

# SINGAPORE PAINCARE HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 201843233N)

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## ACQUISITION OF 100% OF THE TOTAL ISSUED SHARE CAPITAL OF BOON LAY CLINIC AND SURGERY PTE LTD AND THE USE OF IPO PROCEEDS

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### 1. INTRODUCTION

The board of Directors (the "**Board**" or "**Directors**") of Singapore Paincare Holdings Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that on 1 July 2023, the Company entered into a sale and purchase agreement (the "**SPA**") with Dr. Cynthia Chao Wen Pin ("**Dr Cynthia**") and Dr. Anthony Chao Tar Liang ("**Dr Anthony**", and together with Dr. Cynthia, the "**Vendors**") to acquire 100 ordinary shares of Boon Lay Clinic and Surgery Pte. Ltd. ("**BL**" or "**Target Company**") ("**Sale Shares**") from the Vendors, representing 100% of the total issued share capital of the Target Company, on the terms and conditions of the SPA (the "**Acquisition**"). The Acquisition has been completed on 1 July 2023 ("**Completion**").

- 1.2 In connection with the Acquisition, the Group has also agreed on terms with Dr Cynthia and Dr Anthony (the "**Locum Terms**") pursuant to which Dr Cynthia and Dr Anthony will be engaged as locum doctors of the Target Company with effect from Completion.
- 1.3 The Group is in the process of identifying a general practitioner ("**GP**") who will be stationed at BL, and will be trained in paincare related skills. Pending the identification of a GP, Dr Cynthia and Dr Anthony will continue to work at BL pursuant to the Locum Terms.

### 2. INFORMATION ON THE TARGET COMPANY AND THE VENDORS

- 2.1 The Target Company is a company incorporated in Singapore. As at the date of this announcement, the Target Company has an issued and paid-up share capital of S\$100, comprising of 100 ordinary shares. The Vendors in aggregate hold 100% of the total issued shares in the Target Company.
- 2.2 The Target Company was incorporated in 2014 and owns and operates a general practitioner medical clinic under the name "Boon Lay Clinic and Surgery Pte Ltd". It offers general medical services such as consultation for chronic diseases, and other common illnesses. BL has been operating since 1983. The Vendors have been practicing at BL for over ten years.
- 2.3 Based on the unaudited management accounts of the Target Company for the twelve-month financial period from 1 July 2021 to 30 June 2022 ("**BL FY2022**"), the net profit before income tax of the Target Company for BL FY2022 was S\$245,749; and the net tangible asset value and net asset value of the Target Company as at 30 June 2022 were both S\$303,204.

- 2.4 Dr Cynthia is an acquaintance of the Company's Executive Director and Chief Executive Officer ("ED and CEO"), Dr. Bernard Lee. The Company identified the opportunity to acquire a clinic with an established presence in the western part of Singapore, a region in which the Company currently does not have any presence.
- 2.5 The Vendors are independent third parties and not related to the Group, the Directors, the Company's substantial shareholders or controlling shareholders, and/or their respective associates. To the best of the Company's knowledge, as at the date of this announcement, the Vendors do not have any shareholding interests, directly or indirectly, in the Company.
- 2.6 Following Completion, the Target Company has become a wholly-owned subsidiary of the Company.

### 3. RATIONALE FOR THE ACQUISITION

The Acquisition is part of the Group's strategy to expand its business operations locally and to grow its client base. The Group believes that the business of the Target Company is complementary to the business of the Group and the acquisition of the Target Company will allow the Group to expand its treatment offerings and pain related management services to the Western part of Singapore. All new GPs will undergo training with the Group's ED and CEO, Dr. Bernard Lee, to pick up paincare management related skills so that they can provide such services to their patients, and be trained to recognise when a patient may require further paincare management which may require the services of the Group's other doctors.

