Sieu Min said, ***“Our performance during the quarter is a testament to our team of dedicated doctors and staff who continue to perform well as a result of our platform strategy, which enabled them with the necessary operational support and patient referrals for growth. ”***

Business Outlook

The Group will continue to look for opportunities and suitable partners in our expansion plans, taking into consideration the macro-economic outlook for the healthcare industry and market competition in the region.

Heliconia Capital Management Pte. Ltd. (“Heliconia”), a wholly owned subsidiary of Temasek Holdings (Private) Limited, invested S\$5.0 million in the Group via a three-year 5.5% convertible bond that is convertible at the option of Heliconia into new ordinary shares of HCSS (“Conversion Shares”) at a conversion price of S\$0.5361 per Conversion Share. Additionally, Heliconia will receive a three-year option to subscribe for up to S\$5.0 million of new ordinary shares of HCSS, at an exercise price of S\$0.62 per share. With Heliconia’s investment, the Group hopes to tap on Heliconia’s network in Vietnam to expand its presence in the country’s fast-growing healthcare market, where the Group believes that its specialist endoscopy practice will be increasingly adopted as a form of preventive healthcare for colorectal cancer, especially among the rising affluent patient segment.

Dr. Heah Sieu Min added, ***“We are exploring regional expansion with Heliconia, which has strategic network in the ASEAN region.”***

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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. 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 15 clinics located throughout Singapore.

For more information, please visit HCSS’ website at www.hcsurgicalspecialists.com.

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This press release has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, PrimePartners Corporate Finance Pte. Ltd. (the “Sponsor”) in accordance with Rules 226(2)(b) and 753(2) 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. 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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