

SINGAPORE PAINCARE HOLDINGS LIMITED

Company Registration No.: 201843233N

(Incorporated in the Republic of Singapore)

- (I) INCORPORATION OF NEW SUBSIDIARY, MEDIHEALTH CLINIC PTE. LTD.;
 - (II) SHAREHOLDERS AGREEMENT ENTERED INTO WITH DR CHIA WAI TUCK, XAVIER IN RESPECT OF MEDIHEALTH CLINIC PTE. LTD.; AND
 - (III) SALE AND PURCHASE AGREEMENT ENTERED INTO WITH HEALTHGIVERS PTE. LTD. FOR THE PROPOSED ACQUISITION OF THE BUSINESS AND ASSETS OF HEALTHGIVERS PTE. LTD.
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1. INTRODUCTION

1.1 The board of directors ("**Board**" or the "**Directors**") of Singapore Paincare Holdings Limited ("**Company**", and together with its subsidiaries, collectively the "**Group**") wishes to announce that, on 20 April 2021:

- (a) the Company incorporated a new subsidiary known as Medihealth Clinic Pte. Ltd. ("**MHC**"), with Dr Chia Wai Tuck, Xavier ("**Dr Chia**");
- (b) the Company entered into a shareholders agreement ("**SHA**") with Dr Chia pursuant to which the Company and Dr Chia had agreed to regulate their relationship as shareholders of MHC; and
- (c) MHC entered into a conditional sale and purchase agreement ("**SPA**") with (1) Dr Khaw Seng Ghee ("**Dr Khaw**"); and (2) Healthgivers Pte. Ltd. ("**Vendor**"), pursuant to which MHC shall acquire the Vendor's general health clinic operated under the style of "Medihealth Bishan Clinic & Surgery" ("**Business**"), as a going concern and all property, assets and rights of the Vendor used in the conduct of the Business, including the goodwill, fixed assets, contracts, intellectual property rights and inventory ("**Assets**"), but excluding trade debts owed to the Vendor at the Completion Date (as defined below) (the "**Proposed Acquisition**").

1.2 Details of MHC, the SHA and the Proposed Acquisition are set out below.

2. INFORMATION ON MHC, DR CHIA AND THE SHA

2.1 Information on MHC

MHC has been incorporated under the laws of Singapore on 20 April 2021, with an initial issued and paid-up share capital of S\$100 divided into 100 ordinary shares (“**MHC Shares**”). The shareholdings of MHC are as follows:

		No. of MHC Shares held	% of total share capital of MHC
(i)	Company	60	60
(ii)	Dr Chia	40	40

MHC, a 60% subsidiary of the Company, was incorporated as a joint venture vehicle of the Company and Dr Chia to carry out the Proposed Acquisition and to manage and operate the Business following the completion of the Proposed Acquisition.

The incorporation of MHC was funded through internal resources of the Group and is not expected to have any material impact on the consolidated net tangible assets and earnings per share of the Group for the current financial year ending 30 June 2021.

2.2 Information on Dr Chia

Dr Chia graduated from the National University of Singapore in 2013 with a Bachelor of Medicine and Bachelor of Surgery. After graduating, he practised in various government restructured hospitals, including rotations in general medicine, orthopaedic surgery, general surgery and anaesthesia. Additionally, Dr Chia was a resident in the Anaesthesiology Residency Program with the National University Health System, where he gained invaluable experience in intensive care and pain management (acute and chronic) and was previously a general practitioner at OneCare Clinic Canberra and OneCare Clinic Tampines.

Dr Chia is not related to the Company’s Directors, or controlling shareholders and/or their respective associates.

2.3 Salient Terms of the SHA

(a) *Effective date of SHA*

The SHA will take effect from the date of completion of the Proposed Acquisition (“**Completion Date**”) pursuant to the terms of the SPA.

(b) *Conduct of MHC*

The parties to the SHA shall (a) promote the best interests of MHC; and (b) ensure that the Business is conducted in accordance with sound and good business practice and the highest ethical and medical standards.

Subject to the terms of the SHA, the Company and Dr Chia shall be entitled to nominate and appoint two (2) directors and one (1) director on the board of MHC respectively.

Dr Chia shall be responsible for the day to day operation and management of MHC.

(c) *Funding*

Under the terms of the SHA, the Company shall provide a shareholders' loan to MHC for the purposes of financing the acquisition of the Business and Assets under the SPA ("**Acquisition Loan**"). The Acquisition Loan shall bear interest ("**Interest**") at 2.5% per annum computed daily on the outstanding Acquisition Loan. The Acquisition Loan shall be repaid to the Company in 60 equal monthly instalments (each a "**Repayment Instalment**"). The first Repayment Instalment shall be due on such date falling one (1) month following the disbursement of the Acquisition Loan. MHC shall pay to the Company, together with each Repayment Instalment, such Interest accrued and outstanding as at the date of payment of the relevant Repayment Instalment.

