SINGAPORE PAINCARE HOLDINGS LIMITED

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

ACQUISITION OF 100% OF THE TOTAL ISSUED SHARE CAPITAL OF PTL SPINE & ORTHOPAEDICS PRIVATE LIMITED AND THE REALLOCATION OF USE OF PROCEEDS FROM THE PLACEMENT

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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 14 March 2023, the Company entered into a sale and purchase agreement (the "**SPA**") with Dr Thng Leong Keng Paul ("**Dr Paul**") and Ms. Ong Geok Kim (**" Ms. Ong"**, and together with Dr Paul, the "**Vendors**") to acquire 1,000 ordinary shares of PTL Spine & Orthopaedics Private Limited ("**PTL**" or "**Target Company**") ("**Sale Shares**") 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 14 March 2023 ("**Completion**").

1.2 In connection with the Acquisition, the Group has also entered into an employment agreement with Dr Paul dated 14 March 2023 (the "**Employment Agreement**") pursuant to which Dr Paul will be employed as a Senior Orthopaedic Surgeon of the Target Company with effect from Completion. For the avoidance of doubt, the Employment Agreement is entered into between PTL and Dr Paul.

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$1,000, comprising of 1,000 ordinary shares. The Vendors in aggregate hold 100% of the total issued shares in the Target Company, in equal proportion.

2.2 The Target Company owns and operates a medical clinic under the name "PTL Spine & Orthopaedics" and specialises in orthopaedic conditions, especially in relation to neck, back, spine, knee and other joints.

2.3 Based on the unaudited management accounts of the Target Company for the six-month financial period from 1 July 2022 to 31 December 2022 ("**PTL HY2022**"), the net profit before income tax of the Target Company for PTL HY2022 was S$34,911; and the net tangible asset value and net asset value of the Target Company as at 31 December 2022 were both S$99,300.

2.4 Dr Paul is an orthopaedic surgeon and founded PTL in 2014. Dr Paul is recognised for his skills in both minimally invasive as well as surgical procedures especially in the treatment of spine and spinal surgery.

2.5 Dr Bernard Lee, Executive Director and Chief Executive Officer of the Company has been acquainted with Dr Paul for more than a decade. The Acquisition arose as Dr Lee spotted an opportunity to achieve the Group's stated goal of broadening its treatment offerings to include the treatment of pain related to a disparate branch of medicine such as orthopaedic.

2.6 Save as disclosed above, 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.

2.7 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 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 to include surgical options for pain related to orthopaedic conditions in view of the Group's stated goal of broadening its business operations and treatment offerings to include the treatment of pain in other branches of medicine, as well as to complement the current pain care services provided by the Group.

4. PRINCIPAL TERMS OF THE ACQUISITION

4.1 <u>Sale and Purchase of the Sale Shares and Purchase Price</u>

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$3,121,668** (the "**Purchase Price**"), payable fully in cash to the Vendors in equal proportion, 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, Dr Paul 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 four years financials (namely the financial year ended 31 December ("**FY**") 2019, FY2020, FY2021 and FY2022). The Company had made the necessary adjustments to each of the financial years and obtained an estimated average net profit before tax of approximately S$364,000 ("**Estimated PBT**") over the four financial years. Accordingly, based on the Estimated PBT, the Purchase Price represented an implied price-to-earning ("**PE**") multiple of 8.6 times. The implied PE of 8.6 times is lower than the average PE multiple of comparable listed specialist healthcare companies. As such, the Company does not deem it necessary to conduct a valuation as the implied PE multiple for the Acquisition is lower than the average.

4.1.3 The Purchase Price for the Sale Shares shall be fully funded through the net proceeds raised from the Company's private placement on 27 November 2020 (the "**Placement**"). Please refer to paragraph 5 for more information.

4.2 Terms of Cessation of Employment

In the event Dr Paul's employment under the Employment Agreement is terminated:

(a) by Dr Paul pursuant to a notice given by Dr Paul; and/or

(b) by the Company due to certain defaults by Dr Paul as set out in the Employment Agreement,

at any time before the date falling seventy-two (72) months from the date of Completion, Dr Paul acknowledges the loss which the Company has or will suffer and agrees to pay certain sums to the Company of up to **S$3,000,000** on a reducing balance pursuant to the terms of the Employment Agreement.

5. USE OF PROCEEDS FROM THE PLACEMENT

As the Company has no immediate and definite plans to utilise a significant portion of the net proceeds from the Placement to expand the Group's pain care services, the Company has reallocated a portion of the amount initially allocated 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 Placement have been utilised as follows:

	Amount allocated (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	**1,975**	**828**	**-**	**828**
To expand business operations locally and regionally	**1,975**	**3,122**	**(3,122)**	**-**
Total	**3,950**	**3,950**	**(3,122)**	**828**

Save for the Reallocation, the use of the net proceeds from the Placement is in accordance with the intended use as stated in the announcement dated 17 November 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:

Rule 1006	Bases	Relative Figures
(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[1] attributable to the assets acquired of, compared with the Group's net profit.	2.1%[2]
(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.	7.9%[3]
(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 100% of the unaudited net profit before income tax of the Target Company for PTL HY2022 of S$34,911 and the unaudited net profits before income tax of the Group for HY2023 of S$1,677,188.

(3) Computed based on the Purchase Price of S$3,121,668 and the Company's market capitalisation of approximately S$39,331,499, 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$0.23 per Share on 13 March 2023, being the last market day immediately preceding the date of the SPA that the Shares were traded.

As the relative figure computed on the bases set out in Rule 1006(c) 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	15,703,892
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	4,001,407
Weighted average number of issued shares	179,623,416	179,623,416
Earnings per Share (cents)	2.17	2.23

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

14 March 2023

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 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.

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.