

## 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 51% OF THE TOTAL ISSUED SHARE CAPITAL OF CENTRE FOR SCREENING & SURGERY 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 announcements dated 28 February 2022 and 02 March 2022.*

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 02 March 2022.

#### Question 1

The Company is paying S\$3.264 million for its 51% interest in the Target when the Target's PBT for HY2021 was only S\$369,679 and NTA/NAV as at 31 Dec 2021 was S\$877,645.

- Please provide more information and basis in arriving the purchase consideration, and the Board's assessment on whether this is a fair value for the Proposed Acquisition.
- Did the Company conduct or intend to conduct a valuation on the Target? Otherwise, please provide reasons why a valuation is not required for the Proposed Acquisition.

#### Company's response:

The Company has conducted its evaluation with reference to the CSS's most recent three (3) years financials (namely the financial year ended 31 December ("**FY**") 2019, FY2020 and FY2021) prior to making an offer to Dr Kum. Notwithstanding that, the Company is of the view that the financial result for FY2021 is a more relevant representation of CSS's performance taking into account the COVID-19 situation. Accordingly, based on the unaudited profit before tax of CSS for FY2021 of S\$0.8 million, the purchase consideration of S\$3.264 million represented an implied price-to-earning ("**PE**") multiple of 8.0 times.

The Board is of the view that the implied PE multiple of 8.0 times is a reasonable basis for purchase consideration for the Proposed Acquisition. This is with reference to certain listed specialist healthcare companies in which their PE multiples are more than 9.0 times.

In view of the foregoing, the Company does not deem it necessary to conduct a valuation as the implied PE multiple for the Proposed Acquisition is lower than the PE multiples of certain listed specialist healthcare companies.

#### Question 2

While Dr Kum retains 49% interest of the Target, Dr Kum will be employed as a general surgeon and clinic manager of the Target.

- Please provide more details on the employment agreement such as length of employment, option to extend, any non-competition clause and whether the terms of the employment agreement are done at arms' length and within market norms.

#### Company's response:

For clarification, the Employment Agreement is entered into between CSS and Dr Kum. The Company does not have any employment contract or service contract with Dr Kum. Notwithstanding that, Dr Kum

has committed to working not less than three (3) years with CSS. In addition, pursuant to the SPA and the Employment Agreement, should Dr Kum resign and/or being terminated within 96 months from the Completion date, he undertakes to buy back all shares acquired by the Company at a price equivalent to the sum of S\$3,264,000 less any dividends and distributions received by the Company.

Further, pursuant to the Employment Agreement, Dr Kum is not allowed to engage in other business or employment outside his employment with CSS without the prior approval of CSS.

The Company is of the view that the Employment Agreement has been done at arms' length and within market norms, having taken into account the current market salary rates for specialists as well as the current salary payable to the Company's current specialists.

### **Question 3**

In the event Dr Kum's employment is terminated, Dr Kum shall purchase and acquire the 51% stake in the Target from the Company at the same consideration of S\$3.264 million less the aggregate dividends and distributions paid to and received by Dr Kum in respect of the Sell Back Shares as at the date of the Sell Back Event ("Sell Back Consideration").

- Please clarify the above sell back clause, in particular, whether the Sell Back Consideration excludes the dividends and distributions paid to and received by Dr Kum. Please confirm the recipient of the dividends and distributions.
- Please explain under what circumstances would dividends and distributions be paid to and received by Dr Kum?

### **Company's response:**

The Company has clarified its position with regards to the above sell back clause in the corrigendum announcement dated 02 March 2022 (the "**Announcement**"). The recipient of the dividends and distributions will be the Company. Please refer to the Announcement for more information.

Pursuant to the SHA, Dr Kum will be receiving dividends and distributions depending on the Target Company's performance, profitability, reserves and working capital to sustain its operation.

### **Question 4**

Who introduced Dr Kum to the Company for the Proposed Acquisition?

### **Company's response:**

The Group's Executive Director and Chief Executive Officer, Dr Bernard Lee, got acquainted with Dr Kum during a networking session. Subsequently, Dr Bernard Lee introduced Dr Kum to the Company for the Proposed Acquisition.

By Order of the Board

Lee Mun Kam Bernard  
Executive Director and Chief Executive Officer

03 March 2022

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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 Catalist.

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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