Save in respect of the Acquisition Loan, any subsequent financing from the shareholders of MHC (if required) shall be granted to MHC in the proportion equal to the proportion of their respective shareholdings in MHC.

2.4 Rationale for the SHA

MHC was incorporated as a joint venture vehicle of the Company and Dr Chia where the Company will provide the funding for the Proposed Acquisition and Dr Chia will contribute his professional skills to manage and operate the Business following the completion of the Proposed Acquisition. The Board believes the management and operation of the Business under a joint venture with Dr Chia is in the best interest of the Group as it would align the interest of Dr Chia with that of MHC and the Group.

3. INFORMATION ON THE PROPOSED ACQUISITION

3.1 Information on the Vendor and Dr Khaw

The Vendor is a company incorporated under the laws of Singapore. The Vendor operates and manages a general health clinic operated under the style of "Medihealth Bishan Clinic & Surgery" located at 121 Bishan Street 12, #01-95, Singapore 570121.

Dr Khaw is the sole shareholder of the Vendor, and practices as a general physician with the Vendor's clinic.

3.2 Consideration

- (a) Subject to such adjustment set out in paragraph 3.2(c) below, the total price for the Business and Assets to be paid by MHC to the Vendor is S\$585,000 ("**Consideration**"), payable in cash.
- (b) An amount equivalent to ten per cent (10%) of the Consideration shall be paid as a deposit ("**Deposit**") by MHC to the Vendor on the date of the SPA. On Completion Date,

the Deposit shall be treated as partial payment towards the satisfaction of the Consideration and MHC shall pay an amount equivalent to the Consideration less the Deposit to the Vendor. In the event the SPA shall be terminated due to the breach, default or contravention of the terms by the Vendor, the Vendor shall forthwith, and in any event, no later than three (3) business days from the date of termination, refund the Deposit to MHC.

- (c) MHC and the Vendor shall jointly conduct a stock take of the drugs and medication owned by the Vendor to determine the quantity and value of the medicine inventory as at the Completion Date (“**Relevant Inventory**”), such stock take to be completed no later than the date falling fourteen (14) days following the Completion Date. Upon completing the stock take, if the aggregate value of the Relevant Inventory is determined by the parties to be:
 - (i) less than S\$25,000, the Consideration shall be reduced by an amount equivalent to the difference between S\$25,000 and the value of the Relevant Inventory (“**Refund Amount**”), and the Vendor shall forthwith pay to MHC the Refund Amount; or
 - (ii) equal to or more than S\$25,000, there shall be no adjustment to the Consideration.
- (d) The Consideration was arrived at on a willing buyer, willing seller basis, after negotiations which were conducted at arm’s length between the Company and Dr Khaw (on behalf of the Vendor) and taking into consideration factors such as the historical revenue and historical net profit of the Vendor, the prospects of the Business and the aggregate book value of the Assets.
- (e) Based on the unaudited management accounts for the year ended 31 December 2020, the book value of the assets being acquired was approximately S\$24,000.
- (f) The Proposed Acquisition will be funded through the Group’s internal resources by way of the Acquisition Loan to be contributed to MHC. For more details on the Acquisition Loan, please refer to paragraph 2.3(c) above.

3.3 Rationale for the Proposed Acquisition

The Proposed Acquisition will allow the Company to acquire a majority stake in an established clinic. The Company is of the view that the Business is complementary to the business of the Group and will strengthen the Group’s capabilities. The Proposed Acquisition is also in line with the Group’s plan to expand its business operations locally and grow its client base.

4. **SERVICE AGREEMENTS**

In connection with the Proposed Acquisition, Dr Khaw has undertaken and covenanted with MHC that he shall, as and when required by MHC, provide services as a locum tenens in relation to the Business on the terms set out in SPA.

Further, pursuant to the terms of the SHA, Dr Chia has entered into an employment contract with MHC.

Save as disclosed above, no person is proposed to be appointed as a director of the Company in connection with the Proposed Acquisition. Accordingly, no service contract in relation thereto will be entered into by the Company.

5. INTERESTS 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 MHC, the SHA, the SPA and/or the Proposed Acquisition, other than through their respective shareholdings in the Company (if any).

BY ORDER OF THE BOARD

Singapore Paincare Holdings Limited

Dr. Lee Mun Kam Bernard
Executive Director and Chief Executive Officer
20 April 2021

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. 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, 9 Raffles Place, #17-05 Republic Plaza Tower 1, Singapore 048619, telephone (65) 6950 2188.
