

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

RESPONSES TO SGX QUERIES IN RELATION TO:

- (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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Unless otherwise defined, all capitalised terms used in this announcement shall bear the same meanings ascribed to them in the Company's announcement dated 20 April 2021 (the "Announcement").

The Board of Directors (the "**Board**") of Singapore Paincare Holdings Limited (the "**Company**") and together with its subsidiaries, the "**Group**") wishes to address the following queries raised by SGX-ST on 21 April 2021:

- (i) The Company incorporated a new subsidiary known as Medihealth Clinic Pte. Ltd. ("**MHC**") with Dr Chia Wai Tuck ("**Dr Chia**").*
- (ii) Under the terms of the shareholders' agreement with Dr Chia, 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**").*
- (iii) MHC then entered into a conditional SPA agreement with Dr Khaw to acquire a GP clinic "Medihealth Bishan Clinic & Surgery" (the "**Proposed Acquisition**").*

Question 1:

MHC is a JV with Dr Chia, with the Company holding 60% and Dr Chia holding 40%. However, the purchase consideration for the Proposed Acquisition is fully borne by the Company through the Acquisition Loan. Please provide the Board's considerations and assessment in why this arrangement is in the best interest of the Company.

Company's response:

As mentioned in the Announcement, MHC was incorporated as a joint venture vehicle of the Company and Dr Chia where the Company will provide the funding of the Proposed Acquisition and Dr Chia will contribute his professional skills to manage and operate the business.

We would like to further clarify that Dr Chia will be the main medical practitioner in the clinic and as such, plays a critical role to the success of the clinic. The Company's intention in paying for the purchase consideration through the Acquisition Loan is to attract young doctors such as Dr Chia to join the Group.

This arrangement will also allow the Company to align Dr Chia's long term interest with the Company through his equity shares in MHC.

Furthermore, as mentioned in the Announcement, the Acquisition Loan shall be required to be repaid to the Company in monthly instalments with interest. Based on the historical revenue and profit generated by MHC, the Company and the Board believes that the Company will be able to recover the Acquisition Loan in five (5) years with the interest of 2.5% per annum.

Based on the above, the Board is of the view that the aforementioned arrangement is in the best interest of the Company.

Question 2:

The purchase consideration is S\$585,000, which was arrived on a willing buyer, willing seller basis, after negotiations which were conducted at arm's length between the Company and Dr Khaw 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. Please provide more details on how the purchase consideration was arrived.

Company's response:

The purchase consideration of S\$585,000 was arrived at mainly based on negotiation between the Company and Dr Khaw, on a willing buyer, willing seller basis with reference made to the price-to-earnings ratio which translates to approximately 6.1 times of Medihealth Bishan Clinic & Surgery's (the "**Clinic**") pre-COVID net profit of approximately \$96,000 for the financial year ended 31 December 2019, which was more reflective of the Clinic's operations.

The Directors are of the view the price-to-earnings ratio of 6.1 times is in line with the other acquisitions in the medical industry, based on the Company's knowledge of similar transactions.

Question 3:

Listed in July 2020, it was stated in the Company's prospectus (under Business Strategies and Future Plans) that the Company aims to grow its business in the pain management area.

- *Medihealth Bishan Clinic & Surgery is a GP clinic. How does the Proposed Acquisition fit into the Group's business strategy and future plans?*
- *Does the Group intend to acquire more GP clinics in future?*

Company's response:

As disclosed in the Company's offer document dated 13 July 2020 ("**Offer Document**"), the Group had recognised the need to extend the provision of pain care services to primary care providers in residential areas, such as the Clinic, who are generally the first point of contact for pain sufferers, and had since 2018 started collaboration with primary care providers to extend the provision of pain care services to primary care clinics, thereby increasing the accessibility of pain care services to patients in the residential areas.

As a substantial amount of pain care treatments performed by pain care specialists can be performed by the general practitioners with the appropriate training, the existing general practitioners of the Group had undergone training with the Group's specialist doctor, Dr. Lee Mun Kam Bernard ("**Dr Lee**") to carry out certain pain care services at the Group's existing general practitioners (GP) clinics. Similarly, Dr.

Lee will impart all necessary training, know-how, instructions, information and bedside manners in the matters of pain management and related procedures that can be carried out in the Clinic to Dr Chia.

The Group recognises the synergies with GP clinics and intends to increase the accessibility of pain care treatment through the acquisition of more GP clinics in future, in line with its strategies and future plans as disclosed in the Offer Document.

By Order of the Board

Lee Mun Kam Bernard
Executive Director and Chief Executive Officer

23 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 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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