### 4. PRINCIPAL TERMS OF THE ACQUISITION

#### 4.1 Sale and Purchase of the Sale Shares and Purchase Price

- 4.1.1 Pursuant to the terms of the SPA, the Vendors shall sell to the Company, and the Company shall acquire from the Vendors, the Sale Shares free from all encumbrances and with all rights attached thereto for a purchase consideration of **S\$1,000,000** (the "**Purchase Price**"), payable fully in cash to the Vendors in proportion to the shareholdings of the Target Company held by each Vendor, on Completion.
- 4.1.2 The Purchase Price was arrived at on a willing-buyer, willing-seller basis, after negotiations which were conducted at arm's length between the Company and the Vendors and taking into consideration factors such as the net asset value, and past revenue and net profit of the Target Company, and the synergies between the Target Company, and the Group. The Company also wishes to highlight that it had conducted its evaluation on the Purchase Price with reference to the Target Company's most recent two years' financial results (namely the financial year ended 30 June 2021 and BL FY2022). The Company had made certain adjustments to take into account proposed salaries of the GP and locum doctors of BL to each of the financial years to better reflect the Group's profits, and obtained an estimated average net profit before tax of approximately S\$233,013 ("**Estimated PBT**") over the two financial years. Accordingly, based on the Estimated PBT, the Purchase Price represents an implied price-to-earning ("**PE**") multiple of 4.3 times. The implied PE of 4.3 times is lower than the average PE multiples of comparable listed healthcare companies.

4.1.3 The Purchase Price for the Sale Shares was fully funded by the proceeds raised from the Company's initial public offer (the "IPO"). Please refer to paragraph 5 for more information.

## 5. USE OF PROCEEDS FROM IPO PROCEEDS

The Company had announced on 30 November 2020, a reallocation of a portion of its IPO proceeds from the proposed use of working capital to the proposed use of expansion of the Company's business operations locally and regionally.

As of the date of this announcement, the Company has no immediate and definite plans to utilise a significant portion of the net proceeds from the IPO proceeds to expand the Group's pain care services, and accordingly, the Company has reallocated a portion of the amount initially allocated at IPO, for the expansion of the Group's pain care services, to expand the Group's business operations locally and regionally instead (the "Reallocation"). The Company is of the view that the allocated proceeds would be better utilised to expand its business operations locally, including the Acquisition, for the rationale stated in paragraph 3 above.

Subsequent to the Reallocation and the Completion, the net proceeds from the IPO have been utilised as follows:

	Amount allocated at IPO (S\$'000)	Amount allocated pursuant to the Reallocation (S\$'000)	Amount Utilised (S\$'000)	Balance (S\$'000)
To expand the range of pain care services	1,100	100	-	100
To expand business operations locally and regionally	1,400	3,441	(3,400) <sup>(2)</sup>	41
Working Capital	1,041 <sup>(1)</sup>	-	-	-
<b>Total</b>	<b>3,541</b>	<b>3,541</b>	<b>(3,400)</b>	<b>141</b>

### Notes:

<sup>(1)</sup> S\$1.041 million of the IPO net proceeds initially allocated for the Group's working capital had been allocated to expand the Group's business operations locally and regionally. Please refer to the Company's announcement dated 30 November 2020 for more details.

<sup>(2)</sup> Utilised for (a) the acquisition of 40% of the total issued share capital of KCS Anaesthesia Services Pte. Ltd. amounting to S\$2.4 million, and (b) the acquisition of 100% of the total issued share capital of Boon Lay Clinic and Surgery Pte. Ltd. amounting to S\$1.0 million.

Save for the reallocation of proceeds as announced on 30 November 2020 and in this paragraph 5, the use of the net proceeds from the IPO is in accordance with the intended use as stated in the Company's IPO offer document dated 13 July 2020.

