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

RESPONSES TO QUESTIONS FROM SHAREHOLDERS OF SINGAPORE PAINCARE HOLDINGS LIMITED ON ANNUAL REPORT 2020

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*Unless otherwise defined, all terms and references used herein shall bear the same meanings ascribed to them in the annual report issued to shareholders of the Company ("**Shareholders**") on 30 September 2020 (the "**Annual Report**").*

The Board of Directors (the "**Board**") of Singapore Paincare Holdings Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to address questions received from Shareholders in relation to the Annual Report for its financial year ended 30 June ("**FY**") 2020. The Company has received the following relevant and significant questions from the Shareholders and wishes to provide its responses in advance of the annual general meeting as follows:

Question 1:
Page 106 - Segment Information: As no information is provided on the foreign patient vs local, can Board elaborate on the business strategy regarding the focus market - i.e. core market is Singapore? Going forward, any other market outside Singapore?

Company's response:
With reference to Page 3 of the Annual Report, where it was mentioned that the first engine of growth is the expansion of our business locally and regionally. The Company's core market remains in Singapore. However, if opportunity arises, the Company intends to expand to other countries outside of Singapore.

Question 2:
Page 89 - Credit impaired customers - In view of the pandemic and economic recession, do we foresee more impaired customers going forward?

Company's response:
The Company wishes to highlight that the amount for credit impaired customer has been reduced from $78,461 in FY2019 to $56,242 in FY2020, which translates to a decrease of approximately 28.3%. Based on the current assessment, despite the on-going COVID-19 pandemic, the Group does not expect any material impairment loss on its trade receivables balance.

Question 3:
Page 101 - Finance cost had increased from $11K to $180K. I assume this was due mainly to Redeemable Convertible Loans ("**RCL**") interest? What is the interest rate? The next FY, these RCL finance cost will be removed from the conversion?

Company's response:
Yes, the increase in finance costs was mainly due to the RCL interest at 5.25%. The conversion of RCL had taken place on 13 July 2020. As such, we expect some finance cost to be accounted for in FY2021 upon the conversion on 13 July 2020.

Question 4:
With the border closure, what is the impact on revenue from foreign patient? If any.

Company's response:
With the closure of the border, the Company has experienced a decrease of approximately 16% in the revenue from FY2019 to FY2020 relating to certain foreign patients seeking pain care services at the specialist clinics.

Question 5:
CEO mentioned the use of TCM in paincare treatment (page 5). Is this going to be a new business segment - TCM going forward?

Company's response:
As disclosed on page 3 of the Annual Report, the Group intends to expand the range of services to become a one-stop centre for pain care treatment, and is currently exploring alternatives to western medicine such as TCM, as well as other non-medical services such as physiotherapy and rehabilitation services. The expansion to such services in the future (should it materialise) would enable the Group to provide a wider spectrum of pain treatments.

Question 6:
I refer to page 3 of the Annual Report about "Chairman's Statement". At the 2nd column, in its 2nd paragraph, it was stated that "In addition, the increasing number of insured patients in Singapore may also translate to a growing number of patients with chronic ailments who are likely to seek out private healthcare services offered by the Group." In FY2020, how many % of the Group's revenue came from insurance payout?

Company's response:
Revenue from insured patients contributed approximately 23% of the Group's revenue in FY2020.

Question 7:
I refer to page 3 of the Annual Report about "Chairman's Statement". At the 2nd column, in its 2nd paragraph, it was stated that "As the COVID-19 situation stabilises and improves, Singapore's medical tourism may also recover, enabling more foreign patients to seek treatment here." In FY2020, how many % of the Group's revenue came from foreign patients?

Company's response:
In FY2020, the revenue generated from foreign patients was approximately 11%.

Question 8:
I refer to page 86 of the Annual Report about "Investments in associates". In the 3rd paragraph, it was stated that "The key assumptions used in measuring value-in-use included revenue growth rates from -35% …" Why associates have estimated revenue growth rate of negative -35%? What went wrong?

Company's response:
The Company's associated company was not able to operate their X-ray laboratories during the period of the circuit breaker from April 2020 to June 2020. This has resulted in the assumption of the lower end of the revenue growth rate range of -35%.

Question 9:
I refer to page 81 of the Annual Report about “Intangible assets”. Can the Audit Committee share what are the changes required in key assumptions used for value-in-use calculations for recoverable amount to fall below the carrying amounts for LCPL/ HMC/ AESK/ AEF respectively? Which subsidiaries’ goodwills are most at-risk from impairment due to Covid & decline in revenue growth rate?

Company’s response:
The Company had used a conservative approach to determine the key assumptions used in the computation of the value-in-use for all of its subsidiaries. The Company believes that there are no reasonably possible changes in any key assumptions that would cause the carrying value of the unit to materially exceed its recoverable amount.

The Group’s operations generally remain essential services, and accordingly, the impact due to the COVID-19 situation is not expected to be long term.

Question 10:
I refer to page 100 of the Annual Report about “Employee benefits expenses”. As a % of the Group’s revenue, may I ask the Remuneration Committee why has Employee benefits expenses increased from 21.6% in FY2019 to 29.1% in FY2020?

Company’s response:
The Group’s headcount has increased from 10 persons in FY2019 to 42 persons in FY2020 mainly due to the acquisition of the Company’s subsidiaries, LCPL, HMC, AESK and AEF in July 2019, and the hiring of new employees in preparation for the Company’s listing on the Catalist board of the SGX-ST (the “**Listing**”).

Question 11:
I refer to page 101 of the Annual Report about “Profit before tax”. What is the nature of “Professional fees” here? How is it different from “Employee benefits expenses”?

Company’s response:
Professional fees refer mainly to listing expenses incurred in relation to the Company’s Listing, whereas employee benefits expenses refer to the directors’ fees and remuneration of the Group’s employees.

Question 12:
I refer to page 97 of the Annual Report about “Trade and other payables”. For FY2020, there were other payables to third parties of $0.325m. What were the nature of these other payables to third parties?

Company’s response:
Other payables to third parties of $0.325m was mainly amounts due to professionals in relation to the Listing.

Question 13:
What is budgeted capex likely to be in the next 2-3 years?

Company's response:
The nature of the Group's business is not capital intensive. Nonetheless, the Company intends to utilise the proceeds from the Listing for the purposes as stated in its offer document dated 30 July 2020.

By Order of the Board

Lee Mun Kam Bernard
Executive Director and Chief Executive Officer

15 October 2020

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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