

SINGAPORE PAINCARE HOLDINGS LIMITED

Company Registration No.:201843233N
(Incorporated in the Republic of Singapore)

RECEIPT OF LETTER OF DEMAND

1. INTRODUCTION

- 1.1 The Board of Directors (the “**Board**”) of Singapore Paincare Holdings Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) wishes to announce that its wholly-owned subsidiary, Singapore Paincare Center @ Novena Pte. Ltd. (“**Novena Paincare Center**”), had on 11 January 2024 received a letter of demand (the “**Letter of Demand**”) from solicitors acting on behalf of Paincare Marketing Int’l Pte Ltd (now known as Medbridge Marketing Pte Ltd) (“**Medbridge**”, collectively, with Novena Paincare Center, the “**Parties**”), in relation to the tenancy agreement entered on 1 August 2019 to lease the premises at 38 Irrawaddy Road, #07-33 Mount Elizabeth Novena Specialist Centre, Singapore 329563 (the “**Premise**”) for a fixed term of 36 months (the “**Tenancy Agreement**”), and the subsequent extension of lease to 31 July 2023 (the “**Extension**”).

2 SALIENT POINTS OF LETTER OF DEMAND

- 2.1 On 11 January 2024, Novena Paincare Center received the Letter of Demand and the salient points are set out below:
- (i) It was agreed for Novena Paincare Center to remain at the Premise upon the expiry of the Extension while the Parties negotiate to agree on a rental rate for the new tenancy term;
 - (ii) Negotiations between the Parties have gone on for about five (5) months since 1 August 2023 but the Parties have failed to come to an agreement on the rental rate;
 - (iii) It is alleged that notice was given on 8 January 2024 to Novena Paincare Center that the Tenancy Agreement will expire with immediate effect on 14 January 2024, and that Novena Paincare Center is to vacate the Premise by 15 January 2024;
 - (iv) In view of the ongoing negotiations, Medbridge, in the Letter of Demand, stated that it was prepared to give Novena Paincare Center an extension to stay on the Premise until 25 January 2024 on the basis that the rental payable for the month of January 2024 will be at the market rate of S\$24,750 (calculated based on S\$33 per square foot x 750 square feet). If the matter is not resolved favourably by 25 January 2024, Medbridge will not grant any further extension and Novena Paincare Center has to vacate the Premise by 31 January 2024;
 - (v) In the event that Novena Paincare Center fails to vacate the Premise by 31 January 2024, Medbridge will consider Novena Paincare Center to hold over the Premise without consent and will be liable for double rent (i.e. two times of S\$24,750) for the duration of the wrongful holding over. Medbridge will also claim for the outstanding rental, including but not limited to the rental for January 2024, at the appropriate juncture; and
 - (vi) Medbridge also demands payment of the sum of S\$78,750 within seven (7) days of the date of the Letter of Demand, being the difference between the old monthly rent of S\$9,000 and the proposed increased rental rate of S\$24,750 for the period from August 2023 to December 2023.

3 INTERESTED PERSON TRANSACTION

- 3.1 Medbridge is 100% owned by Dr. Lee Mun Kam Bernard (“**Dr. Bernard**”), the Executive Director and Chief Executive Officer of the Company. As at the date of this announcement, Dr. Bernard is also a controlling shareholder of the Company with a direct interest of 28.48% in the Company. Accordingly, the entry into any agreement with Medbridge, being an associate of Dr. Bernard, would constitute an Interested Person Transaction (“**IPT**”) pursuant to Chapter 9 of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”) and would be subject to the relevant rules under Chapter 9 of the Catalist Rules.
- 3.2 Based on the proposed increased rental of S\$24,750 per month (calculated based on S\$33 per square foot x 750 square feet) starting from 1 August 2023, which has yet to be agreed to in writing between the Parties, the rental of the Premise payable for the duration from August 2023 to December 2023 would be S\$123,750, representing approximately 1.5% of the Group’s latest audited net tangible assets (“**NTA**”), being S\$8,232,000 as at 30 June 2023.
- 3.3 In the event that Novena Paincare Center continues to rent the Premise for a further three (3) years, and subject to all required approvals, the estimated aggregate rental of the Premise payable, based on the proposed rental of S\$24,750 per month, will be approximately S\$891,000, representing approximately 10.8% of the Group’s NTA as at 30 June 2023. Accordingly, the Company is required to appoint an independent financial advisor to opine on whether such a transaction is prejudicial to the interests of the Company and its minority shareholders and to seek shareholders’ approval for such an IPT pursuant to Catalist Rule 906(1)(a), should it not be able to rely on the exemption as set out under Catalist Rule 916(1).
- 3.4 Shareholders should note that the proposed increased rental of S\$24,750 per month is used *for illustrative purposes* only. The proposed increased rental has not been agreed to by the Board and may not be the amount proposed at any meeting of the shareholders to approve the IPT.
- 3.5 The Company wishes to highlight that a property valuer was commissioned to conduct a valuation of market rental value of the Premise so as to be able to avail of the exemption under Catalist Rule 916(1). However, the indicative draft valuation of the Premise’s market rental value diverged significantly from the proposed rental rate by Medbridge, hence resulting in the impasse.
- 3.6 The Board is actively engaging with Medbridge and is evaluating all its options to resolve the matter. The Board is also currently seeking legal advice so as to respond to the Letter of Demand. Dr. Bernard, who has an interest in this matter, will recuse himself on all Board discussions and decisions relating to the aforementioned matter, and will abstain from voting on any Board decision.
- 3.7 The Company will make announcements on the same as and when there are any further material developments.

By Order of the Board

Lai Chin Yee
Non-Executive Chairman and Independent Director
17 January 2024

This announcement 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 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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