

**SINGAPORE PAINCARE HOLDINGS LIMITED**  
Company Registration No.: 201843233N  
(Incorporated in the Republic of Singapore)

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**RESPONSES TO SGX QUERIES IN RELATION TO THE PROPOSED ACQUISITION OF 40% OF  
THE TOTAL ISSUED SHARE CAPITAL OF KCS ANAESTHESIA SERVICES PTE. LTD.**

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*Unless otherwise defined, all capitalised terms used in this announcement shall bear the same meanings ascribed to them in the Company's announcement dated 30 November 2020 (the "Announcement").*

The Board of Directors (the "**Board**") of Singapore Paincare Holdings Limited (the "**Company**") and together with its subsidiaries, the "**Group**") wishes to address the following queries raised by SGX-ST on 1 December 2020 and 2 December 2020:

**Question 1(a):**

How was the purchase consideration of S\$2.4 million for the 40% stake derived? The unaudited profit before income tax for KCS for FY2020 was S\$1.27 million.

**Company's response:**

As mentioned in the Announcement, the purchase consideration was arrived at on a willing-buyer, willing-seller basis, taking into consideration factors such as the net asset value, and past revenue and net profit of KCS, and the synergies between KCS, Dr Kong and the Group.

The purchase consideration of S\$2.4 million, which was derived from the above, translates to approximately 5.6 times of KCS' unaudited profit after tax of S\$1.07 million.

**Question 1(b):**

Please clarify if the PE of 5.6 times is a market/industry norm.

**Company's response:**

The Directors are of the view the price-to-earnings ratio ("**PE**") of 5.6 times is in line with other acquisitions in the medical industry, based on the Company's knowledge of similar transactions. Based on publicly available information, the Company has also considered that there have been acquisitions in the market based on a PE range of 6 to 8 times.

**Question 2:**

Have the accounts of the Target Company for the financial year ended 29 Feb 2020 been audited? If so, please provide the updated numbers.

**Company's response:**

No audited accounts are available as the Target Company is exempted from audit requirements under the Companies Act (Chapter 50) of Singapore.

**Question 3(a):**

While we noted that the Company has an employment contract with Dr Kong, is there a signed service contract as well? Please provide the key terms of the service contract such as the contract duration.

**Company's response:**

For clarification, the Employment Contract (as defined in the Announcement) is entered into between KCS and Dr Kong. The Company does not have any employment contract or service contract with Dr Kong.

**Question 3(b):**

Please also clarify if the Company will have any management representation in KCS, or is the business solely run by Dr Kong. Given the importance of Dr Kong to KCS and in view of the Company's intention to increase its stake in KCS in future, what are the safeguards put in place by the Company to ensure the continued service of Dr Kong?

**Company's response:**

Pursuant to the shareholders' agreement entered into between the Company and Dr Kong, the Company shall be entitled to nominate and appoint one (1) director and Dr Kong shall be entitled to nominate and appoint two (2) directors in KCS.

There is no current intention for the Company to have management representation in KCS and the business will presently be solely run by Dr Kong. Nonetheless, the board of KCS may from time to time establish management committees (and appoint such persons as may be necessary to serve as committee members) to assist them in the management of KCS. The board of KCS may from time to time appoint such other persons as may be necessary to serve as key management personnel of KCS on such terms and conditions as the board of KCS may deem fit.

The terms of the acquisition include the grant of certain put options by Dr Kong to the Company, which may be exercised in the event his employment is terminated. If exercised by the Company, Dr Kong will have to acquire all the shares of the Target Company held by the Company as at the date of exercise of the put option. As such, the Directors are of the view that the Company's interests would be safeguarded if Dr Kong ceases to be employed by the Target Company. Please refer to paragraphs 4.3(c)(ii)(2) and 4.3(c)(ii)(3) of the Announcement for further details on the put options.

By Order of the Board

Lee Mun Kam Bernard  
Executive Director and Chief Executive Officer

3 December 2020

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Singapore Paincare Holdings Limited (the "**Company**") was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 30 July 2020. The initial public offering of the Company was sponsored by Novus Corporate Finance Pte. Ltd. (the "**Sponsor**").

This announcement has been prepared by the Company and reviewed by the Sponsor, in compliance with Rule 226(2)(b) of the SGX-ST Listing Manual Section B: Rules of Catalyst.

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

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