## 6. RELATIVE FIGURES UNDER RULE 1006 OF THE CATALIST RULES

6.1 Based on the latest announced unaudited consolidated financial statements of the Group for the six months ended 31 December 2022 (“HY2023”), the relative figures of the Acquisition on the bases set out in Rule 1006 of the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Manual Section B: Rules of Catalist Rules (“Catalist Rules”) are as follows:

<u>Rule 1006</u>	<u>Bases</u>	<u>Relative Figures</u>
(a)	The net asset value of the assets to be disposed of, compared with the Group’s net asset value.	Not applicable.
(b)	The net profits <sup>(1)</sup> attributable to the assets acquired of, compared with the Group’s net profit.	7.3% <sup>(2)</sup>
(c)	Aggregate value of the consideration given or received, compared with the Company’s market capitalisation based on the total number of issued shares excluding treasury shares.	3.2% <sup>(3)</sup>
(d)	Number of equity securities issued by the Company as consideration for an acquisition compared with the number of equity securities previously in issue.	Not applicable.
(e)	Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group’s proved and probable reserves.	Not applicable.

### Notes:

- (1) “Net profits” means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.
- (2) Computed based on the unaudited net profit before income tax of the Target Company based on its latest available accounts for the 12-month period ended 30 June 2022, pro rated on a six-month basis of S\$122,875 and the unaudited net profits before income tax of the Group for HY2023 of S\$1,677,000.
- (3) Computed based on the Purchase Price of S\$1,000,000 and the Company’s market capitalisation of approximately S\$30,781,172.88 which is determined by multiplying the number of ordinary shares in the issued share capital of the Company (“Shares”) in issue (excluding treasury shares) of 171,006,516 by the volume weighted average price of S\$0.18 per Share on 30 June 2023, being the last market day immediately preceding the date of the SPA, on which Shares were traded.

As the relative figure computed on the bases set out in Rule 1006(b) exceeds 5% but does not exceed 75%, the Acquisition constitutes a “discloseable transaction” under Chapter 10 of the Catalist Rules.

## 7. PRO FORMA FINANCIAL EFFECTS OF THE ACQUISITION

7.1 The following financial effects of the Acquisition on the Group are for illustrative purposes only and do not reflect either the actual financial effects of the Acquisition on the Group or the future financial performance and/or position of the Group immediately following the Completion.

7.2 For illustrative purposes only, the financial effects of the Acquisition have been prepared based on the latest announced audited financial statements of the Group for the financial year ended 30 June 2022 and the unaudited management accounts of the Target Company for the trailing twelve-month financial period from 1 July 2021 to 30 June 2022 and based on the following assumptions:

- (a) the Acquisition had been completed on 30 June 2022 for the purposes of illustrating the financial effects on net tangible assets (“**NTA**”) per Share of the Group;
- (b) the Acquisition had been completed on 1 July 2021 for the purposes of illustrating the financial effects on the earnings per Share (“**EPS**”) of the Group; and
- (c) the NTA per Share and EPS per Share are computed based on 179,623,416 Shares as at 30 June 2022.

### 7.3 NTA

	Before the Acquisition	After the Acquisition
Net Tangible Asset Value – S\$	15,702,892	16,006,096
Total number of issued shares	179,623,416	179,623,416
Net Tangible Asset per share – S\$	0.09	0.09

*\*Net Tangible Asset Value refers to net tangible assets attributable to equity holders of the Company.*

### 7.4 EPS

	Before the Acquisition	After the Acquisition
Earnings attributable to owners of the Company – S\$	3,901,373	4,125,754
Weighted average number of issued shares	179,623,416	179,623,416
Earnings per Share (Singapore cents)	2.17	2.30

## 8. SERVICE CONTRACTS

No person is proposed to be appointed to the Board in connection with the Acquisition. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

## 9. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company or their respective associates has any interest, direct or indirect, in the Acquisition other than through their respective shareholdings (if any) in the Company.

## 10. DOCUMENT FOR INSPECTION

A copy of the SPA is available for inspection at the registered office of the Company at 601 Macpherson, #06-20/21, Grantral Mall, Singapore 368242 during normal business hours for a period of three (3) months commencing from the date of this announcement.

By Order of the Board

Lee Mun Kam Bernard  
Executive Director and Chief Executive Officer

1 July 2023

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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.

The contact person for the Sponsor is Mr. Pong Chen Yih, Chief Operating Officer, at 7 Temasek Boulevard, #18-03B Suntec Tower 1, Singapore 038987, telephone (65) 6950 2188.