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

QUALIFIED OPINION BY INDEPENDENT AUDITORS ON THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 AND MATERIAL VARIANCES BETWEEN THE UNAUDITED FINANCIAL STATEMENTS AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

QUALIFIED OPINION

Pursuant to Rule 704(4) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (**"SGX-ST"**) (the "**Catalist Rules**"), 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 its independent auditors, BDO LLP (**"Auditors**") have issued a qualified opinion in relation to the Group in their report (the **"Independent Auditors' Report"**) in relation to the preparation of the Group and the Company for the financial year ended 30 June 2024 results (the **"Audited Financial Statements**").

A copy of the Independent Auditors' Report is attached to this announcement as Appendix I.

MATERIAL VARIANCE BETWEEN UNAUDITED FINANICAL STATEMENTS AND AUDITED FINANCIAL STATEMENTS

The Board of the Company refers to the Company's full year unaudited financial results announcement for the financial year ended 30 June 2024 (**"FY2024"**) made on 29 August 2024 via the SGXNET (**"Preliminary Unaudited Results"**).

Pursuant to Rule 704(5) of the Catalist Rules, the Board wishes to announce that subsequent to the release of the Preliminary Unaudited Results, the Auditors have proposed certain adjustments between the Preliminary Unaudited Results and the Audited Financial Statements in respect of the statements of financial position and consolidated statement of cash flows, which the management of the Company has adopted accordingly.

The details and explanation of the material variances between the Audited Financial Statements and the Preliminary Unaudited Results are attached to this announcement as Appendix II. Shareholders of the Company (**"Shareholders**") are advised to read the Audited Financial Statements set out in the Company's annual report for FY2024, which will be released on SGXNet on 10 October 2024.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers if they have any doubt about the actions they should take.

By Order of the Board

Lee Mun Kam Bernard
Executive Director and Chief Executive Officer
10 October 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 Catalist.*

The contact person for the Sponsor is Mr. Pong Chen Yih, Chief Operating Officer, at 7 Temasek Boulevard, #04-02, Suntec Tower 1, Singapore 038987, telephone (65) 6950 2188.

APPENDIX I

The Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT
To the Members of Singapore Paincare Holdings Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Singapore Paincare Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 June 2024;
- the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows of the Group for the financial year then ended; and
- notes to the financial statements, including material accounting policy information.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2024, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Basis for Qualified Opinion

As disclosed in Note 7 to the accompanying financial statements, the Company acquired 25% stake in a partnership registered in the People's Republic of China (PRC) for a consideration of RMB 2million (equivalent to $372,000). Due to the limited information available at the date of our report, we were unable to obtain sufficient appropriate audit evidence to determine the appropriateness of the accounting treatment for this acquisition. Consequently, we were unable to determine whether any adjustments to the statement of financial position of the Group as at 30 June 2024 and consolidated statement of comprehensive income for the year ended 30 June 2024 were necessary, including the relevant disclosures made in the Group's financial statements.

We conducted our audit in accordance with Singapore Standards on Auditing ("SSA"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current financial year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTER	AUDIT RESPONSE
1	**Impairment assessment of goodwill**
As at 30 June 2024, the Group's goodwill amounted to approximately $13,546,000. In accordance with SFRS(I) 1-36 *Impairment of Assets*, the Group is required to test goodwill for impairment annually, or more frequently if there are indicators that goodwill may be impaired. For the purpose of impairment assessment, the management applied the value-in-use (discounted cash flow forecasts) method to determine the recoverable amounts for the respective cash generating units to which the goodwill belongs. Any shortfall between the recoverable amount and the carrying amount of the respective cash generating unit would be recognised as an impairment loss. Arising from the assessment, no impairment loss of goodwill was recognised during the financial year. We have determined impairment assessment of goodwill to be a key audit matter as the impairment assessment involved management's significant judgements and estimates with regard to the key assumptions used in estimating the discounted future cash flows, including the revenue growth rates, average gross margin and the discount rate. Refer to Note 4 to the accompanying financial statements.	We performed the following audit procedures, amongst others: • Reviewed the robustness of management's budgeting process by comparing the actual results to previously forecasted results; • Discussed with management and assessed the reasonableness of management's key assumptions and estimates applied by comparing revenue growth rates, average gross margin and discount rate against historical data and recent trends and market outlook, as appropriate; • Performed sensitivity analysis of the key assumptions, including the revenue growth rates, average gross margin and discount rate, used in the discounted cash flow forecasts; • Engaged our internal valuation specialist to evaluate the reasonableness of the discount rate used; and • Assessed the adequacy of the disclosures in the financial statements with respect to the goodwill impairment assessment.

