

SINGAPORE PAINCARE HOLDINGS LIMITED

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

PROPOSED SUBSCRIPTION OF 18,000,000 NEW ORDINARY SHARES IN THE SHARE CAPITAL OF THE COMPANY

1. INTRODUCTION

- 1.1 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 the Company had, on 17 November 2020, entered into a conditional subscription agreement (the “**Subscription Agreement**”) with Sian Chay Medical Institution (“**Subscriber**”) pursuant to which the Company has agreed to issue and allot an aggregate of 18,000,000 new ordinary shares in the capital of the Company (“**Shares**”) (“**Subscription Shares**”) to the Subscriber, and the Subscriber has agreed to subscribe for the Subscription Shares, at the subscription price of S\$0.22 per Subscription Share (“**Subscription Price**”), for an aggregate amount of S\$3,960,000 (“**Subscription Proceeds**”) (“**Proposed Subscription**”).
- 1.2 The Company will be making an application, through the continuing sponsor of the Company, Novus Corporate Finance Pte. Ltd., to the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) for the listing of and quotation for the Subscription Shares on the Catalist board of the SGX-ST and will make the necessary announcements once the listing and quotation notice (“**Listing and Quotation Notice**”) has been obtained from the SGX-ST.
- 1.3 There is no placement agent appointed for the purpose of this Proposed Subscription.
- 1.4 The offer and allotment and issue of the Subscription Shares is made pursuant to the exemption under Section 272B of the Securities and Futures Act, Chapter 289 of Singapore. As such, no prospectus or offer information statement will be issued by the Company in connection therewith.

2. INFORMATION RELATING TO THE SUBSCRIBER

Shareholders should note that information relating to the Subscriber in this paragraph and elsewhere in this announcement was provided by the Subscriber. The Company and the Directors have not independently verified the accuracy and correctness of such information herein.

- 2.1 The Subscriber is a Social Service Agency registered with the Ministry of Health that has been providing free Traditional Chinese Medicine (TCM) consultation, subsidised medicine, acupuncture treatment and *tuina* (Chinese therapeutic massage) to lower income and needy patients for over 100 years. The Subscriber serves about 1,400 patient visits daily through its network of 14 branches.

- 2.2 The Subscription Shares are placed to the Subscriber as part of the Company's plans to tap on the expertise of the Subscriber to expand the Group's range of pain care services to include TCM, and the Subscriber is subscribing for the Subscription Shares for investment purposes. Please refer to paragraph 6 of this announcement for more details on the Group's rationale for the Proposed Subscription.
- 2.3 The Subscriber will not be holding the Subscription Shares on trust or for the benefit of other parties.
- 2.4 The Company confirms that none of the Directors or substantial shareholders of the Company has, to the best of their knowledge, any connection (including business relationship) with the Subscriber or the Subscriber's directors or substantial shareholders.
- 2.5 The Subscriber does not fall into the class of restricted persons as specified under Rule 812(1) of the SGX-ST Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**").
- 2.6 The Subscriber was introduced to the Company by an unrelated third party, D'Ledgers Consultants Pte Ltd (the "**Introducer**"). No commission will be paid by the Company or the Subscriber to the Introducer in connection with the Proposed Subscription.

3. SALIENT TERMS OF THE SUBSCRIPTION AGREEMENT

3.1 Proposed Subscription

Pursuant to the terms of the Subscription Agreement, the Subscriber shall subscribe for the 18,000,000 Subscription Shares at S\$0.22 per Subscription Share. The Subscription Shares represents (i) approximately 11.14% of the Existing Share Capital¹; and (ii) approximately 10.02% of the Enlarged Share Capital² immediately after the completion of the Proposed Subscription ("**Completion**"). Immediately upon Completion, the Company's issued and paid-up share capital will increase from 161,623,416 Shares to 179,623,416 Shares, assuming there are no changes to the number of Shares (excluding treasury Shares) before the Completion.

Upon Completion, the Subscriber will hold 18,000,000 Shares representing approximately 10.02% of the Enlarged Share Capital.

The Proposed Subscription will not result in any transfer of controlling interest in the Company within the definition of Rule 803 of the Catalist Rules. No share borrowing arrangement has been entered into for the Proposed Subscription.

¹ Existing Share Capital refers to the existing issued and paid-up share capital of the Company (excluding treasury Shares) of 161,623,416 Shares as at the date of this announcement.

² Enlarged Share Capital refers to the enlarged issued and paid-up share capital of 179,623,416 Shares (excluding treasury Shares) immediately after Completion, comprising the Existing Share Capital and the Subscription Shares.

3.2 Conditions Precedent

The conditions precedent to Completion are as follows (collectively, the “**Conditions Precedent**”):

- (i) there being no material adverse change (as reasonably determined by the Subscriber) in the business, operations, properties, prospects or financial condition of the Company or of the Group as a whole;
- (ii) no loan, financing facility or other indebtedness granted to any Group Company being declared to be due and payable prior to its due date, no commitment for any such loan, financing facility or other indebtedness being cancelled or suspended, no guarantee or security or other assurance granted by any Group Company being enforced, no petition for winding up or judicial management of the Company being presented and not dismissed within thirty (30) days of it being presented and no entry by the Company into any voluntary arrangements with its creditors generally;
- (iii) there being no introduction of or any change in any statute, regulation, order, policy or directive (whether or not having the force of law and including, without limitation, any directive or request issued by Monetary Authority of Singapore or the SGX-ST) or in the interpretation or application thereof by any court or other competent authority which renders it unlawful for the Company or the Subscriber to perform its obligations under the Subscription Agreement;
- (iv) the Listing and Quotation Notice being issued by the SGX-ST;
- (v) as of the Completion Date (as defined in paragraph 3.3 below), the trading of the issued Shares on the Catalist Board of the SGX-ST not being suspended by the SGX-ST (other than a trading halt on a temporary basis requested by the Company) and the issued Shares not having been delisted from the Catalist Board of the SGX-ST;
- (vi) all representations and warranties made by the Company under the Subscription Agreement remaining true and accurate in all respects as at the Completion Date;
- (vii) there being no breach of any undertakings given by the Company under the Subscription Agreement;
- (viii) all corporate approvals and consents for the issue and allotment and subscription of the Subscription Shares under the terms of the Subscription Agreement having been obtained by the Company and the Subscriber;
- (ix) all approvals, consents, license, permits, waivers and exemptions (collectively, “**Approvals**”) which are material for the carrying on of the business of the Company immediately after Completion having been granted by all third parties (including all Governmental Bodies, whether in Singapore or elsewhere) to the Company and where any such Approval is subject to conditions, such conditions being reasonably acceptable to the Subscriber, and if such conditions are required to be fulfilled on or before the Completion

Date, such conditions having been fulfilled on or before the Completion Date, and such Approvals remaining in full force and effect; and

- (x) all representations and warranties made by the Subscriber under the Subscription Agreement remaining true and accurate in all respects as at the Completion Date.

If any of the Conditions Precedent set out in paragraph 3.2, is not satisfied on or before the date falling two (2) months from the date of the Subscription Agreement or otherwise waived:

- (a) the Company (in relation to Conditions Precedent applicable to the Subscriber); or
- (b) the Subscriber (in relation to Conditions Precedent applicable to the Company),

shall be entitled to terminate, by way of thirty (30) days' written notice to the other party, the Subscription Agreement and all rights and obligations under the Subscription Agreement other than certain terms set out therein shall terminate on the date of the notice.

3.3 Completion

- (i) Completion shall take place on the date falling five (5) business days from the satisfaction (or waiver) of all Conditions Precedent set out in paragraph 3.2 (or, if that day is not a business day, on the next business day), or such other date as the Company and the Subscriber may agree in writing ("**Completion Date**").
- (ii) At Completion, the Subscriber shall pay, or procure to be paid to the Company, by cashier's order drawn on a bank in Singapore and made in favour of the Company or as the Company may direct, the Subscription Proceeds.
- (iii) The Company shall, against compliance with the provisions of paragraph 3.3(ii) by the Subscriber, (a) allot and issue the Subscription Shares and deliver the share certificates relating to such Subscription Shares in the name of The Central Depository (Pte) Limited ("**Depository**") for crediting into the Subscriber's securities account maintained with the Depository, or sub-account maintained with a depository agent, as the case may be ("**Subscriber Account**") and instruct the Depository to credit such Subscriber Account with the Subscription Shares; and (b) deliver to the Subscriber a copy of the Listing and Quotation Notice in relation to the Subscription Shares.

3.4 Subscription Price

The Subscription Price represents a premium of approximately 29.11% to the volume-weighted average price of S\$0.1704 per Share, for the trades done on the SGX-ST for the full market day on 11 November 2020, being the last full market day which the Shares were traded preceding the date and up to the time the Subscription Agreement was signed. The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber and on a willing buyer willing seller basis.

3.5 Status and ranking of Subscription Shares

The Subscription Shares shall be issued and allotted to the Subscriber free from all claims, charges, liens and other encumbrances whatsoever and shall rank, *pari passu*, in all respects with the existing Shares save that they will not rank for any dividend, rights, allotments or other distributions, the Record Date of which falls on or before the Completion Date. "**Record Date**" means the date fixed by the Company for the purposes of determining entitlements to dividends or other distributions to or rights of holders of Shares.

4. **FINANCIAL EFFECTS**

4.1 The financial effects of the Proposed Subscription set out below are for illustrative purposes only and do not purport to be indicative or a projection of the results and financial position of the Company and the Group after the Completion.

The financial effects of the Proposed Subscription on the Group have been computed based on the audited consolidated financial statements of the Group for the financial year ended 30 June 2020 ("**FY2020**") and the following bases and assumptions:

- (a) the financial effect on the consolidated net tangible assets ("**NTA**") per Share of the Group after the Completion is computed based on the assumption that the Proposed Subscription was completed on 30 June 2020;
- (b) the financial effect on the consolidated earnings per share ("**EPS**") of the Group after the Completion is computed based on the assumption that the Proposed Subscription was completed on 1 July 2019; and
- (c) estimated expenses in connection with the Proposed Subscription amounted to approximately S\$10,000.