KEY AUDIT MATTER	AUDIT RESPONSE
2	**Impairment assessment of carrying amounts of investments in subsidiaries**
As at 30 June 2024, the carrying amount of the Company's investments in subsidiaries with indicators of impairment amounted to approximately $5,026,000 which comprise unquoted equity shares and deemed investment arising from advances to subsidiaries. The management carried out an impairment assessment of these investment to determine whether an impairment loss in relation to investments in subsidiaries should be recognised in the financial statements. Management determined the recoverable amounts based on the value-in-use calculations by estimating the expected discounted future cash flows to be derived from the investments in those subsidiaries. Arising from the assessment, no impairment loss was recognised on the investments in subsidiaries during the financial year. We focused on the impairment assessment of the subsidiaries as a key audit matter owing to the significant management judgements and estimates involved in the key assumptions used in estimating the expected discounted future cash flows, including the revenue growth rates, average gross margin and the discount rates Refer to Note 5 to the accompanying financial statements.	We performed the following audit procedures, amongst others: • Reviewed management's assessment for indicators of impairment relating to investments in subsidiaries and determination of the recoverable amount of the subsidiaries if there are such indicators; • Reviewed the robustness of management's budgeting process by comparing the actual results to previously forecasted results; • Discussed with management and assessed the reasonableness of management's key assumptions and estimates applied in value-in-use calculations by comparing revenue growth rates, average gross margin and discount rate against historical data and recent trends and market outlook, as appropriate; • Performed sensitivity analysis of the key assumptions, including the revenue growth rates, average gross margin and discount rate, used in the discounted cash flow forecasts; • Engaged our internal valuation specialist to evaluate the reasonableness of the discount rate used; and • Assessed the adequacy of the disclosures in the financial statements with respect to the impairment assessment of investments in subsidiaries.

KEY AUDIT MATTER	AUDIT RESPONSE
3	**Fair value measurement of financial asset at fair value through profit or loss ("FVTPL") held by its joint venture, Singapore Paincare Capital Pte. Ltd. ("SPCC")**
Included in the Group's share of results of joint venture, net of tax, amounted to approximately \$578,000 was fair value gain arising from financial asset at FVTPL of \$690,000. On 12 June 2023, the Group through its joint venture, SPCC subscribed 2,777,778 Series A+ preferred shares in PuXiang Healthcare Holding Limited ("PUXH") ("Series A+ Shares"). According to the terms of the investment agreement, upon occurrence of certain events, the holder of Series A+ Shares shall have the right to require Key Parties and Founder Holdcos to purchase all or any portion of the Series A+ Shares ("Series A+ Put Option). The Series A+ Shares and Series A+ Put Options (collectively "Investments") are classified as financial asset at FVTPL in SPCC's statement of financial position. As at 30 June 2024, the fair value of this financial asset recorded in SPCC's statement of financial position was \$8,831,000. Accordingly, SPCC recorded a fair value gain of \$1,350,000 for the year ended 30 June 2024. The Group equity accounted for its share of the fair value gain of the financial assets amounting to \$690,000 in its consolidated statement of comprehensive income. We have determined fair value measurement of financial assets at FVTPL held by SPCC to be a key audit matter owing to the significant management judgements and estimations including the probability of a successful initial public offering of PUXH, earnings multiples and volatility rate involved in determining the fair value of financial instrument at FVTPL as at the financial year end, considering that the fair values are measured using significant unobservable inputs (Level 3). Refer to Note 6 to the accompanying financial statements.	We performed the following audit procedures, amongst others: • Reviewed the valuation report issued by the external valuer and, with the assistance of our internal valuation specialist, assessed the appropriateness of valuation methods and reasonableness of the key assumptions used in determination of fair value of financial instrument at FVTPL held by SPCC; • Assessed the independence and competency of the external valuer which included considering their experiences and qualification in performing valuations for financial instrument at FVTPL; and • Discussed with the external valuer on the valuation methodologies, key judgements and estimation used and the results of their work.

INDEPENDENT AUDITORS' REPORT

To the Members of Singapore Paincare Holdings Limited (Continued)

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the *Basis for Qualified Opinion* section above, we were unable to obtain sufficient appropriate evidence to determine the appropriateness of the accounting treatment for the acquisition. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT
To the Members of Singapore Paincare Holdings Limited (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, except for the matter described in the *Basis for Qualified Opinion* section of our report, the accounting and other records required by the Act to be kept by the Company, and by those subsidiary corporations in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Tan Boon Kai.

BDO LLP
Public Accountants and
Chartered Accountants

Singapore
9 October 2024

APPENDIX II

1. **The Audited Statement of Financial Position (for the Company and the Group), together with the comparative Preliminary Unaudited Results, for FY2024**

	Group			Company			
	Audited 30-Jun 2024 $'000	**Unaudited 30-Jun 2024 $'000**	**Change %**	**Audited 30-Jun 2024 $'000**	**Unaudited 30-Jun 2024 $'000**	**Change %**	**Explanatory Note**
ASSETS							
Non-current assets							
Plant and equipment	8,653	8,703	(0.6)	608	608	-	1
Intangible assets	13,577	14,219	(4.5)	31	31	-	1
Investments in associates	946	574	64.8	884	512	72.7	2
Investment in joint venture	4,625	4,625	-	4,080	4,080	-	
Other receivables	24	24	-	2,738	2,738	-	
Investments in subsidiaries	-	-	-	20,593	21,423	(3.9)	
Derivative financial assets	-	-	-	-	-	-	
	27,825	28,145		28,934	29,392		
Current assets							
Inventories	1,564	1,682	(7.0)	-	-	-	1
Trade and other receivables	3,081	3,202	(3.8)	3,636	3,636	-	1
Prepayments	277	283	(2.1)	58	58	-	1
Cash and bank balances	6,857	6,917	(0.9)	1,325	1,325	-	1
	11,779	12,084		5,019	5,019		
Non-current asset classified as held for sale	996	-	n.m.	830	-	n.m.	1
Total current assets	12,775	12,084		5,849	5,019		
Total assets	**40,600**	**40,229**		**34,783**	**34,411**		
EQUITY AND LIABILITIES							
Equity							
Share capital	25,684	25,684	-	25,684	25,684	-	
Treasury shares	(1,731)	(1,731)	-	(1,731)	(1,731)	-	
Merger reserve	(5,553)	(5,553)	-	-	-	-	
Other reserves	177	177	-	412	412	-	
Retained earnings	3,922	3,922	-	3,977	3,977	-	
Equity attributable to owners of the Company	22,499	22,499		28,342	28,342		
Non-controlling interests	529	(264)	n.m.	-	-	-	3
Total equity	**23,028**	**22,235**		**28,342**	**28,342**		

n.m.: Not Meaningful

1. **The Audited Statement of Financial Position (for the Company and the Group), together with a comparative Preliminary Unaudited Results, for FY2024 (Continued)**

	Group			**Company**			
	Audited 30-Jun 2024 $'000	**Unaudited 30-Jun 2024 $'000**	**Change %**	**Audited 30-Jun 2024 $'000**	**Unaudited 30-Jun 2024 $'000**	**Change %**	**Explanatory Note**
Non-current liabilities							
Bank borrowings	600	600	-	600	600	-	
Lease liabilities	5,805	5,805	-	844	844	-	
Derivative financial instruments	62	62	-	62	62	-	
Deferred tax liabilities	718	718	-	85	85	-	
Other payables	410	1,203	(65.9)	-	-	-	3
Provisions	154	156	(1.3)	22	22	-	1
	7,749	**8,544**		**1,613**	**1,613**		
Current liabilities							
Trade and other payables	3,699	3,402	8.7	1,415	1,043	35.7	(Group)1,2 (Company) 2
Bank borrowings	3,126	3,126	-	3,126	3,126	-	
Contract liabilities	81	81	-	-	-	-	
Lease liabilities	1,925	1,953	(1.4)	287	287	-	1
Income tax payable	888	888	-	-	-	-	
	9,719	9,450		4,828	4,456		
Liabilities directly associated with the asset held for sale	104	-	n.m.	-	-	-	1
Total current liabilities	9,823	9,450		4,828	4,456		
Total liabilities	**17,572**	**17,994**		**6,441**	**6,069**		
Total equity and liabilities	**40,600**	**40,229**		**34,783**	**34,411**		

n.m.: Not Meaningful

2. The Audited Consolidated Statement of Cash Flows (for the Group), together with a comparative Preliminary Unaudited Results, for FY2024

	Group			
	Audited 30-Jun 2024 $'000	Unaudited 30-Jun 2024 $'000	Variance $'000	Explanatory Note
Operating activities (only affected line items are listed below)				
Trade and other payables and contract liabilities	-87	33	-120	4
Net change in operating activities			**-120**	
Financing activities (only affected line items are listed below)				
Repayment of bank borrowings	-2,307	-2,421	114	4
Interest paid	-235	-241	6	
Net change in financing activities			**120**	

Explanatory Note 1:

During the financial year ended 30 June 2024, the management had taken necessary action to dispose of one of the Group's wholly owned subsidiary, AE Medical Fernvale Pte. Ltd. ("**AEF**") which principal activities were those of operation of medical clinic and the provision of medical services. The assets and liabilities related to AEF was then classified as non-current asset held for sale in the statements of financial position.

Explanatory Note 2:

Recognition of RMB 2,000,000 ($372,000) investment in associate, Shanghai Gong Pu Sheng Jia Medical Management center ("**SHGP**"). This gives rise to other payables recognised at the same time for an amount of $372,000 of which $94,000 is due for payment to third parties and $278,000 which is due to SHGP no later than 30 June 2029. Both payments were made on 24 September 2024.

Explanatory Note 3:

Reclassification from Other Payables to Non-controlling interests due to deemed capital contributions from non-controlling interests.

Explanatory Note 4:

Late adjustment in relation to bank borrowings and trade and other payables.