For the avoidance of doubt, the financial effects on the NTA per Share and EPS had not taken into account any changes, if any, in the number of Shares in the share capital of the Company subsequent to 30 June 2020.

4.2 Share capital of the Company and NTA per Share of the Group

	Before issuance of the Subscription Shares	After issuance of the Subscription Shares
Issued and paid-up share capital of the Company (S\$'000)	13,797	17,757

NTA of the Group (S\$'000)	4,410	8,360
Total number of issued and paid-up Shares	161,623,416	179,623,416
NTA per Share of the Group (cents)	2.73	4.65

4.3 EPS of the Group

	Before issuance of the Subscription Shares	After issuance of the Subscription Shares
Net profit for the financial year (S\$'000)	1,878	1,868
Weighted average number of Shares	60,789,576	78,789,576
EPS (cents)	3.09	2.37

5. **USE OF PROCEEDS**

Based on the Subscription Price, the estimated gross proceeds from the Proposed Subscription due to the Company is S\$3.96 million ("**Gross Proceeds**"). After deducting estimated expenses incurred in connection with the Proposed Subscription of approximately S\$0.01 million or 0.25% of the Gross Proceeds, the net proceeds from the Proposed Subscription is approximately S\$3.95 million ("**Net Proceeds**").

The Company intends to utilise the Net Proceeds as follows:

- (i) 50% of the Net Proceeds of S\$1.975 million to expand the range of pain care services; and
- (ii) 50% of the Net Proceeds of S\$1.975 million to expand business operations locally and regionally.

Pending the deployment of the Net Proceeds, such proceeds may be placed as deposits with financial institutions or invested in short term money markets or debt instruments or for any other purposes on a short term basis as the Directors may deem fit, from time to time, in the interests of the Company.

The Company will make periodic announcement(s) as and when the Net Proceeds are materially disbursed and whether the disbursements are in accordance with use of proceeds as stated in this announcement. The Company will also provide a status report on the use of such Net Proceeds in the Company's interim and full year financial results announcement, and the annual report of the Company. Where there is any material deviation from the stated use of proceeds, the Company

will announce the reasons for such deviation.

6. RATIONALE FOR THE PROPOSED SUBSCRIPTION

One of the Group's key strategies for growth is expanding its range of services to become a one-stop centre for pain care treatment. In addition to minimally invasive procedures, specialised injections, pharmacotherapy, and cognitive behavioural therapy, the Group is continually exploring alternatives to western medicine such as TCM. The Group seeks to create further synergy of the 'East meets West' concept for its range of treatments while also offering other non-medical services such as physiotherapy services.

Through the Proposed Subscription, the Company intends to tap on the Subscriber's expertise to provide a TCM range of pain care services in the future, and to ultimately serve a wider range of patients. In connection with the Proposed Subscription and upon completion thereof, the Group intends to appoint Mr. Toh Soon Huat, the full-time volunteer executive Chairman of the Subscriber, as an adviser to the Company.

7. MANDATE FOR ISSUE OF THE SUBSCRIPTION SHARES

The Subscription Shares will be allotted and issued pursuant to the general share issue mandate granted by the shareholders of the Company ("**Shareholders**") by way of an ordinary resolution ("**General Mandate**") at the annual general meeting of the Company held on 16 October 2020 ("**2020 AGM**").

The General Mandate authorises the Directors to, *inter alia*:

- (i) allot and issue Shares whether by way of rights, bonus or otherwise;
- (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares; and
- (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit.

Shares issued under the General Mandate (including Shares to be issued pursuant to the Instruments made or granted pursuant to the General Mandate) shall not exceed 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of the 2020 AGM, of which the aggregate number of new Shares of the Company to be issued other than

on a pro-rata basis to all existing Shareholders shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings).

As at the date of the 2020 AGM, the Company had 161,623,416 Shares in issue. As at the date of this announcement, the Company has not issued any Shares pursuant to the General Mandate. Accordingly, the maximum number of Shares that may be issued other than on a pro-rata basis pursuant to the General Mandate is 80,811,708 Shares. The proposed allotment and issue of the 18,000,000 Subscription Shares falls within the limit of the General Mandate.

8. CONFIRMATION BY THE BOARD

The Board is of the opinion that, as at the date of this announcement:

- (a) after taking into consideration the Group's present internal resources and present bank facilities available to the Group, the Group has sufficient working capital to meet its present requirements; and
- (b) after taking into consideration the Group's present internal resources, proceeds from the initial public offering of the Company and the Net Proceeds, the working capital available to the Group is sufficient to meet its present requirements.

9. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Proposed Subscription, other than through their shareholdings in the Company (if any).

10. DOCUMENTS FOR INSPECTION

A copy of the Subscription Agreement will be made available for inspection at the registered office of the Company at 150 Orchard Road, #07-18 Orchard Plaza, Singapore 238841 during normal business hours for a period of three (3) months commencing from the date of this announcement.

11. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Subscription, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

By Order of the Board

Lee Mun Kam Bernard
Executive Director and Chief Executive Officer
17 November 2020

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.